



**VILLAGE OF SHOREWOOD, WISCONSIN**

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2022



SIKICH.COM

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Trustees  
Village of Shorewood  
Shorewood, Wisconsin

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Shorewood, Wisconsin (the Village), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Shorewood, Shorewood, Wisconsin as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Change in Accounting Principle

The Village adopted GASB Statement No. 87, *Leases*, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Our opinion is not modified with respect to these matters.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Sikich LLP*

Brookfield, Wisconsin  
June 29, 2023

## **BASIC FINANCIAL STATEMENTS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**As of and For the Year Ended December 31, 2022**  
**(Unaudited)**

The Village of Shorewood's management offers this narrative overview and analysis of the Village's financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding the independent auditor's report.

**FINANCIAL HIGHLIGHTS**

- The overall assets of the Village of Shorewood governmental funds exceeded their liabilities as of December 31, 2022, by \$14.3 million (*net position*). However, due to significant non-capital related debt, the village's unrestricted net position is (\$9.7 million). This is due primarily to the difference between current assets and the long-term non-capital debt outstanding. The village currently has about \$14.8 million in non-capital debt outstanding at year end, with about \$12 million of that amount related to TIF debt. More than 93% of the village's liabilities are related to long term debt.
- The deferred outflows of the village are mostly related to the actuarial liabilities for the village's pension and OPEB post-retirement benefits. Similarly, these items are also reflected in the deferred inflows section and are updated each year based on new actuarial estimates. However the most significant component of deferred inflows is the property taxes that the village has levied for the subsequent year budget.
- As of December 31, 2022 the Village of Shorewood's governmental funds reported combined ending fund balances of \$17.3 million an increase of \$990,250 or 6.1% from the prior year. Approximately 37.8% of this total, or \$6.5 million, is available for spending at the government's discretion (*committed, assigned, and unassigned fund balance*). The Village restated beginning fund balance by \$3,067,517 (decrease) to correct the revenue recognition of long-term receivables.
- The total General Fund unassigned balance at year end was \$5.2 million or approximately 43.7% of 2022 general fund revenues. The first 30% of these reserves is, by village board policy, used for operating cash flow needs and to provide the ability of the village to respond to unforeseen contingencies and opportunities that may not have been known at the time of budget preparation. The remainder is planned to be used to manage the rate of growth of the property taxes that will be needed to meet debt service needs over the next several years.

Net position, as referred to above, results when revenues exceed expenses. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits. For this reason, you need to consider many other non-financial factors when assessing the overall financial health of our Village.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village of Shorewood's basic financial statements. The Village of Shorewood's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Shorewood's finances in a manner similar to a private-sector business. They are presented in two statements, the Statement of Net Position and the Statement of Activities.

Both of these financial statements distinguish functions of the Village of Shorewood that are principally supported by taxes (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities of the Village include general government, public safety, public works, health, culture and recreation, and conservation and development. The business-type activities of the Village include the Water, Sewer, and Parking Utilities. The Community Development Authority (CDA) is a component unit of the Village and is presented separately as a discrete column in the Statement of Net Position and Statement of Activities.

### STATEMENT OF NET POSITION

The following table summarizes the Village's Statements of Net Position from 2022 and 2021.

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 40,598,583	\$ 40,912,388	\$ 3,423,323	\$ 3,974,128	\$ 44,021,906	\$ 44,886,516
Net Capital assets	30,780,508	30,154,116	27,605,033	27,234,784	58,385,541	57,388,900
Total assets	<u>71,379,091</u>	<u>71,066,504</u>	<u>31,028,356</u>	<u>31,208,912</u>	<u>102,407,447</u>	<u>102,275,416</u>
Deferred outflows	5,819,672	4,010,727	642,270	445,636	6,461,942	4,456,363
Long-term debt	37,416,944	41,568,787	14,554,988	15,483,720	51,971,932	57,052,507
Other liabilities	2,420,027	2,739,436	542,003	604,615	2,962,030	3,344,051
Total liabilities	<u>39,836,971</u>	<u>44,308,223</u>	<u>15,096,991</u>	<u>16,088,335</u>	<u>54,933,962</u>	<u>60,396,558</u>
Deferred inflows	23,074,970	22,383,687	853,080	626,718	23,928,050	23,010,405
Net investment capital assets	10,650,900	10,535,756	14,259,697	14,026,943	24,910,597	24,562,699
Restricted	13,369,820	11,947,302	317,376	-	13,687,196	11,947,302
Unrestricted (deficit)	<u>(9,733,898)</u>	<u>(14,097,737)</u>	<u>1,143,482</u>	<u>912,552</u>	<u>(8,590,416)</u>	<u>(13,185,185)</u>
Net position	<u>\$ 14,286,822</u>	<u>\$ 8,385,321</u>	<u>\$ 15,720,555</u>	<u>\$ 14,939,495</u>	<u>\$ 30,007,377</u>	<u>\$ 23,324,816</u>

Changes in capital assets and long term debt are described in more detail in those sections of this report.

### ***Governmental Activities – Statement of Net Position***

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable, prepaid items, internal balances, loans receivable, and net pension asset. Total current and other assets decreased by \$313,805 or 0.8% in 2022. This decrease was largely due to a decrease in receivables in 2022.

Deferred outflows are related to the village's OPEB and WRS obligations which are now reported under GASB 68.

Long Term Debt decreased by \$4.2 million in 2022. This is the net impact of spending down the remaining bond proceeds from the village's 2021 bonds and the scheduled 2022 debt service principal payments.

Other liabilities include accounts payable, accrued payroll, and other accrued liabilities. These decreased \$319,409 from the previous year. This is due to normal fluctuations in accounts payable and accrued expenses in 2022.

Deferred inflows primarily represent unearned revenue for taxes levied in December 2022. These taxes represent revenue for the 2023 fiscal year and are not considered to be revenue in 2022.

The net investment in capital assets represents the Village's equity in its capital assets which was 35% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets.

A portion of the Village's net position also represents resources that are subject to external restrictions on how they may be used. Restricted net position consists of amounts with grant or donor restrictions. The remaining unrestricted net position may be used to meet ongoing obligations to citizens and creditors. It is not unusual for municipal unrestricted net position to be negative as certain expenses included in the Statement of Activities are reported on a full accrual model, such as unmatured long term debt, accrued interest payable, compensated absences and the unfunded portion of other postemployment benefits. However, these expenses are not currently due, and therefore, will be funded with future years' revenues. This timing difference between the recognition of liabilities (as incurred) and when liabilities will be paid (which determines when the Village will levy taxes for these liabilities) creates the deficit unrestricted net position.

### ***Business-Type Activities – Statement of Net Position***

Business-type activities current and other assets consist mainly of cash, accounts receivable and internal balances. These assets decreased by \$550,805 in 2022.

Deferred outflows are related to WRS net pension assets now recorded under GASB 68.

Long term debt decreased by \$928,732 in 2022. This is the net impact of spending down the scheduled 2022 debt service principal payments.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. There was about a \$63,000 decrease in accounts payable and other liabilities in 2022.

The net investment in capital assets represents the Village's equity in its capital assets which was 51.6% of the historical cost of assets for the village's business-type activities. This can be thought of as the Village's ownership in those capital assets. This percentage increased from 51.5% in 2022.

## STATEMENT OF ACTIVITIES

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The table below summarizes the Statements of Activities for 2022 and 2021.

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,959,095	\$ 1,835,861	\$ 4,996,458	\$ 4,803,007	\$ 6,955,553	\$ 6,638,868
Operating grants & contributions	1,242,552	1,277,098	-	-	1,242,552	1,277,098
Capital grants & contributions	708,677	372,152	-	-	708,677	372,152
<b>General revenues</b>						
Property taxes	16,743,237	17,850,048	-	-	16,743,237	17,850,048
Other revenues	1,870,543	1,211,550	1,053	8,351	1,871,596	1,219,901
Total revenues	<u>22,524,104</u>	<u>22,546,709</u>	<u>4,997,511</u>	<u>4,811,358</u>	<u>27,521,615</u>	<u>27,358,067</u>
<b>Expenses</b>						
General government	\$1,795,368	\$1,521,239	-	-	\$1,795,368	\$1,521,239
Public safety	7,182,884	7,376,451	-	-	7,182,884	7,376,451
Public works	4,527,803	4,214,545	-	-	4,527,803	4,214,545
Health and social services	275,560	280,609	-	-	275,560	280,609
Culture & recreation	1,463,241	1,392,401	-	-	1,463,241	1,392,401
Conservation & development	668,965	1,946,621	-	-	668,965	1,946,621
Interest on long-term debt	910,722	1,001,992	-	-	910,722	1,001,992
Parking	-	-	47,268	95,348	47,268	95,348
Water	-	-	1,756,803	1,756,669	1,756,803	1,756,669
Sewer	-	-	2,210,440	2,079,945	2,210,440	2,079,945
Total expenses	<u>16,824,543</u>	<u>17,733,858</u>	<u>4,014,511</u>	<u>3,931,962</u>	<u>20,839,054</u>	<u>21,665,820</u>
<b>Change in Net Position</b>						
Before Transfers	5,699,561	4,812,851	983,000	879,396	6,682,561	5,692,247
Transfers	201,940	190,190	(201,940)	(190,190)	-	-
Total Change in Net Position	5,901,501	5,003,041	781,060	689,206	6,682,561	5,692,247
Net position, Jan 1	<u>8,385,321</u>	<u>3,382,280</u>	<u>14,939,495</u>	<u>14,250,289</u>	<u>23,324,816</u>	<u>17,632,569</u>
Prior Period Adjustment	-	-	-	-	-	-
Beginning Net Position Restated	<u>8,385,321</u>	<u>3,382,280</u>	<u>14,939,495</u>	<u>14,250,289</u>	<u>23,324,816</u>	<u>17,632,569</u>
Net position, Dec 31	<u>\$14,286,822</u>	<u>\$ 8,385,321</u>	<u>\$15,720,555</u>	<u>\$14,939,495</u>	<u>\$ 30,007,377</u>	<u>\$ 23,324,816</u>

Overall, the Village's governmental activities increased net position by \$5,901,501 and business type activities increased by \$781,060 in 2022.

## *Significant Changes in Governmental Activities*

### Governmental Activities – Revenues

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, fees for service and fines. The Village's main operating grants are State resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the Village with capital asset purchases. The table below compares governmental activities' revenues for 2022 and 2021 and significant changes are discussed below the table.

Revenues	Governmental activities			
	2022	2021	Chg	% chg
Program revenues				
Charges for services	\$ 1,959,095	\$ 1,835,861	\$ 123,234	6.7%
Operating grants	1,242,552	1,277,098	(34,546)	-2.7%
Capital grants	708,677	372,152	336,525	90.4%
General revenues				
Property taxes	16,743,237	17,850,048	(1,106,811)	-6.2%
Other revenues	<u>1,870,543</u>	<u>1,211,550</u>	<u>658,993</u>	<u>54.4%</u>
Total revenues	<u>\$ 22,524,104</u>	<u>\$ 22,546,709</u>	<u>\$ (22,605)</u>	<u>-0.1%</u>

Charges for services increased by 6.7% in 2022. Operating grants decreased by 2.7% in 2022 .

Capital grants and contributions fluctuate annually depending on the capital projects and are typically non-recurring revenues.

In 2022, property tax revenue, which includes TIF tax incremental revenues, decreased by 6.2%. Property taxes accounted for 74.3% of the total governmental activities revenues in 2022.

Other revenues increased by 54.4% in 2022 primarily due to ARPA funding.

## Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes costs of general village administration. Costs associated with the Village’s police department, planning and building inspection, and contributions for fire and dispatch services are shown within the public safety function. The public works function includes expenses for street maintenance, winter operations, refuse, recycling, and yard waste, as well as building maintenance. Health and social services include expenses incurred for providing health programs to the general public such as health clinics as well as senior programming. Culture and recreation expenses include the costs of park maintenance, and library services. Conservation and development expenses include forestry services and economic development activities within the Village’s tax incremental financing districts.

The table below compares 2022 and 2021 expense by function. The reasons for fluctuations of more than \$100,000 and 5% of the previous year are described following the section.

Expenses	Governmental activities			
	2022	2021	Chg	% chg
General government	\$ 1,795,368	\$ 1,521,239	\$ 274,129	18.0%
Public safety	7,182,884	7,376,451	(193,567)	-2.6%
Public works	4,527,803	4,214,545	313,258	7.4%
Health and social services	275,560	280,609	(5,049)	-1.8%
Culture & recreation	1,463,241	1,392,401	70,840	5.1%
Conservation & development	668,965	1,946,621	(1,277,656)	-65.6%
Interest on long-term debt	910,722	1,001,992	(91,270)	-9.1%
Total Expenses	<u>\$ 16,824,543</u>	<u>\$ 17,733,858</u>	<u>\$ (909,315)</u>	<u>-5.1%</u>

General government had a \$274,129 general increase in expenditures, that the increase is due to increased capital outlay related to the general government function in 2022.

Culture and recreation had a \$70,840 increase in base expenditures from 2021 to 2022.

Conservation & Development decreased 65.6% from 2021. In 2021 the Village had the \$1,062,096 expenditures in TID 1, and in 2022 the Village had \$0 expenditures in this fund.

### Business-Type Activities – Revenues

Unlike the governmental activities, the Village’s business-type activities are financed primarily by user charges. The Village bills water and sewer fees to its customers on a quarterly basis. Any utility bill not paid by the tax levy date is placed on the property owner’s tax bill. Parking Utility revenues are derived from the sale of monthly parking passes. A summary of these charges are shown below.

