



**Village of Bayside
9075 N Regent Road
Finance & Administration Committee
May 18, 2023
Village Board Room, 4:30pm**

FINANCE & ADMINISTRATION COMMITTEE AGENDA

PLEASE TAKE NOTICE that a meeting of the Village Finance & Administration Committee will be held at Bayside Village Hall, 9075 North Regent Road, Bayside, Wisconsin at the above noted time and date, at which the following items of business will be discussed and possibly acted upon:

I. CALL TO ORDER and ROLL CALL

II. BUSINESS

A. Discussion/action on acceptance of 2022 Village audit.

III. ADJOURNMENT

Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. Contact Village Hall at 414-206-3915. It is possible that members of and possibly a quorum of members of other Boards, Commissions, or Committees of the Village including in particular the Board of Trustees may be in attendance in the above stated meeting to gather information; no action will be taken by any other Boards, Commissions, or Committees of the Village except by the Board, Commission, or Committee noticed above. Agendas and minutes are available on the Village website (www.baysidewi.gov)

Village of Bayside, Wisconsin

Annual Comprehensive Financial Report



Prepared by:
Village of Bayside Department of Administration
Rachel A. Safstrom, Administrative Services Director

For the Fiscal Year ending December 31, 2022
www.baysidewi.gov

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**Introductory Section
Placeholder**

FINANCIAL SECTION

Independent Auditors' Report

To the Village Board of
Village of Bayside

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Bayside (the Village), Wisconsin, as of and for the year ended December 31, 2022 and the related notes to the 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, each major fund and the aggregate remaining fund information of the Village of Bayside, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 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, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the Introductory Section and Statistical Section listed in the accompanying table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Milwaukee, Wisconsin
June XX, 2023

**Management's Discussion and Analysis
Placeholder**

Village of Bayside
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 7,423,543	\$ 409,499	\$ 7,833,042
Receivables:			
Taxes	5,205,772	857,216	6,062,988
Accounts	92,980	30,615	123,595
Leases	1,645,287	-	1,645,287
Due from other governments	165,000	-	165,000
Prepaid items	57,419	1,553	58,972
Restricted assets:			
Cash and investments	-	870,371	870,371
Net pension asset	1,862,832	30,044	1,892,876
Internal balances	(18,266)	18,266	-
Capital assets:			
Land	3,561,528	-	3,561,528
Construction in progress	28,368	-	28,368
Other capital assets, net of depreciation / amortization	14,571,175	3,804,036	18,375,211
Total assets	34,595,638	6,021,600	40,617,238
Deferred Outflows of Resources			
Pension related items	3,625,901	76,346	3,702,247
OPEB related items	100,142	5,416	105,558
Total deferred outflows of resources	3,726,043	81,762	3,807,805
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Accounts payable and accrued expenses	482,149	241,155	723,304
Deposits	13,400	-	13,400
Noncurrent liabilities:			
Due within one year	907,127	269,673	1,176,800
Due in more than one year	6,578,748	2,306,524	8,885,272
Total liabilities	7,981,424	2,817,352	10,798,776
Deferred Inflows of Resources			
Pension related items	4,376,614	85,277	4,461,891
OPEB related items	56,811	1,812	58,623
Unearned revenues	6,851,347	857,216	7,708,563
Total deferred inflows of resources	11,284,772	944,305	12,229,077
Net Position			
Net investment in capital assets	11,938,793	2,058,727	13,997,520
Restricted for:			
Debt service	534,139	53,582	587,721
Pension	1,862,832	30,044	1,892,876
Unrestricted	4,719,721	199,352	4,919,073
Total net position	\$ 19,055,485	\$ 2,341,705	\$ 21,397,190

See notes to financial statements

Village of Bayside

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 1,035,546	\$ 102,214	\$ -	\$ -
Public safety	5,351,193	2,861,025	45,248	156,765
Public works	1,580,113	661,878	42,717	421,988
Culture, education and recreation	236,232	12,209	-	4,260
Interest and fiscal charges	124,357	-	-	-
Total governmental activities	8,327,441	3,637,326	87,965	583,013
Business-type activities:				
Sewer	1,421,763	948,620	-	5,258
Total business-type activities	1,421,763	948,620	-	5,258
Total primary government	\$ 9,749,204	\$ 4,585,946	\$ 87,965	\$ 588,271

General Revenues

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income (loss)