Revenues	Business-type activities			
	2022	2021	Chg	% Chg
Program revenues				
Parking	\$ 76,177	\$ 80,238	\$ (4,061)	-5.1%
Water	2,141,828	2,162,870	(21,042)	-1.0%
Sewer	<u>2,778,453</u>	<u>2,559,899</u>	<u>218,554</u>	8.5%
Charges for services	4,996,458	4,803,007	193,451	4.0%
Other revenues	<u>1,053</u>	<u>8,351</u>	<u>(7,298)</u>	<u>-87.4%</u>
Total revenues	<u>\$ 4,997,511</u>	<u>\$ 4,811,358</u>	<u>\$ 186,153</u>	<u>3.9%</u>

Parking revenues decreased due to a reorganization of activities. Water and Sewer utility revenues reflect a slight increase in consumption in 2022.

Other revenues include investment income and other nominal miscellaneous revenues.

### Business-Type Activities – Expenses

The table below compares the Village’s business-type activities’ expenses from 2022 to 2021.

Expenses	Business-type activities			
	2022	2021	Chg	% Chg
Parking	\$ 47,268	\$ 95,348	\$ (48,080)	-50.4%
Water	1,756,803	1,756,669	134	0.0%
Sewer	<u>2,210,440</u>	<u>2,079,945</u>	<u>130,495</u>	<u>6.3%</u>
Total expenses	<u>\$ 4,014,511</u>	<u>\$ 3,931,962</u>	<u>\$ 82,549</u>	<u>2.1%</u>

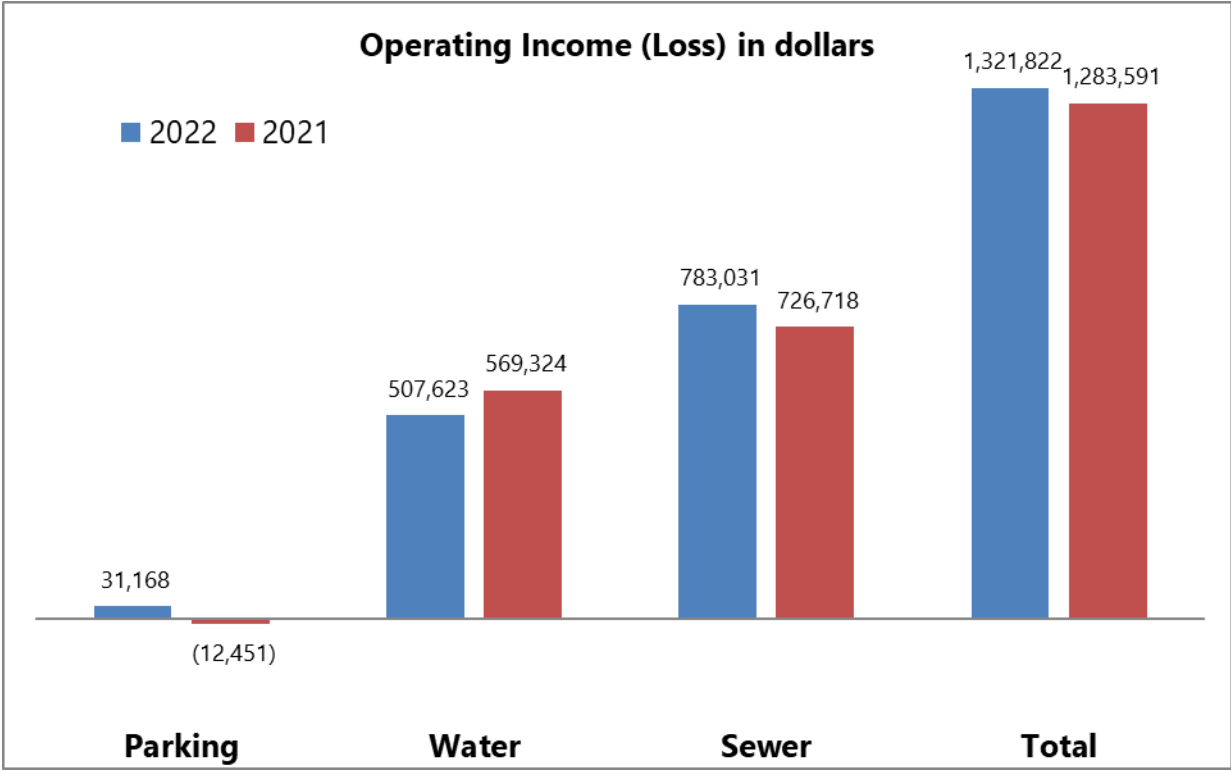
Parking expenses were reduced largely due to a reorganization of activities.

Water Utility expenses include all costs necessary to provide water to the homes and businesses within the Village. Water is purchased from the City of Milwaukee’s Water Utility, Milwaukee Water Works, so internal expenses relate chiefly to maintenance of infrastructure.

Sewer Utility expenses include all costs necessary to provide services to the homes and businesses within the Village. Waste water is conveyed from the village to the Milwaukee Metropolitan Sewer District (MMSD) for treatment, so internal expenses relate chiefly to maintenance of infrastructure. Overall, the Water and Sewer Utility operating costs remained relatively unchanged in 2022.

**Business-Type Activities – Operating Income**

It may also be useful to compare the operating income and losses for each segment between the two years. The graph below summarizes operating results as a percentage of expenses.



The Parking utility change is largely due to a reorganization of activities. The Sewer and Water utility operating income remained relatively unchanged in comparison to 2022.

Please also consider that this income is used to make the principal payments on the Utility’s outstanding debt as well as to support various equipment and other capital project costs.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Shorewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Shorewood can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Shorewood maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, General Capital Projects Fund, and the Tax Incremental Financing Districts 1, 3, 4 and 5 Funds, all of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The focus of the Village of Shorewood's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village of Shorewood's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## **GOVERNMENTAL FUNDS – FUND BALANCE**

The Village of Shorewood’s governmental funds reported combined ending fund balances of \$17,3 Million, a \$990,250 or 6.1% increase from the prior year. The Village restated beginning fund balance by \$3,067,517 (decrease) to correct the revenue recognition of long-term receivables.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$5.7 million of which \$5.2 million was unassigned. The General Fund unassigned fund balance represents 43.7% of total General Fund revenues. This was a nominal increase from a total unassigned fund balance of \$4.8 million or 40.1% in 2021. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund. The General Fund’s overall fund balance decreased in 2022 by \$286,000.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village of Shorewood adopts an annual budget for its General Fund. A budgetary comparison schedule can be found later in this report.

Overall the General Fund excess of revenues over expenditures was \$91,298 in 2022. Other significant changes between budget and actual results are addressed below:

### **Revenues and Other Financing Sources**

- Licenses and Permit revenues were about 49,439 higher than anticipated.
- Fine revenues were about \$113,084 higher than budgetary expectations.
- Charges for services were about \$115,836 more than budget.
- Investment income was \$199,877 under budget in 2022.
- Other revenues exceeded budget by \$91,108 due a general increase in activity.
- Overall actual General Fund revenues in 2022 were \$204,271 more than budgeted.

## **Expenditures and Other Financing Uses**

- Overall, General Fund expenditures were at 98.9% of budget. This represents about a \$127,000 favorable outcome.
- General Government: These departments were all very close to budget in almost all areas except for normal budget variances. The Other General Administration was about \$57,000 under budget.
- Public Safety: These departments were all slightly under budget, about \$53,000 under budget in total.

## **PROPRIETARY FUNDS**

The Village uses one type of Proprietary fund, called Enterprise funds to report the same functions presented as business-type activities in the government-wide financial statement. The Village of Shorewood uses enterprise funds to account for its Water, Sewer and Parking Utilities.

The proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. These statements also provide separate information for each utility. The basic proprietary fund financial statements can be found later in this report.

### Utility Funds

The net position of the Parking, Water, and Sewer Utilities at the end of the year was \$696,499, \$3.9 million, and \$11.2 million respectively. The total net position of the Water and Sewer Utilities are much higher than the Parking Utility as those Utilities are capital intensive. This means more of their net position is included in the category net investment in capital assets. Unrestricted net position for the Parking, Water, and Sewer Utilities were \$408,146, \$572,379, and \$162,957 respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

## FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village of Shorewood's own programs. The Village maintains one fiduciary fund, the Tax Collection Fund which records the tax roll and tax collection for other taxing jurisdictions within the Village of Shorewood.

The fiduciary fund financial statement can be found later in this report.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found immediately following this section of the report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements.

## CAPITAL ASSETS

The Village's capital asset activity for 2022 and 2021 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
Land and right of way	\$ 3,499,333	\$ 3,499,333	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	134,660	124,293	687,333	346,012
Machinery and equipment	6,060,146	5,405,396	1,306,080	1,243,657
Intangibles	69,793	69,793	-	-
Building and improvements	13,887,290	13,538,601	-	-
Infrastructure	36,755,099	35,716,648	32,402,911	32,064,473
Total Capital Assets	60,736,321	58,684,064	34,629,669	33,887,487
Less accumulated depreciation	(29,955,813)	(28,529,948)	(7,024,636)	(6,652,703)
Capital assets, net of depreciation	<u>\$ 30,780,508</u>	<u>\$ 30,154,116</u>	<u>\$ 27,605,033</u>	<u>\$ 27,234,784</u>

Additional information on the Village's capital assets can be found in Note 5 of this report.

## LONG-TERM DEBT

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Shorewood is \$102,358,185 which exceeds the Village's current outstanding general obligation debt of \$44,294,853 by \$58,063,332. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 43.3% of the Village's state authorized debt limit.

Total general obligation debt for governmental activities decreased by \$3.8 million during the year. The Village issued no new debt in 2022 and made annual debt payments in accordance with the debt repayment schedules totaling \$3.7 million in 2022.

The total bonded debt for business-type activities increased by \$900,000 during the year. This includes \$860,000 in annual debt principal payments made in accordance with the debt repayment schedules in 2022.

The table below summarizes the ending balances of all long-term debt for 2022 and 2021.

	Governmental Activities		Business-type Activities	
	2022	2021	2022	2021
General obligation debt	\$ 34,920,895	\$ 38,706,364	\$ 10,510,657	\$ 11,206,115
Revenue Bonds	-	-	3,765,000	3,970,000
OPEB	2,060,682	2,476,522	241,492	275,208
Compensated absences	435,367	385,901	37,839	32,388
Total	<u>\$ 37,416,944</u>	<u>\$ 41,568,787</u>	<u>\$ 14,554,988</u>	<u>\$ 15,483,711</u>

Additional information on the Village's long-term debt can be found in Note 6 of this report.

### ***Other Information***

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to required supplementary.

## Economic Factors and Next Year's Budgets and Rates

### *General Economic Conditions*

The Village of Shorewood is located just north of Milwaukee along the shores of Lake Michigan. The village is predominantly a residential based community and has maintained strong property values due to its proximity to both downtown Milwaukee, and the University of Wisconsin Milwaukee campus which is located on the village's southern border.

Unemployment rates for the Village of Shorewood specifically are not available but would be included within Milwaukee County's unemployment rates. The largest city within Milwaukee County is the City of Milwaukee which had an unemployment rate higher than the County total. Because the City's rate is higher than the total County rate, it is estimated that the Village's unemployment rate would be lower than the County total. Historical unemployment information can be summarized as follows:

Region	2018	2019	2020	2021	2022
City of Milwaukee	3.7%	4.0%	6.2%	3.8%	4.2%
Milwaukee County	3.5%	3.6%	8.2%	2.8%	3.7%
State of Wisconsin	2.6%	3.3%	6.3%	2.0%	2.9%
United States	3.9%	3.5%	6.7%	3.9%	3.6%

\* All percentages are seasonally adjusted December unemployment rates

### *2023 Budget*

The 2023 budget includes the following major changes from 2022:

- The increase in the capital funding tax levy was used to restore annual funding support to anticipated long term sustainable levels.
- The Sewer Utility also had a rate increase of approximately 25% in 2023 in order to prepare for a major infrastructure project which will be beginning in 2023.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Shorewood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 3930 N. Murray Avenue, Shorewood, WI 53211.

General information relating to the Village of Shorewood, Wisconsin, can be found at the Village's website, <http://www.villageofshorewood.org>.

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF NET POSITION

December 31, 2022

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		CDA
<b>ASSETS</b>				
Cash and Investments	\$ 26,401,716	\$ 1,503,763	\$ 27,905,479	\$ 716,340
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Property Taxes	7,265,389	-	7,265,389	-
Lease Receivable	336,691	-	336,691	-
Accounts Receivable	582,233	859,102	1,441,335	-
Interest	5,248	-	5,248	-
Inventories	-	58,041	58,041	-
Prepaid Expenses	92,768	3,156	95,924	-
Internal Balances	141,178	(141,178)	-	-
Restricted Cash and Investments	-	823,063	823,063	-
Loans Receivable	2,916,982	-	2,916,982	-
Net Pension Asset	2,856,378	317,376	3,173,754	-
Capital Assets				
Nondepreciable	3,963,993	920,678	4,884,671	-
Depreciable, Net of Accumulated Depreciation	26,816,515	26,684,355	53,500,870	-
<b>Total Assets</b>	<b>71,379,091</b>	<b>31,028,356</b>	<b>102,407,447</b>	<b>716,340</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Items - WRS	5,577,745	615,390	6,193,135	-
Pension Items - OPEB	241,927	26,880	268,807	-
<b>Total Deferred Outflows of Resources</b>	<b>5,819,672</b>	<b>642,270</b>	<b>6,461,942</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>77,198,763</b>	<b>31,670,626</b>	<b>108,869,389</b>	<b>716,340</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	1,569,707	423,865	1,993,572	-
Interest Payable	272,931	118,138	391,069	-
Unearned Revenue	577,389	-	577,389	-
Noncurrent Liabilities				
Due Within One Year	3,256,051	1,061,800	4,317,851	-
Due in More than One Year	34,160,893	13,493,188	47,654,081	-
<b>Total Liabilities</b>	<b>39,836,971</b>	<b>15,096,991</b>	<b>54,933,962</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	15,069,865	-	15,069,865	-
Deferred Inflow - Leases	327,381	-	327,381	-
Pension Items - WRS	6,726,994	747,444	7,474,438	-
Pension Items - OPEB	950,730	105,636	1,056,366	-
<b>Total Deferred Inflows of Resources</b>	<b>23,074,970</b>	<b>853,080</b>	<b>23,928,050</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>62,911,941</b>	<b>15,950,071</b>	<b>78,862,012</b>	<b>-</b>

(This statement is continued on the following page.)

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF NET POSITION (Continued)

December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	CDA
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 10,650,900	\$ 14,259,697	\$ 24,910,597	\$ -
Restricted for				
Pension Benefits	2,856,378	317,376	3,173,754	-
Capital Projects	10,298,737	-	10,298,737	-
Library Bequests	214,705	-	214,705	-
CDA Grant Activities	-	-	-	716,340
Unrestricted (Deficit)	(9,733,898)	1,143,482	(8,590,416)	-
<b>TOTAL NET POSITION</b>	<u>\$ 14,286,822</u>	<u>\$ 15,720,555</u>	<u>\$ 30,007,377</u>	<u>\$ 716,340</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General Government	\$ 1,795,368	\$ 418,359	\$ -	\$ -
Public Safety	7,182,884	1,151,110	106,518	-
Public Works	4,527,803	317,399	894,277	708,677
Health and Social Services	275,560	12,131	47,514	-
Culture and Recreation	1,463,241	60,096	194,243	-
Conservation and Development	668,965	-	-	-
Interest	910,722	-	-	-
Total Governmental Activities	16,824,543	1,959,095	1,242,552	708,677
Business-Type Activities				
Parking	47,268	76,177	-	-
Water	1,756,803	2,141,828	-	-
Sewer	2,210,440	2,778,453	-	-
Total Business-Type Activities	4,014,511	4,996,458	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 20,839,054</b>	<b>\$ 6,955,553</b>	<b>\$ 1,242,552</b>	<b>\$ 708,677</b>
<b>COMPONENT UNIT</b>				
Community Development Authority	\$ 5,000	\$ -	\$ -	\$ -

(This statement is continued on the following page.)

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>CDA</b>
\$ (1,377,009)	\$ -	\$ (1,377,009)	\$ -
(5,925,256)	-	(5,925,256)	-
(2,607,450)	-	(2,607,450)	-
(215,915)	-	(215,915)	-
(1,208,902)	-	(1,208,902)	-
(668,965)	-	(668,965)	-
(910,722)	-	(910,722)	-
(12,914,219)	-	(12,914,219)	-
-	28,909	28,909	-
-	385,025	385,025	-
-	568,013	568,013	-
-	981,947	981,947	-
(12,914,219)	981,947	(11,932,272)	-
-	-	-	(5,000)
<b>General Revenues</b>			
<b>Taxes</b>			
Property Taxes, Levied for General Purposes	14,772,262	-	14,772,262
Property Taxes, Levied for Debt Service	1,970,975	-	1,970,975
Intergovernmental - Unrestricted	1,430,895	-	1,430,895
Investment Income	129,852	1,053	130,905
Miscellaneous	309,796	-	309,796
Transfers	201,940	(201,940)	-
<b>Total</b>	<b>18,815,720</b>	<b>(200,887)</b>	<b>18,614,833</b>
<b>CHANGE IN NET POSITION</b>	<b>5,901,501</b>	<b>781,060</b>	<b>6,682,561</b>
<b>NET POSITION, JANUARY 1</b>	<b>8,385,321</b>	<b>14,939,495</b>	<b>23,324,816</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 14,286,822</b>	<b>\$ 15,720,555</b>	<b>\$ 30,007,377</b>
	<b>\$ 716,340</b>		

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2022

	<b>General</b>	<b>Debt Service</b>	<b>General Capital Projects</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Cash and Investments	\$ 10,378,870	\$ 1,110,794	\$ 4,786,659
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)			
Property Taxes	4,193,992	993,754	259,859
Accounts Receivable	87,619	-	440,077
Lease Receivable	336,691	-	-
Accounts Interest	-	-	-
Prepaid Items	92,418	-	-
Loans and Long-Term Receivable	236,982	-	-
Advances to Other Funds	141,178	-	-
Total Assets	15,467,750	2,104,548	5,486,595
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
None	-	-	-
Total Deferred Outflows of Resources	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 15,467,750</b>	<b>\$ 2,104,548</b>	<b>\$ 5,486,595</b>

<b>Capital Projects TID No. 1</b>	<b>Capital Projects TID No. 3</b>	<b>Capital Projects TID No. 4</b>	<b>Capital Projects TID No. 5</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 1,503,762	\$ 1,668,787	\$ 5,996,514	\$ 956,330	\$ 26,401,716
-	360,878	227,952	716,745	512,209	7,265,389
-	20,800	-	-	33,737	582,233
-	-	-	-	-	336,691
-	755	963	3,530	-	5,248
-	-	-	-	350	92,768
-	-	2,680,000	-	-	2,916,982
-	-	-	-	-	141,178
-	1,886,195	4,577,702	6,716,789	1,502,626	37,742,205
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ 1,886,195	\$ 4,577,702	\$ 6,716,789	\$ 1,502,626	\$ 37,742,205

(This statement is continued on the following page.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

BALANCE SHEET (Continued)  
GOVERNMENTAL FUNDS

December 31, 2022

	<b>General</b>	<b>Debt Service</b>	<b>General Capital Projects</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 316,314	\$ -	\$ 864,174
Accrued Liabilities	234,357	-	32,283
Unearned Revenue	12,349	-	561,775
Total Liabilities	563,020	-	1,458,232
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	8,684,250	2,069,525	530,500
Unavailable Revenue	236,982	-	-
Deferred Inflow - Leases	327,381	-	-
Total Deferred Inflows of Resources	9,248,613	2,069,525	530,500
Total Liabilities and Deferred Inflows of Resources	9,811,633	2,069,525	1,988,732
<b>FUND BALANCES</b>			
Nonspendable			
Prepaid Items	92,418	-	-
Nonspendable - Advance	141,178	-	-
Restricted	-	-	2,582,067
Committed	-	35,023	-
Assigned	244,875	-	915,796
Unrestricted			
Unassigned	5,177,646	-	-
Total Fund Balances	5,656,117	35,023	3,497,863
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 15,467,750</b>	<b>\$ 2,104,548</b>	<b>\$ 5,486,595</b>

<b>Capital Projects TID No. 1</b>	<b>Capital Projects TID No. 3</b>	<b>Capital Projects TID No. 4</b>	<b>Capital Projects TID No. 5</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 56,333	\$ -	\$ 5,518	\$ 46,447	\$ 1,288,786
-	-	-	-	14,281	280,921
-	470	599	2,196	-	577,389
-	56,803	599	7,714	60,728	2,147,096
-	751,539	474,717	1,492,644	1,066,690	15,069,865
-	-	2,680,000	-	-	2,916,982
-	-	-	-	-	327,381
-	751,539	3,154,717	1,492,644	1,066,690	18,314,228
-	808,342	3,155,316	1,500,358	1,127,418	20,461,324
-	-	-	-	350	92,768
-	-	-	-	-	141,178
-	1,077,853	1,422,386	5,216,431	214,705	10,513,442
-	-	-	-	160,153	195,176
-	-	-	-	-	1,160,671
-	-	-	-	-	5,177,646
-	1,077,853	1,422,386	5,216,431	375,208	17,280,881
\$ -	\$ 1,886,195	\$ 4,577,702	\$ 6,716,789	\$ 1,502,626	\$ 37,742,205

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, WISCONSIN

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

December 31, 2022

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 17,280,881
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	30,780,508
Bond premiums/discounts on bonds are expensed in the governmental funds but capitalized and amortized in the statement of net position	(640,725)
Interest payable is not reported within the governmental funds, but is recorded on the statement of net position	(272,931)
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	2,916,982
Net pension assets are not recorded in the governmental funds but are recorded on the statement of net position WRS	2,856,378
Deferred outflows (inflows) of resources related to the Village's participation in WRS are not financial resources and, therefore, are not reported in the governmental funds Deferred outflows of resources Deferred inflows of resources	5,577,745 (6,726,994)
Deferred outflows (inflows) of resources related to the Village's participation in OPEB are not financial resources and, therefore, are not reported in the governmental funds Deferred outflows of resources Deferred inflows of resources	241,927 (950,730)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds Total OPEB liability General obligation debt Compensated absences payable	(2,060,682) (34,280,170) (435,367)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 14,286,822</u></u>

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES**

For the Fiscal Year Ended December 31, 2022

	<b>General</b>	<b>Debt Service</b>	<b>General Capital Projects</b>
<b>REVENUES</b>			
Taxes	\$ 8,337,185	\$ 1,970,975	\$ 505,000
Intergovernmental	1,576,186	-	1,515,293
Licenses and Permits	493,139	-	-
Fines and Fees	592,084	-	-
Charges for Services	639,576	-	9,763
Investment Income	44,188	-	-
Other Revenues	209,043	-	122,000
<b>Total Revenues</b>	<b>11,891,401</b>	<b>1,970,975</b>	<b>2,152,056</b>
<b>EXPENDITURES</b>			
Current			
General Government	1,477,405	-	-
Public Safety	7,431,310	-	-
Public Works	2,274,994	-	-
Health and Social Services	124,115	-	-
Culture and Recreation	198,164	-	-
Conservation and Development	294,115	-	-
Capital Outlay	-	-	3,677,789
Debt Service			
Principal Retirement	-	3,722,689	-
Interest and Fiscal Charges	-	1,003,831	-
<b>Total Expenditures</b>	<b>11,800,103</b>	<b>4,726,520</b>	<b>3,677,789</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>91,298</b>	<b>(2,755,545)</b>	<b>(1,525,733)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	255,488	1,680,452	2,330,816
Transfers (Out)	(633,040)	-	-
Sale of Capital Assets	-	-	116,067
<b>Total Other Financing Sources (Uses)</b>	<b>(377,552)</b>	<b>1,680,452</b>	<b>2,446,883</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(286,254)</b>	<b>(1,075,093)</b>	<b>921,150</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>6,224,888</b>	<b>1,110,116</b>	<b>2,576,713</b>
Prior period adjustment	(282,517)	-	-
<b>FUND BALANCE, JANUARY 1 (RESTATED)</b>	<b>5,942,371</b>	<b>1,110,116</b>	<b>2,576,713</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 5,656,117</b>	<b>\$ 35,023</b>	<b>\$ 3,497,863</b>

<b>Capital Projects TID No. 1</b>	<b>Capital Projects TID No. 3</b>	<b>Capital Projects TID No. 4</b>	<b>Capital Projects TID No. 5</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,986,962	\$ 1,034,750	\$ 450,343	\$ 1,399,827	\$ 1,058,195	\$ 16,743,237
43,854	2,943	198	1,893	-	3,140,367
-	-	-	-	-	493,139
-	-	-	-	-	592,084
-	-	-	-	178,997	828,336
-	(357)	87,537	(1,516)	-	129,852
-	20,800	105,000	-	290,781	747,624
2,030,816	1,058,136	643,078	1,400,204	1,527,973	22,674,639
-	-	-	-	102,062	1,579,467
-	-	-	-	-	7,431,310
-	-	-	-	-	2,274,994
-	-	-	-	176,714	300,829
-	-	-	-	1,124,431	1,322,595
-	361,557	2,571	30,649	-	688,892
-	-	-	-	-	3,677,789
-	-	-	-	-	3,722,689
-	-	-	-	-	1,003,831
-	361,557	2,571	30,649	1,403,207	22,002,396
2,030,816	696,579	640,507	1,369,555	124,766	672,243
-	-	-	-	-	4,266,756
(2,030,816)	(390,296)	(531,969)	(425,148)	(53,547)	(4,064,816)
-	-	-	-	-	116,067
(2,030,816)	(390,296)	(531,969)	(425,148)	(53,547)	318,007
-	306,283	108,538	944,407	71,219	990,250
-	771,570	4,098,848	4,272,024	303,989	19,358,148
-	-	(2,785,000)	-	-	(3,067,517)
-	771,570	1,313,848	4,272,024	303,989	16,290,631
\$ -	\$ 1,077,853	\$ 1,422,386	\$ 5,216,431	\$ 375,208	\$ 17,280,881

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2022

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 990,250</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	2,730,946
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	3,722,689
Losses on the disposal of capital assets is reported in the statement of activities	(60,104)
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	62,780
Revenues in the statement of activities that are not available in governmental funds are not reported as revenue in governmental funds until received	(284,554)
Changes in the total OPEB liability are reported only in the statement of activities	415,840
The change in the net pension liability/asset is reported as an expense on the statement of activities WRS	615,571
The change in deferred outflows (inflows) of resources is reported as an expense on the statement of activities WRS OPEB	48,672 (277,002)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds Depreciation Change in compensated absences Change in interest payable	(2,044,450) (49,466) 30,329
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,901,501</b>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