Gain on disposal of assets

Miscellaneous

Total general revenues

Change in net position

Net Position, Beginning**Net Position, Ending**

See notes to financial statements

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (933,332)	\$ -	\$ (933,332)
(2,288,155)	-	(2,288,155)
(453,530)	-	(453,530)
(219,763)	-	(219,763)
(124,357)	-	(124,357)
(4,019,137)	-	(4,019,137)
-	(467,885)	(467,885)
-	(467,885)	(467,885)
(4,019,137)	(467,885)	(4,487,022)
3,872,917	-	3,872,917
792,089	-	792,089
58,339	-	58,339
647,566	-	647,566
6,647	718	7,365
485	-	485
305,311	-	305,311
5,683,354	718	5,684,072
1,664,217	(467,167)	1,197,050
17,391,268	2,808,872	20,200,140
\$ 19,055,485	\$ 2,341,705	\$ 21,397,190

See notes to financial statements

Village of Bayside

Balance Sheet - Governmental Funds
December 31, 2022

	General Fund	Special Revenue Funds		
		Consolidated Dispatch	Stormwater	Tax Increment District #1
Assets				
Cash and investments	\$ 1,871,413	\$ 859,379	\$ 1,047,905	\$ -
Receivables:				
Taxes	3,325,755	313,023	415,809	-
Accounts	22,489	12,621	38,119	18,850
Leases	-	-	-	-
Due from other funds	55,048	-	-	-
Due from other governments	-	-	-	-
Prepaid items	27,880	26,858	2,681	-
Total assets	<u>\$ 5,302,585</u>	<u>\$ 1,211,881</u>	<u>\$ 1,504,514</u>	<u>\$ 18,850</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)				
Liabilities				
Accounts payable	\$ 128,739	\$ 39,367	\$ 12,927	\$ 33,227
Accrued liabilities	138,969	78,441	5,066	-
Due to other funds	-	-	-	55,048
Deposits	13,400	-	-	-
Advances from sewer fund	-	-	-	-
Total liabilities	<u>281,108</u>	<u>117,808</u>	<u>17,993</u>	<u>88,275</u>
Deferred Inflows of Resources				
Unearned revenues	3,325,474	313,023	415,809	-
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	<u>3,325,474</u>	<u>313,023</u>	<u>415,809</u>	<u>-</u>
Fund Balances (Deficit)				
Nonspendable	28,162	26,858	2,681	-
Restricted	-	-	106,685	-
Committed	-	754,192	961,346	-
Unassigned (deficit)	1,667,841	-	-	(69,425)
Total fund balances (deficit)	<u>1,696,003</u>	<u>781,050</u>	<u>1,070,712</u>	<u>(69,425)</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 5,302,585</u>	<u>\$ 1,211,881</u>	<u>\$ 1,504,514</u>	<u>\$ 18,850</u>

See notes to financial statements

Debt Service Fund	Capital Projects Funds		Nonmajor Governmental Funds	Total
	Capital Projects	DPW Capital Projects	American Rescue Plan Act	
\$ 564,630	\$ 1,328,050	\$ 1,752,166	\$ -	\$ 7,423,543
819,601	181,584	150,000	-	5,205,772
-	-	901	-	92,980
156,776	1,488,511	-	-	1,645,287
-	-	-	-	55,048
165,000	-	-	-	165,000
-	-	-	-	57,419
<u>\$ 1,706,007</u>	<u>\$ 2,998,145</u>	<u>\$ 1,903,067</u>	<u>\$ -</u>	<u>\$ 14,645,049</u>
\$ -	\$ 14,922	\$ -	\$ -	\$ 229,182
-	-	-	-	222,476
-	-	-	-	55,048
-	-	-	-	13,400
-	18,266	-	-	18,266
-	33,188	-	-	538,372
976,377	1,670,664	150,000	-	6,851,347
165,000	-	-	-	165,000
<u>1,141,377</u>	<u>1,670,664</u>	<u>150,000</u>	<u>-</u>	<u>7,016,347</u>
-	-	-	-	57,701
564,630	-	672,359	-	1,343,674
-	1,294,293	1,080,708	-	4,090,539
-	-	-	-	1,598,416
<u>564,630</u>	<u>1,294,293</u>	<u>1,753,067</u>	<u>-</u>	<u>7,090,330</u>
<u>\$ 1,706,007</u>	<u>\$ 2,998,145</u>	<u>\$ 1,903,067</u>	<u>\$ -</u>	<u>\$ 14,645,049</u>

See notes to financial statements

Village of Bayside

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds	\$ 7,090,330
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	18,161,071
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	165,000
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,862,832
Deferred outflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.	3,726,043
Deferred inflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.	(4,433,425)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(6,855,288)
Compensated absences	(38,942)
Accrued interest	(30,491)
Unamortized debt premium	(351,322)
Net OPEB liability	(240,323)
Net Position of Governmental Activities	<u>\$ 19,055,485</u>