December 31, 2022

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Parking (Nonmajor)	
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 517,711	\$ 532,872	\$ 453,180	\$ 1,503,763
Receivables	389,745	469,034	323	859,102
Restricted Cash	416,238	406,825	-	823,063
Prepaid Items	-	3,156	-	3,156
Inventory	58,041	-	-	58,041
Current Portion of Advance	-	-	22,868	22,868
Total Current Assets	1,381,735	1,411,887	476,371	3,269,993
<b>NONCURRENT ASSETS</b>				
Net Pension Asset	158,688	158,688	-	317,376
Long-Term Portion of Advance	-	-	47,728	47,728
Capital Assets				
Nondepreciable	-	687,333	233,345	920,678
Depreciable, Net of Accumulated Depreciation	8,337,015	18,292,332	55,008	26,684,355
Total Capital Assets	8,337,015	18,979,665	288,353	27,605,033
Total Noncurrent Assets	8,495,703	19,138,353	336,081	27,970,137
Total Assets	9,877,438	20,550,240	812,452	31,240,130
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Items - WRS	307,695	307,695	-	615,390
Pension Items - OPEB	13,440	13,440	-	26,880
Total Deferred Outflows of Resources	321,135	321,135	-	642,270
Total Assets and Deferred Outflows of Resources	10,198,573	20,871,375	812,452	31,882,400
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	112,391	303,728	7,746	423,865
Accrued Interest Payable	37,166	80,023	949	118,138
Current Portion of Debt	411,880	629,920	20,000	1,061,800
Current Portion of Advances	-	45,737	-	45,737
Total Current Liabilities	561,437	1,059,408	28,695	1,649,540
<b>NONCURRENT LIABILITIES</b>				
General Obligation Debt	5,229,310	4,388,789	87,258	9,705,357
Revenue Bonds	-	3,550,000	-	3,550,000
Advances to Other Funds	-	166,037	-	166,037
Total OPEB Liability	105,746	105,746	-	211,492
Compensated Absences	10,910	15,429	-	26,339
Total Noncurrent Liabilities	5,345,966	8,226,001	87,258	13,659,225
Total Liabilities	5,907,403	9,285,409	115,953	15,308,765

(This statement is continued on the following page.)

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF NET POSITION (Continued)  
 PROPRIETARY FUNDS

December 31, 2022

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Parking (Nonmajor)	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Items - WRS	\$ 373,722	\$ 373,722	\$ -	\$ 747,444
Pension Items - OPEB	52,818	52,818	-	105,636
Total Deferred Inflows of Resources	426,540	426,540	-	853,080
Total Liabilities and Deferred Inflows of Resources	6,333,943	9,711,949	115,953	16,161,845
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,133,563	10,837,781	288,353	14,259,697
Restricted for Pension and OPEB benefits	158,688	158,688	-	317,376
Unrestricted	572,379	162,957	408,146	1,143,482
<b>TOTAL NET POSITION</b>	<b>\$ 3,864,630</b>	<b>\$ 11,159,426</b>	<b>\$ 696,499</b>	<b>\$ 15,720,555</b>

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2022

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Parking (Nonmajor)	
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,022,818	\$ 2,735,195	\$ 76,148	\$ 4,834,161
Miscellaneous	119,010	43,258	29	162,297
Total Operating Revenues	2,141,828	2,778,453	76,177	4,996,458
<b>OPERATING EXPENSES</b>				
Operations and Maintenance	1,422,991	1,545,169	39,509	3,007,669
Depreciation and Amortization	211,214	450,253	5,500	666,967
Total Operating Expenses	1,634,205	1,995,422	45,009	3,674,636
OPERATING INCOME	507,623	783,031	31,168	1,321,822
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income (Loss)	(135)	(1,180)	2,368	1,053
Interest Expense	(122,598)	(215,018)	(2,259)	(339,875)
Total Non-Operating Revenues (Expenses)	(122,733)	(216,198)	109	(338,822)
NET INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	384,890	566,833	31,277	983,000
<b>TRANSFERS</b>				
Transfers (Out)	(170,599)	(11,569)	(19,772)	(201,940)
Total Transfers	(170,599)	(11,569)	(19,772)	(201,940)
CHANGE IN NET POSITION	214,291	555,264	11,505	781,060
NET POSITION, JANUARY 1	3,650,339	10,604,162	684,994	14,939,495
<b>NET POSITION, DECEMBER 31</b>	\$ 3,864,630	\$ 11,159,426	\$ 696,499	\$ 15,720,555

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2022

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Parking (Nonmajor)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customer and Users	\$ 2,134,164	\$ 2,836,239	\$ 76,281	\$ 5,046,684
Payments to Suppliers	(1,562,880)	(1,285,151)	(32,365)	(2,880,396)
Payments to Employees	(138,728)	(124,946)	(10,441)	(274,115)
Net Cash from Operating Activities	432,556	1,426,142	33,475	1,892,173
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Advance From/To Other Funds	(115,000)	(66,691)	22,230	(159,461)
Transfers (Out)	(170,599)	(11,569)	(19,772)	(201,940)
Net Cash from Noncapital Financing Activities	(285,599)	(78,260)	2,458	(361,401)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital Assets Purchased	(429,913)	(607,303)	-	(1,037,216)
Principal Payments on Long-Term Debt	(248,341)	(590,834)	(20,000)	(859,175)
Interest Payments on Long-Term Debt	(136,859)	(249,355)	(2,678)	(388,892)
Net Cash from Capital and Related Financing Activities	(815,113)	(1,447,492)	(22,678)	(2,285,283)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases/Sales of Investments	(15,331)	(10,397)	(7,131)	(32,859)
Interest Received	15,196	9,217	9,499	33,912
Net Cash from Investing Activities	(135)	(1,180)	2,368	1,053
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(668,291)	(100,790)	15,623	(753,458)
CASH AND CASH EQUIVALENTS, JANUARY 1	1,602,240	1,040,487	437,557	3,080,284
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 933,949</b>	<b>\$ 939,697</b>	<b>\$ 453,180</b>	<b>\$ 2,326,826</b>

(This statement is continued on the following page.)

VILLAGE OF SHOREWOOD, WISCONSIN

STATEMENT OF CASH FLOWS (Continued)  
 PROPRIETARY FUNDS

For the Fiscal Year Ended December 31, 2022

	Business-Type Activities			Total
	Water Utility	Sewer Utility	Parking (Non-Major)	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income	\$ 507,623	\$ 783,031	\$ 31,168	\$ 1,321,822
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities				
Depreciation and Amortization	211,214	450,253	5,500	666,967
Depreciation Charged to Other Accounts	35,729	(35,729)	-	-
Changes in Assets and Liabilities				
Accounts Receivable	(7,664)	57,786	104	50,226
Prepaid Items	-	(3,156)	-	(3,156)
Inventory	(21,864)	-	-	(21,864)
Pension Items - WRS	(525)	(525)	-	(1,050)
OPEB Items	15,389	15,389	-	30,778
Accounts Payable and Accrued Liabilities	(257,255)	202,338	32	(54,885)
Total OPEB Liability	(16,858)	(16,858)	-	(33,716)
Compensated Absences	966	7,812	(3,329)	5,449
Net Pension Liability/Asset - WRS	(34,199)	(34,199)	-	(68,398)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 432,556</b>	<b>\$ 1,426,142</b>	<b>\$ 33,475</b>	<b>\$ 1,892,173</b>
<b>CASH AND INVESTMENTS AS PRESENTED ON THE BALANCE SHEET</b>				
Cash and Investments	\$ 517,711	\$ 532,872	\$ 453,180	\$ 1,503,763
Restricted Cash and Investments	416,238	406,825	-	823,063
<b>TOTAL CASH AND INVESTMENTS AS PRESENTED ON THE BALANCE SHEET</b>	<b>\$ 933,949</b>	<b>\$ 939,697</b>	<b>\$ 453,180</b>	<b>\$ 2,326,826</b>

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND**

December 31, 2022

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	<b>Tax Collection Agency Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 10,316,135
Property Tax Receivable	<u>24,608,287</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 34,924,422</u></u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 37,930
Due to Other Taxing Units	<u>34,886,492</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>\$ 34,924,422</u></u></b>

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND**

For the Fiscal Year Ended December 31, 2022

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	<b>Tax Collection Agency Fund</b>
<b>REVENUES</b>	
Tax Collection	\$ 30,145,269
Other Revenues	39,787
	<hr/>
Total Revenues	30,185,056
	<hr/>
<b>EXPENSES</b>	
Tax Distributions	30,145,269
Other Expenses	39,787
	<hr/>
Total Expenses	30,185,056
	<hr/>
CHANGE IN NET POSITION	-
NET POSITION, JANUARY 1	-
	<hr/>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ -</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

# VILLAGE OF SHOREWOOD, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2022

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Shorewood, Wisconsin (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

#### A. Reporting Entity

The accompanying financial statements include all of the funds of the Village of Shorewood (the Village) and its component units, entities for which the Village is considered to be financially accountable. Blended component units are, in substance, part of the Village's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the Village. The Village does not report any blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

#### Discretely Presented Component Units

The Village of Shorewood Business Improvement District (BID) was established in 1999 by the Village. The BID is a legally separate organization whose board is appointed by the Village president. The BID does not provide a financial benefit or burden to the Village as the Village cannot access the BID's resources, and is not obligated for any deficits or debt issued by the BID. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID as the Village board approves the BID's annual budget and changes to the BID's assessment methods. Wisconsin Statutes were amended to allow the Village to exclude the BID from these financial statements and are therefore not included in the government-wide financial statements.

Separately issued financial statements of the Village of Shorewood Business Improvement District may be obtained from the BID's office.

**VILLAGE OF SHOREWOOD, WISCONSIN**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Shorewood Community Development Authority (CDA) was established by the Village in 1993 as the Village's housing and redevelopment authority. The board of the CDA is appointed by the Village president. The CDA does not provide a financial benefit or burden to the Village as the Village cannot access the CDA's resources, and is not obligated for any deficits or debt issued by the CDA. The Village is not able to impose its will on the CDA under the criteria included in GASB standards. While the CDA may not meet the tests to be considered a component unit of the Village, management has determined that the exclusion of the CDA from the Village's reporting entity would be misleading. Therefore, the CDA is considered to be a component unit of the Village and any financial activity or net position of the CDA would be discretely presented. The CDA does not issue financial statements separate from the Village of Shorewood.

B. Fund Accounting

The Village uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds restricted, committed or assigned for acquisition or construction of major capital assets (capital projects funds) and funds restricted, committed or assigned for the servicing of general long-term debt (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting (Continued)**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The Village reports its Tax Collection Fund as a Custodial Fund. This fund primarily accounts for property tax collections made on behalf of other organizations.

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of material interfund activity has been eliminated from these statements. The costs for interfund services provided/used between funds are not eliminated in the process of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Debt Service Fund is used to account for and report resources that are restricted, committed or assigned to expenditure for principal and interest.

The General Capital Projects Fund is used to account for and report financial resources restricted, committed or assigned to expenditures for Village-wide capital outlay.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Government-Wide and Fund Financial Statements (Continued)

The Tax Incremental District (TID) No. 1 Fund is used to account for and report financial resources restricted, committed or assigned to expenditures outlined in the TID project plan which are primarily capital related.

The Tax Incremental District (TID) No. 3 Fund is used to account for and report financial resources restricted, committed or assigned to expenditures outlined in the TID project plan which are primarily capital related.

The Tax Incremental District (TID) No. 4 Fund is used to account for and report financial resources restricted, committed or assigned to expenditures outlined in the TID project plan which are primarily capital related.

The Tax Incremental District (TID) No. 5 Fund is used to account for and report financial resources restricted, committed or assigned to expenditures outlined in the TID project plan which are primarily capital related.

The Village reports the following major proprietary fund:

The Water Utility Fund is used to account for operations of the water system.

The Sewer Utility Fund is used to account for operations of the sewer system.

The Village reports the Tax Collection Fund as a Custodial Fund to account for property tax collections made on behalf of other organizations.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Property taxes are considered to be revenue for the fiscal year they are intended to finance. Interest on investments is recognized as revenue when earned and received within the period of availability (within 90 days of year-end). Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year end). All other revenue items are considered to be measurable and available only when cash is received.

E. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash and cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all other investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**VILLAGE OF SHREWOOD, WISCONSIN**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

F. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying custodial fund statement of fiduciary net position.

Property Tax Calendar - 2020 Tax Roll:

Lien Date and Levy Date	December 2021
Tax Bills Mailed	December 2021
Payment in Full, or	January 31, 2022
First Installment Due	January 31, 2022
Second Installment Due	March 31, 2022
Third Installment Due	May 31, 2022
Personal Property Taxes in Full	January 31, 2022
Tax Sale - 2021 Delinquent Real Estate Taxes	October 2024

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and parking utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

G. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for operations and maintenance work. They are not for resale. The proprietary fund inventories are expensed as consumed, and are valued using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recognized on the consumption method in governmental funds.

**VILLAGE OF SHREWOOD, WISCONSIN**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Capital Assets

Capital assets include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, alleys, street lights and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for general capital assets, \$20,000 for infrastructure assets, and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. The Water utility depreciation methodology has been established by the Public Service Commission of Wisconsin which regulates the utility. Their method of depreciation uses that average plant in service during the year and applies a depreciation factor to the various plant classifications based on their standards to expense depreciation costs. For all other capital assets, depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Building and Improvements	10-50
Infrastructure	20-50
Intangibles	5-10
Machinery and Equipment	5-20
Utility System	14-100

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has items that qualify for reporting in this category, the amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The Village reports deferred inflows of resources for property taxes levied but supporting the subsequent years' budget. These deferred inflows are reports on both the governmental fund and the government-wide financial statements. Additionally, the Village reports unavailable revenue, within its governmental funds balance sheet. The governmental funds report unavailable revenues for revenues which are earned and measurable but not available. These amounts are recognized as an inflow of resources in the period that the amounts become available. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**J. Compensated Absences**

Under terms of employment, employees are granted sick pay benefits and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at year end are determined on the basis of current salary rates and include salary related payments.

The Village allows employees to earn vacation time during the year which would be eligible for payment upon separation from Village service. The liability for vacation time is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental fund financial statements only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefit where applicable.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Compensated Absences (Continued)

The Village also recognizes a liability for active employees' sick leave earned which may be paid out in the future. This liability is reported as vested compensated absences in either the governmental activities or the business-type activities, as appropriate.

Employees earn sick leave at various rates. Employees hired before January 1, 2013 who retire under Wisconsin Retirement System rules, can choose to have 50% of their accumulated sick leave either paid out to them or held by the Village to pay for their portion of health insurance premiums. The maximum amount of sick leave that can be accumulated varies depending on the employee's years of service. The Village funds these benefits on a pay-as-you-go basis and funding generally comes from the Village's General Fund. The remaining unused sick leave bank for these retirees is reported as a government-wide liability.

K. Other Postemployment Benefits

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts.

The Village will pay a portion of health insurance premiums for employees retiring under certain conditions until the employee reaches age 65. Some employees retiring over the age of 65 are allowed to remain on the Village's health insurance plan, with Medicare primary; however, the retiree must pay the cost of the premium. Exact eligibility and benefit provisions are based on contractual agreements with employee groups, local ordinances, or employee benefit policies.

The Village funds these benefits on a pay-as-you-go basis and funding is expected to come primarily from the Village's General Fund and Water and Sewer Utilities. The Village has obtained an actuarial evaluation to determine the cost of these benefits. A liability is reported on the government-wide financial statements as a governmental activities or the business-type activities liability, as appropriate.

L. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

**VILLAGE OF SHREWOOD, WISCONSIN**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

L. Long-Term Obligations/Conduit Debt (Continued)

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. The balance at year end for premiums/discounts, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. In 2012, the Village's component unit, CDA issued \$2,800,000 of subordinate redevelopment revenue bonds. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

M. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

N. Fund Balances/Net Position

Government Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Fund Balances/Net Position (Continued)

Government Wide Statements (Continued)

Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision-making authority. This action must occur prior to year end. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Village's highest level of decision-making authority is the Village Board and commitments made by the Village Board are done through the adoption of a resolution passed by the majority of the seven-member board.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Fund Balances/Net Position (Continued)

Fund Statements (Continued)

Assigned - includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing board itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Further, assigned fund balance includes all remaining amounts (excluding negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed.

The Village Board adopted Resolution No. 2011-43, *To Establish a Fund Balance Policy*, which authorized the Village Manager to assign amounts to a specific purpose.

Unassigned - fund balance is the residual classification for the General Fund and negative fund balances within other governmental funds.

The Village's fund balance policy also specifies that when multiple classifications of fund balance are available, that fund balance shall be spent in the following order: restricted, committed, assigned then unassigned.

The Village's fund balance policy includes a minimum fund balance policy. This policy states that the Village shall maintain its unassigned fund balance at a minimum of 30% of total General Fund annual revenues. The purpose of the first 25% of this balance is to provide adequate cash flow during the year. Any use of these funds would require a two-thirds vote of the Village Board. The additional 5% is to provide the ability of the Village to respond to unforeseeable contingencies and opportunities that may not have been known at the time of budget preparation. Any use of the 5% fund balance referred to above must be replenished during the next budget process. These uses are subject to approval by the Village Board.

Proprietary fund equity is classified the same as in the government-wide statements.

O. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

P. Proprietary Fund Revenues

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and parking utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) and effective November 15, 2021. Current sewer rates were approved by the Village Board and effective January 1, 2022. Current monthly parking rates were approved by the Village Board and effective January 1, 2021.

Q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. LIMITATIONS OF THE VILLAGE'S TAX LEVY**

The State of Wisconsin's legislature has acted to limit the Village's future tax levies. Generally, the Village's non-debt tax levy is limited to its prior year tax levy dollar amount (excluding TID Districts), plus the percentage change in the Village's equalized value due to new construction and any decrease in our debt service payments for debt issued prior to July 2005. There is no cap on taxes required to be levied for debt service.

Municipalities can carry forward up to ½ of one percent of their prior year unused capacity with a majority vote of the Village Board or up to 1½ percent of their prior year unused capacity with a super majority vote of the Village Board.

The State of Wisconsin's legislature can amend these limits at any time. Current regulations allowing for the conversion of pre-July 2005 debt service levy from debt to operating may not continue to be in effect for future years. Other changes to the levy limit calculation could also impact the Village in future years.

**VILLAGE OF SHREWOOD, WISCONSIN**  
NOTES TO FINANCIAL STATEMENTS (Continued)

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**3. DEPOSITS AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and cash equivalents and/or investments.

Investment of Village funds is restricted by Wisconsin state statutes. To protect itself against credit risk exposure, the Village's investment policy regarding investment instruments follows Wisconsin statutes. Available investments are limited to:

Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

Bonds or securities of any county, city, drainage district, technical college district, Village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.

Bonds or securities issued or guaranteed by the federal government.

The local government investment pool.

Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

Securities of an open-end management investment company or investment trust, subject to various conditions, and investment options.

Repurchase agreements with public depositories, with certain conditions.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At year end, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**A. Village Deposits with Financial Institutions**

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires all deposits above Federal Depository Insurance limits to be collateralized by securities specifically pledged to the Village. The

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**3. DEPOSITS AND INVESTMENTS (Continued)**

A. Village Deposits with Financial Institutions (Continued)

collateral shall be in U.S. Treasuries, U.S. government agencies, U.S. government guaranteed securities or general obligations of states or municipalities and held by the Village's agent in the Village's name. Collateral for time deposits or certificates of deposit shall be valued at market value at least monthly and be at least 105% of the investment after the effect of FDIC and state guarantee fund coverage. The Village does not have any deposits exposed to custodial credit risk as all are either insured or collateralized, held by the Village's agent in the name of the Village.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for interest-bearing demand deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

B. Village Investments

The following table presents the maturities of investments subject to interest rate risk as of December 31, 2022:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Municipal Bonds	\$ 4,002,120	\$ 1,205,077	\$ 2,797,043	\$ -	\$ -
U.S. Agencies	1,347,645	-	1,347,645	-	-
Negotiable CDs	1,215,163	971,168	243,995	-	-
<b>TOTAL</b>	<b>\$ 6,564,928</b>	<b>\$ 2,176,245</b>	<b>\$ 4,388,683</b>	<b>\$ -</b>	<b>\$ -</b>

Maturities represented above assume that all investments are held until the final maturity date.

The Village's investment policy restricts investments to those with a maturity date less than five years. The investment of reserve funds will also be laddered so that the securities mature to meet the cash requirements of the Village, thereby avoiding the need to sell securities on the open market prior to maturity in order to meet cash flow needs.

**3. DEPOSITS AND INVESTMENTS (Continued)**

**B. Village Investments (Continued)**

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Additionally, the Village categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Village has the following recurring fair value measurements as of December 31, 2022: The U.S agency securities, municipal bonds and negotiable certificates of deposits are valued using a matrix pricing model (Level 2 inputs).

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Village's investments are restricted in accordance with Wisconsin Statutes section 66.0603. As of December 31, 2022, The municipal bonds were rated AA1-A2 and the U.S. agencies were rated AAA. by Moody's. The Local Government Investment Pool (LGIP) and negotiable certificates of deposit are not rated.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. As of December 31, 2022, all of the Village's investments that were not covered by SIPC were exposed to custodial credit risk.

Concentration of credit risk is the risk that the Village has a high percentage of its investments in one type of investment. As of December 31, 2022, the Village had no investments that exposed it to concentration of credit risk.

**4. RECEIVABLES**

Delinquent personal property taxes have been shown net of an allowance for uncollectible accounts. All other receivables on the balance sheet are expected to be collected within one year.

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**4. RECEIVABLES (Continued)**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Loans Receivable

The Neighborhood Loan Program is designed to assist residents in purchasing or making certain improvements to homes within the Village. All loans are non-interest-bearing. Loans issued prior to 2016 are only due upon refinancing or sale of the property. Loans issued after 2016 have a two-year payment deferral followed by an eight-year repayment schedule. The maximum loan amount is \$20,000. As of December 31, 2022, there were 11 loans outstanding at year end.

The Private Lead Lateral Program is designed to assist residents in replacing the lead water service laterals in conjunction with municipal utility projects. All loans are non-interest-bearing, and are repaid over a five-year period through special assessments levied on the property. As of December 31, 2022, there were 29 participants with outstanding balances at year end.

Other Loans Receivable is a loan to the developer totaling \$3,535,000. This loan bears interest of 2.00%-3.50% which is due bi-annually. Interest payments began in 2012; annual principal payments of between \$100,000 and \$125,000 are due beginning December 2015 through December 2027. The remaining balance on the loan of \$2,145,000 is due on December 1, 2028. This loan will be repaid through revenues generated by the completed project and is additionally secured through a second mortgage on the property. Funding for this loan was obtained through a debt issuance completed in 2012.

Loans outstanding at year-end are as follows:

Program	Amount Approved	Balances January 1	Additions	Deletions	Balances December 31	Current Portion
Neighborhood Loan Program	\$ 535,000	\$ 176,867	\$ -	\$ 5,625	\$ 171,242	\$ 5,625
Private Lead Lateral Program	150,000	105,650	-	39,910	65,740	33,240
Other Loans - Lighthouse	3,535,000	2,785,000	-	105,000	2,680,000	105,000
<b>TOTAL</b>	<b>\$ 4,220,000</b>	<b>\$ 3,067,517</b>	<b>\$ -</b>	<b>\$ 150,535</b>	<b>\$ 2,916,982</b>	<b>\$ 143,865</b>

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

	Balances January 1	Additions	Retirements	Balances December 31
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 3,499,333	\$ -	\$ -	\$ 3,499,333
Artwork	330,000	-	-	330,000
Construction in Progress	124,293	57,746	47,379	134,660
Total Capital Assets not Being Depreciated	3,953,626	57,746	47,379	3,963,993
Capital Assets Being Depreciated				
Machinery and Equipment	5,405,396	1,031,672	376,922	6,060,146
Intangible Assets Software	69,793	-	-	69,793
Building and Improvements	13,538,601	351,207	2,518	13,887,290
Infrastructure	35,716,648	1,337,700	299,249	36,755,099
Total Capital Assets Being Depreciated	54,730,438	2,720,579	678,689	56,772,328
Less Accumulated Depreciation for				
Machinery and Equipment	3,268,218	355,566	316,818	3,306,966
Intangible Assets Software	69,793	-	-	69,793
Building and Improvements	4,988,876	367,734	2,518	5,354,092
Infrastructure	20,203,061	1,321,150	299,249	21,224,962
Total Accumulated Depreciation	28,529,948	2,044,450	618,585	29,955,813
Total Capital Assets Being Depreciated, Net	26,200,490	676,129	60,104	26,816,515
<b>TOTAL GOVERNMENTAL ACTIVITIES, NET</b>	<b>\$ 30,154,116</b>	<b>\$ 733,875</b>	<b>\$ 107,483</b>	<b>\$ 30,780,508</b>

Depreciation expense was charged to functions of the governmental activities as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	
General Government	\$ 53,099
Public Safety	159,190
Health and Social Services	704
Public Works	1,600,565
Culture and Recreation	230,892
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,044,450</b>

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**5. CAPITAL ASSETS (Continued)**

	Balances January 1	Additions	Retirements	Balances December 31
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital Assets not Being Depreciated				
Land	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in Progress	346,012	341,321	-	687,333
Total Capital Assets not Being Depreciated	579,357	341,321	-	920,678
Capital Assets Being Depreciated				
Water Utility System	9,965,802	400,070	189,967	10,175,905
Sewer Collection System	21,597,102	128,335	-	21,725,437
Parking Improvements	501,569	-	-	501,569
Machinery and Equipment	1,243,657	167,490	105,067	1,306,080
Total Capital Assets Being Depreciated	33,308,130	695,895	295,034	33,708,991
Less Accumulated Depreciation for				
Water Utility System	1,909,318	232,968	189,967	1,952,319
Sewer Collection System	3,603,802	362,998	-	3,966,800
Parking Improvements	441,062	5,500	-	446,562
Machinery and Equipment	698,521	65,501	105,067	658,955
Total Accumulated Depreciation	6,652,703	666,967	295,034	7,024,636
Total Capital Assets Being Depreciated, Net	26,655,427	28,928	-	26,684,355
<b>TOTAL BUSINESS-TYPE ACTIVITIES, NET</b>	<b>\$ 27,234,784</b>	<b>\$ 370,249</b>	<b>\$ -</b>	<b>\$ 27,605,033</b>

Depreciation expense was charged to functions of the business type activities as follows:

**GOVERNMENTAL ACTIVITIES**

Water	\$ 246,943
Sewer	414,524
Parking	5,500
	<u>666,967</u>

**TOTAL DEPRECIATION EXPENSE -  
BUSINESS TYPE ACTIVITIES**

**\$ 666,967**

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT**

**A. Changes in Long-Term Liabilities**

During the fiscal year, the following changes occurred in liabilities reported in the governmental activities:

	Balances January 1	Additions	Retirements	Balances December 31	Current Portion
General Obligation Debt	\$ 37,411,859	\$ -	\$ 3,624,189	\$ 33,787,670	\$ 2,627,551
General Obligation Note Direct Placement	591,000	-	98,500	492,500	98,500
Unamortized Bond Premium	703,505	-	62,780	640,725	-
Compensated Absences Payable*	385,901	273,669	224,203	435,367	260,000
Total OPEB Liability*	2,476,522	-	415,840	2,060,682	270,000
<b>TOTAL GENERAL LONG-TERM DEBT</b>	<b>\$ 41,568,787</b>	<b>\$ 273,669</b>	<b>\$ 4,425,512</b>	<b>\$ 37,416,944</b>	<b>\$ 3,256,051</b>

\*Primarily retired by the General Fund.

During the fiscal year, the following changes occurred in liabilities reported in the business-type activities:

	Balances January 1	Additions	Retirements	Balances December 31	Current Portion
General Obligation Debt	\$ 10,668,858	\$ -	\$ 654,175	\$ 10,014,683	\$ 805,300
Revenue Bonds	3,970,000	-	205,000	3,765,000	215,000
Unamortized Bond Premium	537,257	-	41,283	495,974	-
Compensated Absences Payable	64,214	27,561	53,936	37,839	11,500
Total OPEB Liability	275,208	-	33,716	241,492	30,000
<b>TOTAL GENERAL LONG-TERM DEBT</b>	<b>\$ 15,515,537</b>	<b>\$ 27,561</b>	<b>\$ 988,110</b>	<b>\$ 14,554,988</b>	<b>\$ 1,061,800</b>

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

**B. General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the Debt Service Fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies. General obligation bonds currently outstanding are as follows:

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31
<b>Governmental Activities</b>					
Taxable Issues					
Community Dev Bonds	3/8/2012	12/1/2031	2.00-3.25%	\$ 6,165,000	\$ 4,325,000
Corp Purpose Bonds	3/16/2020	5/1/2025	4.00%	709,324	446,782
Tax-Exempt Issues					
Community Dev Bonds	3/8/2012	12/1/2028	2.00-3.50%	1,990,000	1,340,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	4,065,000	1,520,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	4,070,000	2,670,000
Community Dev Bonds	1/22/2015	10/1/2034	2.10-3.00%	8,050,000	5,260,000
Corp Purpose Bonds	8/10/2016	7/1/2036	2.00-3.00%	8,640,000	5,700,000
Corp Purpose Bonds	8/23/2018	8/1/2038	3.00-3.50%	5,275,000	4,700,000
Corp Purpose Bonds	3/16/2020	3/1/2026	2.00%	2,280,822	1,578,535
Corp Purpose Bonds	8/3/2020	3/1/2040	1.50-2.00%	5,875,000	5,520,000
NSFD Notes Payables					
Bayside	8/1/2003	8/1/2023	0.80-2.30%	468,050	28,172
Whitefish Bay	5/1/2019	5/1/2039	1.80-3.50%	116,641	116,641
Whitefish Bay	1/22/2020	5/1/2039	2.25-4.00%	582,540	582,540
<b>Total Governmental Activities General Obligation Debt</b>					<b><u>\$ 33,787,670</u></b>
<b>Business-Type Activities</b>					
Taxable Corp Purp Bonds					
Corp Purpose Bonds	3/16/2020	5/1/2025	4.00%	\$ 60,676	\$ 38,218
Tax-Exempt Issues					
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	5,400,000	3,330,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	1,990,000	1,320,000
Corp Purpose Bonds	8/10/2016	7/1/2036	2.00-3.00%	1,280,000	955,000
Corp Purpose Bonds	8/23/2018	8/1/2038	3.00-3.50%	1,085,000	915,000
Corp Purpose Bonds	3/16/2020	3/1/2026	2.00%	1,259,178	871,465
Corp Purpose Bonds	9/2/2021	3/1/1941	1.20-2.00%	2,585,000	2,585,000
<b>Total Business-Type General Obligation Debt</b>					<b><u>\$ 10,014,683</u></b>

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

C. General Obligation Note - Direct Placement

The Village issued a \$985,000 Promissory Note, The note was issued directly to a bank. General obligation notes currently outstanding are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31
Promissory Note	8/22/2017	9/1/2027	2.25%	\$ 985,000	\$ 492,500

D. Revenue Bonds

Business-Type activities revenue bonds are payable only from revenues pledged when issuing revenue bonds. Revenue bonds currently outstanding are as follows:

Revenue Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31
Business-Type Activities Revenue Bonds	8/10/2016	7/1/2036	2.00-3.00%	\$ 2,285,000	\$ 1,790,000
Revenue Bonds	12/22/2020	7/1/2036	2.00-5.00%	2,075,000	1,975,000
<b>TOTAL BUSINESS-TYPE REVENUE BONDS</b>					<b>\$ 3,765,000</b>

The sewer utility has pledged future sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 2016 and 2020 for sewer infrastructure projects. The current remaining balances on these bonds are \$3.77 million, with payments of principal and interest due through 2036. These payments are generally expected to be about 20% of the sewer utility net cash flow from operating activities. In 2022, these payments represented 20.70% of those amounts.

E. Debt Service Requirements to Maturity

Debt service requirements to maturity for governmental activities long-term debt is as follows:

Fiscal Year Ending December 31,	General Obligation Note Direct Placement		General Obligation Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 98,500	\$ 11,235	\$ 2,627,551	\$ 915,880
2024	98,500	9,013	2,502,724	849,663
2025	98,500	6,741	2,503,265	782,871
2026	98,500	4,494	2,575,029	716,074
2027	98,500	2,247	2,388,553	648,130
2028-2032	-	-	12,615,902	2,081,258
2033-2037	-	-	7,074,296	641,826
2038-2043	-	-	1,500,350	42,983
<b>TOTAL</b>	<b>\$ 492,500</b>	<b>\$ 33,730</b>	<b>\$ 33,787,670</b>	<b>\$ 6,678,685</b>

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**6. LONG-TERM DEBT (Continued)**

**E. Debt Service Requirements to Maturity (Continued)**

Debt service requirements to maturity for business-type activities long-term debt is as follows:

Fiscal Year Ending December 31,	General Obligation Debt		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 805,300	\$ 238,379	\$ 215,000	\$ 113,888
2024	828,201	220,232	220,000	105,213
2025	868,536	201,333	230,000	96,213
2026	927,646	181,409	235,000	87,463
2027	750,000	161,932	250,000	78,863
2028-2032	3,565,000	539,336	1,375,000	254,244
2033-2037	1,595,000	169,125	1,240,000	61,925
2038-2043	675,000	26,875	-	-
<b>TOTAL</b>	<b>\$ 10,014,683</b>	<b>\$ 1,738,621</b>	<b>\$ 3,765,000</b>	<b>\$ 797,809</b>

**F. Debt Limit**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$102,358,185. Total general obligation debt outstanding at year end was \$44,294,853. This leaves a remaining legal debt margin of \$58,063,332.

**G. Other Long-Term Payables Information**

As part of a development agreement in TID No. 3, the Village has contingency commitments to make principal and interest payment on a \$5.5 million PayGo loan as of 2017. These commitments are limited to the incremental revenues generated by that development through the life of the TID. This loan carries a current interest rate of 5.33%. The mandatory close date of the TID is in 2035. The current balance on this commitment is \$5.7 million with accumulated interest. This does not constitute debt of the Village under GASB S-70 or GASB S-91.

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**7. INDIVIDUAL FUND DISCLOSURES**

A. Advances From/To Other Funds

Advances from/to other funds at December 31, 2022, are comprised of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Sewer Utility	\$ 141,178
Parking	Sewer Utility	<u>70,596</u>
<b>TOTAL</b>		<b><u>\$ 211,774</u></b>

The purpose of significant due to/from other funds are as follows:

- \$141,178 owed to the General Fund from the Sewer Utility Fund to provide for sufficient operating cash flow. These advances will be repaid through future user fees. The advance will be repaid in full by 2025.
- \$70,596 owed to the Parking Fund from the Sewer Utility Fund to provide for sufficient operating cash flow. These advances will be repaid through future user fees. The advance will be repaid in full by 2025.

B. Interfund Transfers

Interfund transfers during the year ended December 31, 2022, consisted of the following:

	Transfer In	Transfer Out
General	\$ 255,488	\$ 633,040
Debt Service	1,680,452	-
General Capital Projects	2,330,816	-
Capital Projects TID No. 1	-	2,030,816
Capital Projects TID No. 3	-	390,296
Capital Projects TID No. 4	-	531,969
Capital Projects TID No. 5	-	425,148
Nonmajor Governmental	-	53,547
Water Utility	-	170,599
Sewer Utility	-	11,569
Nonmajor Enterprise	-	<u>19,772</u>
<b>TOTAL</b>	<b><u>\$ 4,266,756</u></b>	<b><u>\$ 4,266,756</u></b>

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

**B. Interfund Transfers (Continued)**

The purposes of significant interfund transfers are as follows:

- \$1,680,452 transferred to the Debt Service Fund from the General Fund \$(333,040), TID No. 3 \$(390,296), TID No. 4 \$(531,969) and TID No. 5 \$(425,148). These relate to routine transfers for debt service payments. These transfers will not be repaid.
- \$2,330,816 transferred to General Capital Projects Fund from the General Fund \$(300,000), and TID No. 1 \$(2,030,816). This relates to routine transfers for capital projects and to close the capital projects TID No. 1 Fund. These transfers will not be repaid.

**C. Fund Balances**

Fund balances reported on the governmental fund financial statements as of December 31, 2022 within the restricted, committed and assigned classifications can be further detailed as follows:

Classification/Fund	Amount	Purpose
<b>Restricted</b>		
General Capital Projects	\$ 569,252	ARPA
General Capital Projects	2,012,815	Affordable housing
Total General Capital Projects	2,582,067	
Capital Projects TID No. 3	1,077,853	TID plan purposes
Capital Projects TID No. 4	1,422,386	TID plan purposes
Capital Projects TID No. 5	5,216,431	TID plan purposes
Nonmajor Governmental	214,705	Library grants
<b>TOTAL RESTRICTED</b>	<b>\$ 10,513,442</b>	
<b>Committed</b>		
Debt Service Fund	\$ 35,023	Debt service activities
Nonmajor Funds	88,744	Library activities
Nonmajor Funds	54,489	Senior services activities
Nonmajor Funds	16,920	Shorewood today magazine
Total Nonmajor Funds	160,153	
<b>TOTAL COMMITTED</b>	<b>\$ 195,176</b>	

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**7. INDIVIDUAL FUND DISCLOSURES (Continued)**

C. Fund Balances (Continued)

Classification/Fund	Amount	Purpose
Assigned		
General Fund	\$ 17,670	Future retirement costs
General Fund	227,205	Subsequent years budget
Total General Fund	<u>244,875</u>	
General Capital Projects	<u>915,796</u>	
<b>TOTAL ASSIGNED</b>	<b><u>\$ 1,160,671</u></b>	

**8. DEFINED BENEFIT PENSION PLANS**

Wisconsin Retirement System

*Plan Description*

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

*Vesting*

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Benefits Provided*

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Postretirement Adjustments*

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wisconsin Statutes. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<b>Year</b>	<b>Core Fund Adjustment (%)</b>	<b>Variable Fund Adjustment (%)</b>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

*Contributions*

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$446,469 in contributions from the employer.

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Contributions (Continued)*

Contribution rates as of December 31, 2021 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (Including Teachers, Executives, and Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

*Pension Liabilities, Pension Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2022, the Village reported a liability (asset) of \$(3,173,754) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the Net Pension Liability (Asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.0393751%, which was an increase of 0.00050466% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Village recognized pension expense (income) of \$(270,812).

At December 31, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Projected and Actual Experience	\$ 5,127,040	\$ (369,714)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	(7,099,953)
Changes in Assumptions	592,114	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	9,906	(4,771)
Employer Contributions Subsequent to the Measurement Date	464,075	-
<b>Total</b>	\$ 6,193,135	\$ (7,474,438)

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Pension Liabilities, Pension Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$464,075 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended December 31:	Deferred Outflow of Resources	Deferred Inflows of Resources
2022	\$ 2,498,669	\$ (2,710,844)
2023	1,562,654	(2,380,437)
2024	1,133,879	(1,507,424)
2025	533,859	(875,693)
Thereafter	-	-

*Actuarial Assumptions*

The Total Pension Liability at December 31, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.80%
Discount Rate:	6.80%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.10% - 5.60%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.70%

*\*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.70% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Actuarial Assumptions (Continued)*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, postretirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

*Long-Term Expected Return on Plan Assets*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns*</b>			
<b>As of December 31, 2021</b>			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return % **</u>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4.
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

\*Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations  
\*\*New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.  
\*\*\*The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

Wisconsin Retirement System (Continued)

*Single Discount Rate*

A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Village’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate*

The following presents the Village’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.80%) or 1-percentage point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village’s Proportionate Share of the Net Pension Liability (Asset)	\$2,252,003	\$(3,173,754)	\$(7,079,291)

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**9. OTHER POSTEMPLOYMENT BENEFITS**

A. Plan Description

In addition to providing the pension benefits described, The Village administers a single employer defined benefit healthcare plan. The plan allows eligible retirees to remain on the Village's health care plan which covers both active and retired members. Under certain conditions the Village also directly pays for a portion of retiree health care premiums.

Benefit provisions were established through collective bargaining agreements and by Village policy for non-represented employees. Police union employee benefits may only be amended through negotiations between the Village and the union. All other employees' benefits may be changed through Village Board action. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Village funds these benefits on a pay-as-you-go basis and funding is expected to come primarily from the Village's General Fund and Water and Sewer Utilities. The Village has obtained an actuarial evaluation to determine the cost of these benefits. A liability is reported on the government-wide financial statements as a governmental activities or the business-type activities liability, as appropriate.

B. Benefits Provided

The Village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. The Village contributes 50% for a family plan and 100% for a single plan, towards the health insurance premium for general employees hired before January 1, 2002. For employees hired between January 1, 2002 and October 31, 2012, the Village contributes 50% single plans or 25% for family plans. Employees hired after October 31, 2012 are not eligible for employer contributions towards postretirement health care.

The Village's contribution is capped at the amount the premium was when the employee retires. Any premium increases are contributed by the retiree. To be eligible for these benefits the retiree must have retired under the provisions of the System, with 20 years of service to the Village if hired before January 1, 2002, or 25 years of service if hired after January 1, 2002, and is not currently eligible for Medicare.

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

C. Membership

At December 31, 2021 (most recent data available), membership consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	22
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	<u>30</u>
<b>TOTAL</b>	<b><u>52</u></b>

D. Total OPEB Liability

The Village's total OPEB liability of \$2,302,174 was measured as of December 31, 2022 determined by an actuarial valuation as of December 31, 2020.

E. Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2022, as determined by an actuarial valuation as of December 31, 2020, actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updating procedures to December 31, 2022, including updating the discount rate at December 31, 2022, as noted in the table below.

Actuarial Cost Method	Entry-Age Normal
Actuarial Value of Assets	Not Applicable
Inflation	2.50%
Salary Increases	N/A
Discount Rate	4.25%
Healthcare Cost Trend Rates	6.40% Initial 5.00% Ultimate

The discount rate was based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period.

Mortality rates were based on the Wisconsin 2018 Mortality Table.

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

E. Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used are based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17.

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
BALANCES AT DECEMBER 31, 2021	<u>\$ 2,751,730</u>
Changes for the Period	
Service Cost	152,731
Interest	54,316
Difference Between Expected and Actual Experience	-
Changes in Benefit Terms	-
Changes in Assumptions	(431,992)
Benefit Payments	(224,611)
Other Changes	<u>-</u>
Net Changes	<u>(449,556)</u>
BALANCES AT DECEMBER 31, 2022	<u>\$ 2,302,174</u>

There were changes in assumptions related to the discount rate.

G. Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the Village calculated using the discount rate of 4.25% as well as what the Village total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.25%) or 1 percentage point higher (5.25%) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
Total OPEB Liability	\$ 2,485,695	\$ 2,302,174	\$ 2,132,291

**VILLAGE OF SHOREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**9. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

G. Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the Village calculated using the healthcare rate of 6.40% to 5.00% as well as what the Village's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (5.40% to 4.00%) or 1 percentage point higher (7.40% to 6.00%) than the current rate:

	1% Decrease (5.40% to 4.00%)	Current Healthcare Rate (6.40% to 5.00%)	1% Increase (7.40% to 6.00%)
Total OPEB Liability	\$ 2,081,517	\$ 2,302,174	\$ 2,559,591

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Village recognized OPEB expense of \$82,834. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 523,510
Changes in Assumptions	268,807	532,856
<b>TOTAL</b>	<b>\$ 268,807</b>	<b>\$ 1,056,366</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	\$ (124,213)
2023	(124,212)
2024	(108,952)
2025	(108,955)
2026	(126,381)
Thereafter	(194,846)
<b>TOTAL</b>	<b>\$ (787,559)</b>

**10. JOINT VENTURES**

North Shore Public Safety Communications Commission

The Villages of Shorewood and Whitefish Bay and the City of Glendale jointly operate the local public safety dispatch center, which is called the North Shore Public Safety Communications Commission (NSPSCC) and provides central emergency police, fire and ambulance dispatching services. The governing body of NSPSCC is made up of citizens from each community and has authority to adopt its own budget and control the financial affairs of the commission. Local representatives are appointed by the governing body of each community. The fiscal agent for the commission is the Village of Whitefish Bay. Costs are shared between the three communities based on population, equalized valuation and number of municipalities involved.

For 2022, the Village's financial responsibility towards this service was \$436,904. The Village believes that the commission will continue to provide these services in the future at similar rates. Financial information of the NSPSCC is available directly from the NSPSCC's office at 5300 N. Marlborough Drive, Whitefish Bay, WI 53217.

North Shore Fire Department

The City of Glendale and the Villages of Fox Point, Bayside, Brown Deer, River Hills, Shorewood, and Whitefish Bay jointly operate the North Shore Fire Department (NSFD) under an agreement dated December 31, 1994. The NSFD furnishes fire and emergency medical services. The North Shore Fire Department is operated by a Board of Directors consisting of seven members which includes one representative and one alternative member from each community. Only one member may vote from each municipality.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets, and recommending adoption of the department's budget. The capital and operating budget of the department must receive approval of at least five of the seven participating municipalities. Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc.

For 2022, the Village's financial responsibility towards this service was \$2,518,049. The Village believes that the NSFD will continue to provide these services in the future at similar rates.

In addition, the Village is also obligated to make certain debt service payments related to the NSFD's acquisition of facilities and equipment from the member municipalities dating back to 2002. For 2022, the Village's financial responsibility towards these payments was \$91,240.

**10. JOINT VENTURES (Continued)**

North Shore Fire Department (Continued)

Additional debt service payments related to bonding done in 2019 and 2020 for facilities improvements are expected to result in approximately \$52,000 per year of commitments beginning in 2023/2024 after the previous commitments have been satisfied.

Financial information for the NSFD can be obtained from the Department at 4401 West River Lane, Brown Deer, WI 53223.

North Shore Health Department

During 2011, the Village signed an agreement to join the North Shore Health Department, now comprised of the Villages of Bayside, Brown Deer, Fox Point, River Hills, Shorewood and Whitefish Bay, and the City of Glendale. The Village of Brown Deer, on behalf of the North Shore Health Department (NSHD), began providing public health services to residents of the Village on January 1, 2012. The NSHD Board of Health is comprised of one member representative from each community, as appointed by each municipality's Village President.

NSHD costs are allocated to individual communities based on a formula incorporating direct hours used and population. The Village paid \$124,115 to NSHD for 2022 services. The Village believes that the NSHD will continue to provide these services in the future at similar rates.

The agreement is for a three-year term that automatically renews. The Village of Brown Deer performs substantially all of the services of the NSHD. Financial information for the NSHD can be obtained from the Village of Brown Deer at 4800 West Green Brook Drive, Brown Deer, WI 53223.

**11. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**VILLAGE OF SHREWOOD, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**12. COMMITMENTS AND CONTINGENCIES**

From time-to-time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

From time-to-time, the Village may receive federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

**13. LEASES**

In 2010, the Village entered into a lease agreement with a local restaurant owner to lease out the Hubbard Park Lodge. The term of the lease continues until the end of 2029. The lease also requires the lessee to make annual capital improvements of at least \$10,000 to the property.

Payments ranging \$40,000 to \$56,275 are due to the Village annually through December 31, 2029. The lease agreement is noncancelable and maintains an incremental borrowing rate of 1.41%.

**14. PRIOR PERIOD ADJUSTMENT**

The Village made the following prior period adjustments as of January 1, 2022 to fund balance to correct the recognition of unavailable revenue in the General Fund and TID 4 Fund.

Governmental Fund Statements	General Fund
FUND BALANCE – JANUARY 1, 2022 (AS REPORTED)	\$ 6,224,888
Correct the recognition of unavailable revenue	(282,517)
FUND BALANCE - JANUARY 1, 2022 (AS RESTATED)	<u>\$ 5,942,371</u>
	TID 4 Fund
Governmental Fund Statements	TID 4 Fund
FUND BALANCE - JANUARY 1, 2022 (AS REPORTED)	\$ 4,098,848
Correct the recognition of unavailable revenue	(2,785,000)
FUND BALANCE - JANUARY 1, 2022 (AS RESTATED)	<u>\$ 1,313,848</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 8,337,185	\$ 8,337,185	\$ -
Intergovernmental	1,541,505	1,576,186	34,681
Licenses and Permits	443,700	493,139	49,439
Fines	479,000	592,084	113,084
Charges for Services	523,740	639,576	115,836
Investment Income	244,065	44,188	(199,877)
Other Revenues	117,935	209,043	91,108
<b>Total Revenues</b>	<b>11,687,130</b>	<b>11,891,401</b>	<b>204,271</b>
<b>EXPENDITURES</b>			
General Government			
Board	53,260	41,954	(11,306)
Court	78,535	69,425	(9,110)
Manager	441,585	457,733	16,148
Clerk	276,920	272,018	(4,902)
Finance	242,255	271,570	29,315
Other General Administration	422,310	364,705	(57,605)
<b>Total General Government</b>	<b>1,514,865</b>	<b>1,477,405</b>	<b>(37,460)</b>
Public Safety			
Police Department	4,000,720	3,975,328	(25,392)
Planning and Building Inspection	379,870	374,241	(5,629)
Fire and Other Public Safety	3,104,230	3,081,741	(22,489)
<b>Total Public Safety</b>	<b>7,484,820</b>	<b>7,431,310</b>	<b>(53,510)</b>
Public Works			
Public Works Administration	347,600	361,216	13,616
Building Maintenance	240,505	255,667	15,162
Municipal Garage	303,270	313,929	10,659
Street and Alley	181,085	160,775	(20,310)
Street Lighting	222,465	257,319	34,854
Winter Maintenance	153,680	68,852	(84,828)
Refuse Disposal	711,850	756,801	44,951
Yard Waste/Leaf Collection	113,900	100,435	(13,465)
<b>Total Public Works</b>	<b>2,274,355</b>	<b>2,274,994</b>	<b>639</b>

(This statement is continued on the following page.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
GENERAL FUND

For the Fiscal Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (Continued)</b>			
Health Department	\$ 133,065	\$ 124,115	\$ (8,950)
Culture and Recreation			
Parks and Beautification	213,270	198,164	(15,106)
Total Culture and Recreation	213,270	198,164	(15,106)
Conservation and Development			
Forestry	306,755	294,115	(12,640)
Total Conservation and Development	306,755	294,115	(12,640)
Total Expenditures	11,927,130	11,800,103	(127,027)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(240,000)	91,298	331,298
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	863,040	255,488	(607,552)
Transfers (Out)	(633,040)	(633,040)	-
Total Other Financing Sources (Uses)	230,000	(377,552)	(607,552)
NET CHANGE IN FUND BALANCE	<u>\$ (10,000)</u>	<u>(286,254)</u>	<u>\$ (276,254)</u>
FUND BALANCE, JANUARY 1		<u>6,224,888</u>	
Prior period adjustment		<u>(282,517)</u>	
FUND BALANCE, JANUARY 1 (RESTATED)		<u>5,942,371</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u><u>\$ 5,656,117</u></u>	

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, WISCONSIN

REQUIRED SUPPLEMENTARY INFORMATION  
WISCONSIN RETIREMENT SYSTEM

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Village of Shorewood's Proportion of the Net Pension Liability (Asset)	0.04098%	0.04051%	0.03967%	0.03936%	0.03938%	0.03924%	0.03988%	0.03938%
Village of Shorewood's Proportionate Share of the Net Pension Liability (Asset)	\$ (1,006,498)	\$ 658,229	\$ 326,948	\$ (1,168,755)	\$ 1,400,916	\$ (1,265,235)	\$ (2,489,785)	\$ (3,173,754)
Village of Shorewood's Covered Payroll	4,792,475	4,848,954	4,763,410	4,732,568	4,885,910	4,897,479	5,284,718	5,045,839
Plan fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%	105.26%	106.02%

SCHEDULE OF CONTRIBUTIONS

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually Required Contributions	\$ 397,114	\$ 384,052	\$ 369,128	\$ 400,172	\$ 409,635	\$ 402,102	\$ 466,728	\$ 446,469
Contributions in Relation to the Contractually Required Contributions	(397,114)	(384,052)	(369,128)	(400,172)	(409,635)	(402,102)	(466,728)	(446,469)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-
Village of Shorewood's Covered Payroll	4,792,475	4,848,954	4,763,410	4,732,568	4,885,910	4,897,479	5,284,718	5,045,839
Contributions as a Percentage of Covered Payroll	8.29%	7.92%	7.75%	8.46%	8.38%	8.21%	8.83%	8.85%

Notes to Required Supplementary Information

*Changes of Benefit Terms* . There were no changes in benefit terms for any participating employer in WRS.

*Changes in Assumptions* . There were no changes in the assumptions

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF SHOREWOOD, WISCONSIN

SCHEDULE OF CHANGES IN THE EMPLOYER'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Six Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2017	2018	2019	2020	2021	2022
<b>TOTAL OPEB LIABILITY</b>						
Service Cost	\$ 114,721	\$ 114,721	\$ 104,635	\$ 154,154	\$ 168,289	\$ 152,731
Interest	116,504	115,739	125,384	89,419	76,284	54,316
Changes of Benefit Terms	-	-	-	(246,639)	-	-
Differences Between Expected and Actual Experience	-	-	(253,497)	-	(529,015)	-
Changes of Assumptions	-	(106,826)	392,926	-	(165,790)	(431,992)
Benefit Payments	(232,181)	(273,839)	(307,797)	115,752	(208,552)	(224,611)
Other Changes	-	-	-	-	-	-
Net Change in Total OPEB Liability	(956)	(150,205)	61,651	112,686	(658,784)	(449,556)
Total OPEB Liability - Beginning	3,387,338	3,386,382	3,236,177	3,297,828	3,410,514	2,751,730
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b>\$ 3,386,382</b>	<b>\$ 3,236,177</b>	<b>\$ 3,297,828</b>	<b>\$ 3,410,514</b>	<b>\$ 2,751,730</b>	<b>\$ 2,302,174</b>
Covered-Employee Payroll	\$ 2,982,357	\$ 2,982,357	\$ 4,746,505	\$ 4,746,505	\$ 4,714,457	\$ 4,714,457
Employer's Total OPEB Liability as a Percentage of Covered-Employee Payroll	113.55%	108.51%	69.48%	71.85%	58.37%	48.83%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Per actuarial valuation - Changes in assumptions in 2022 related to updating the discount rate to 4.25%.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available. 2017 was the first year of implementation under these new standards.

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2022

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**BUDGETS AND BUDGETARY ACCOUNTING**

A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

A budget has been adopted for the General Fund, Debt Service, General Capital Projects, TID No.'s 1, 3, 4 and 5, and the following Special Revenue Funds: Library, Senior Resource Center and Shorewood Today Funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure for the General Fund and the fund total for all other funds. The budgeted amounts presented include any amendments adopted during the year. No amendments were approved during the year. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

B. Excess Expenditures Over Appropriations

The following funds had an excess of actual expenditures over budget for the fiscal year:

Fund	Amount
TID 4	\$ 271
Shorewood Today	1,062

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

**MAJOR GOVERNMENTAL FUNDS**

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,970,975	\$ 1,970,975	\$ -
Total Revenues	1,970,975	1,970,975	-
<b>EXPENDITURES</b>			
Debt Service			
Principal Retirement	3,723,780	3,722,689	(1,091)
Interest and Fiscal Charges	1,018,720	1,003,831	(14,889)
Total Expenditures	4,742,500	4,726,520	(14,889)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,771,525)	(2,755,545)	14,889
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	2,771,525	1,680,452	(1,091,073)
Total Other Financing Sources (Uses)	2,771,525	1,680,452	(1,091,073)
NET CHANGE IN FUND BALANCE	\$ -	(1,075,093)	\$ (1,076,184)
FUND BALANCE, JANUARY 1		1,110,116	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ 35,023</b>	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL CAPITAL PROJECTS**

For the Fiscal Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>REVENUES</b>			
Taxes	\$ 505,000	\$ 505,000	\$ -
Intergovernmental	812,934	1,515,293	702,359
Charges for Services	-	9,763	9,763
Other Revenues	122,000	122,000	-
	<hr/>	<hr/>	<hr/>
Total Revenues	1,439,934	2,152,056	712,122
<b>EXPENDITURES</b>			
Capital Outlay	4,488,588	3,677,789	(810,799)
	<hr/>	<hr/>	<hr/>
Total Expenditures	4,488,588	3,677,789	(810,799)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<hr/>	<hr/>	<hr/>
	(3,048,654)	(1,525,733)	1,522,921
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds From the Sale of Capital Assets	102,000	116,067	14,067
Transfers In	5,286,654	2,330,816	(2,955,838)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	5,388,654	2,446,883	(2,941,771)
<b>NET CHANGE IN FUND BALANCE</b>			
	<hr/>	<hr/>	<hr/>
	\$ 2,340,000	921,150	\$ (1,418,850)
<b>FUND BALANCE, JANUARY 1</b>			
		<hr/>	
		2,576,713	
<b>FUND BALANCE, DECEMBER 31</b>			
		<hr/>	
		\$ 3,497,863	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS TID NO. 1**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 2,100,000	\$ 1,986,962	\$ (113,038)
Intergovernmental	25,000	43,854	18,854
Investment Income	-	-	-
Total Revenues	2,125,000	2,030,816	(94,184)
<b>EXPENDITURES</b>			
None	-	-	-
Total Expenditures	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,125,000</b>	<b>2,030,816</b>	<b>(94,184)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(2,125,000)	(2,030,816)	94,184
Total Other Financing Sources (Uses)	(2,125,000)	(2,030,816)	94,184
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE, JANUARY 1</b>		<b>-</b>	
<b>FUND BALANCE, DECEMBER 31</b>		<b>\$ -</b>	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS TID NO. 3**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,100,000	\$ 1,034,750	\$ (65,250)
Intergovernmental	3,500	2,943	(557)
Investment Income	7,500	(357)	(7,857)
Other Revenues	20,800	20,800	-
Total Revenues	<u>1,131,800</u>	<u>1,058,136</u>	<u>(73,664)</u>
<b>EXPENDITURES</b>			
Current			
Conservation and Development	<u>552,800</u>	<u>361,557</u>	<u>(191,243)</u>
Total Expenditures	<u>552,800</u>	<u>361,557</u>	<u>(191,243)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>579,000</u>	<u>696,579</u>	<u>117,579</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	<u>(390,300)</u>	<u>(390,296)</u>	<u>4</u>
Total Other Financing Sources (Uses)	<u>(390,300)</u>	<u>(390,296)</u>	<u>4</u>
NET CHANGE IN FUND BALANCE	<u>\$ 188,700</u>	<u>306,283</u>	<u>\$ 117,583</u>
FUND BALANCE, JANUARY 1		<u>771,570</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 1,077,853</u>	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS TID NO. 4**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 475,000	\$ 450,343	\$ (24,657)
Intergovernmental	150	198	48
Investment Income	98,000	87,537	(10,463)
Other Revenues	-	105,000	105,000
Total Revenues	573,150	643,078	69,928
<b>EXPENDITURES</b>			
Current			
Conservation and Development	2,300	2,571	271
Total Expenditures	2,300	2,571	271
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	570,850	640,507	69,657
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	(531,970)	(531,969)	1
Total Other Financing Sources (Uses)	(531,970)	(531,969)	1
<b>NET CHANGE IN FUND BALANCE</b>			
	\$ 38,880	108,538	\$ 69,658
<b>FUND BALANCE, JANUARY 1</b>			
		4,098,848	
Prior period adjustment		(2,785,000)	
<b>FUND BALANCE, JANUARY 1 (RESTATED)</b>			
		1,313,848	
<b>FUND BALANCE, DECEMBER 31</b>			
		\$ 1,422,386	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS TID NO. 5**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 1,500,000	\$ 1,399,827	\$ (100,173)
Intergovernmental	2,000	1,893	(107)
Investment Income	30,000	(1,516)	(31,516)
Total Revenues	<u>1,532,000</u>	<u>1,400,204</u>	<u>(131,796)</u>
<b>EXPENDITURES</b>			
Current			
Conservation and Development	<u>148,800</u>	<u>30,649</u>	<u>(118,151)</u>
Total Expenditures	<u>148,800</u>	<u>30,649</u>	<u>(118,151)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,383,200</u>	<u>1,369,555</u>	<u>(13,645)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (Out)	<u>(425,150)</u>	<u>(425,148)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>(425,150)</u>	<u>(425,148)</u>	<u>2</u>
NET CHANGE IN FUND BALANCE	<u>\$ 958,050</u>	<u>944,407</u>	<u>\$ (13,643)</u>
FUND BALANCE, JANUARY 1		<u>4,272,024</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 5,216,431</u>	

(See independent auditor's report.)

**NONMAJOR GOVERNMENTAL FUNDS**

VILLAGE OF SHOREWOOD, WISCONSIN

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2022

	Special Revenue			Total
	Library	Senior Services	Shorewood Today	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 852,759	\$ 88,471	\$ 15,100	\$ 956,330
Receivables (Net, Where Applicable, of Allowances for Uncollectibles)				
Accounts	-	31,917	1,820	33,737
Property Taxes	454,954	57,255	-	512,209
Prepaid Items	350	-	-	350
<b>Total Assets</b>	<b>1,308,063</b>	<b>177,643</b>	<b>16,920</b>	<b>1,502,626</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
None	-	-	-	-
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,308,063</b>	<b>\$ 177,643</b>	<b>\$ 16,920</b>	<b>\$ 1,502,626</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 44,372	\$ 2,075	\$ -	\$ 46,447
Accrued Liabilities	12,437	1,844	-	14,281
<b>Total Liabilities</b>	<b>56,809</b>	<b>3,919</b>	<b>-</b>	<b>60,728</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	947,455	119,235	-	1,066,690
<b>Total Deferred Inflows of Resources</b>	<b>947,455</b>	<b>119,235</b>	<b>-</b>	<b>1,066,690</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,004,264</b>	<b>123,154</b>	<b>-</b>	<b>1,127,418</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid Items	350	-	-	350
Restricted	214,705	-	-	214,705
Committed	88,744	54,489	16,920	160,153
Unrestricted				
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>303,799</b>	<b>54,489</b>	<b>16,920</b>	<b>375,208</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,308,063</b>	<b>\$ 177,643</b>	<b>\$ 16,920</b>	<b>\$ 1,502,626</b>

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended December 31, 2022

	<u>Special Revenue</u>			<u>Total</u>
	<u>Library</u>	<u>Senior Services</u>	<u>Shorewood Today</u>	
<b>REVENUES</b>				
Taxes	\$ 944,915	\$ 113,280	\$ -	\$ 1,058,195
Charges for Services	60,096	12,131	106,770	178,997
Other Revenues	233,272	57,509	-	290,781
<b>Total Revenues</b>	<b>1,238,283</b>	<b>182,920</b>	<b>106,770</b>	<b>1,527,973</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	102,062	102,062
Health and Social Services	-	176,714	-	176,714
Culture and Recreation	1,124,431	-	-	1,124,431
<b>Total Expenditures</b>	<b>1,124,431</b>	<b>176,714</b>	<b>102,062</b>	<b>1,403,207</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>113,852</b>	<b>6,206</b>	<b>4,708</b>	<b>124,766</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers (Out)	(53,547)	-	-	(53,547)
<b>Total Other Financing Sources (Uses)</b>	<b>(53,547)</b>	<b>-</b>	<b>-</b>	<b>(53,547)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>60,305</b>	<b>6,206</b>	<b>4,708</b>	<b>71,219</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>243,494</b>	<b>48,283</b>	<b>12,212</b>	<b>303,989</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 303,799</b>	<b>\$ 54,489</b>	<b>\$ 16,920</b>	<b>\$ 375,208</b>

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LIBRARY**

For the Fiscal Year Ended December 31, 2022

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 944,915	\$ 944,915	\$ -
Charges for Services	46,128	60,096	13,968
Other Revenues	933,975	233,272	(700,703)
	<hr/>	<hr/>	<hr/>
Total Revenues	1,925,018	1,238,283	(686,735)
<b>EXPENDITURES</b>			
Current			
Culture and Recreation	2,065,018	1,124,431	(940,587)
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,065,018	1,124,431	(940,587)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<hr/>	<hr/>	<hr/>
	(140,000)	113,852	253,852
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	140,000	-	(140,000)
Transfers (Out)	-	(53,547)	(53,547)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	140,000	(53,547)	(193,547)
<b>NET CHANGE IN FUND BALANCE</b>			
	<hr/>	<hr/>	<hr/>
	\$ -	60,305	\$ 60,305
<b>FUND BALANCE, JANUARY 1</b>			
		<hr/>	
		243,494	
<b>FUND BALANCE, DECEMBER 31</b>			
		<hr/>	
		\$ 303,799	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SENIOR SERVICES**

For the Fiscal Year Ended December 31, 2022

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Taxes	\$ 113,280	\$ 113,280	\$ -
Charges for Services	10,070	12,131	2,061
Other Revenues	67,130	57,509	(9,621)
Total Revenues	<u>190,480</u>	<u>182,920</u>	<u>(7,560)</u>
<b>EXPENDITURES</b>			
Current			
Health and Social Services	<u>190,480</u>	<u>176,714</u>	<u>(13,766)</u>
Total Expenditures	<u>190,480</u>	<u>176,714</u>	<u>(13,766)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	6,206	<u>\$ 6,206</u>
FUND BALANCE, JANUARY 1		<u>48,283</u>	
FUND BALANCE, DECEMBER 31		<u>\$ 54,489</u>	

(See independent auditor's report.)

**VILLAGE OF SHOREWOOD, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SHOREWOOD TODAY**

For the Fiscal Year Ended December 31, 2022

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	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Over (Under)</b>
<b>REVENUES</b>			
Charges for Services	\$ 101,000	\$ 106,770	\$ 5,770
Total Revenues	<u>101,000</u>	<u>106,770</u>	<u>5,770</u>
<b>EXPENDITURES</b>			
Current			
General Government	<u>101,000</u>	<u>102,062</u>	<u>1,062</u>
Total Expenditures	<u>101,000</u>	<u>102,062</u>	<u>1,062</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>4,708</u>	<u>\$ 4,708</u>
FUND BALANCE, JANUARY 1		<u>12,212</u>	
<b>FUND BALANCE, DECEMBER 31</b>		<u>\$ 16,920</u>	

(See independent auditor's report.)