Village of Bayside

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2022

	General Fund	Special Revenue Funds		
		Consolidated Dispatch	Stormwater	Tax Increment District #1
Revenues				
Taxes	\$ 3,297,806	\$ 303,653	\$ -	\$ -
Intergovernmental	680,666	2,553,602	-	-
Licenses and permits	253,563	-	-	-
Fines, forfeitures and penalties	45,197	-	-	-
Public charges for services	126,709	-	570,989	-
Intergovernmental charges for services	118,959	-	-	-
Investment income (loss)	(35,549)	-	-	-
Miscellaneous revenues	66,677	94,944	-	18,850
Total revenues	4,554,028	2,952,199	570,989	18,850
Expenditures				
Current:				
General government	706,433	-	-	84,346
Public safety	2,638,030	2,582,164	-	-
Public works	797,234	-	395,336	3,929
Culture, recreation and education	181,352	-	-	-
Capital outlay	116,715	-	637,361	-
Debt service:				
Principal	31,620	-	-	-
Interest and fiscal charges	1,454	-	11,821	-
Total expenditures	4,472,838	2,582,164	1,044,518	88,275
Excess (deficiency) of revenues over expenditures	81,190	370,035	(473,529)	(69,425)
Other Financing Sources (Uses)				
Transfers in	-	-	453,634	-
Transfers out	-	-	(74,091)	-
Proceeds from sale of capital assets	485	-	-	-
Total other financing sources (uses)	485	-	379,543	-
Net changes in fund balances	81,675	370,035	(93,986)	(69,425)
Fund Balances, Beginning	1,614,328	411,015	1,164,698	-
Fund Balances (Deficit), Ending	\$ 1,696,003	\$ 781,050	\$ 1,070,712	\$ (69,425)

See notes to financial statements

Debt Service Fund	Capital Projects Funds		Nonmajor Governmental Funds	Total
	Capital Projects	DPW Capital Projects	American Rescue Plan Act	
\$ 792,089	\$ 204,797	\$ 125,000	\$ -	\$ 4,723,345
-	-	-	453,634	3,687,902
-	-	-	-	253,563
-	-	-	-	45,197
-	-	22,561	-	720,259
182,374	164,723	-	-	466,056
3,326	38,870	-	-	6,647
24,784	40,073	2,876	-	248,204
<u>1,002,573</u>	<u>448,463</u>	<u>150,437</u>	<u>453,634</u>	<u>10,151,173</u>
-	-	-	-	790,779
-	39,814	-	-	5,260,008
-	-	-	-	1,196,499
-	-	-	-	181,352
-	434,815	425,828	-	1,614,719
829,000	-	-	-	860,620
170,332	-	-	-	183,607
<u>999,332</u>	<u>474,629</u>	<u>425,828</u>	<u>-</u>	<u>10,087,584</u>
<u>3,241</u>	<u>(26,166)</u>	<u>(275,391)</u>	<u>453,634</u>	<u>63,589</u>
74,091	-	-	-	527,725
-	-	-	(453,634)	(527,725)
-	-	-	-	485
<u>74,091</u>	<u>-</u>	<u>-</u>	<u>(453,634)</u>	<u>485</u>
77,332	(26,166)	(275,391)	-	64,074
487,298	1,320,459	2,028,458	-	7,026,256
<u>\$ 564,630</u>	<u>\$ 1,294,293</u>	<u>\$ 1,753,067</u>	<u>\$ -</u>	<u>\$ 7,090,330</u>

See notes to financial statements

Village of Bayside

Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 64,074

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,614,719
Some items reported as capital outlay were not capitalized	(423,883)
Some items reported as operating expenditures in the fund statements but are capitalized in the government-wide statements	68,614
Net book value of asset adjustments	(148,631)
Depreciation is reported in the government-wide statements	(726,788)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Payment on loan receivable	(160,000)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	860,620
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Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of debt premium	28,710
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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.

Compensated absences	20,189
Net OPEB liability	(5,923)
Accrued interest on debt	34,272
Amortization of deferred charge on refunding	(3,732)
Net pension asset	461,034
Deferred outflows of resources related to pension and OPEB	1,284,200
Deferred inflows of resources related to pension and OPEB	<u>(1,303,258)</u>

Change in Net Position of Governmental Activities \$ 1,664,217

Village of BaysideStatement of Net Position - Proprietary Fund
December 31, 2022

	Business-Type Activities - Enterprise Fund Sewer Utility
Assets	
Current assets:	
Cash and investments	\$ 409,499
Receivables:	
Taxes	857,216
Accounts	30,615
Prepaid Items	1,553
Advance to capital projects fund	5,498
Restricted assets:	
Cash and investments	54,257
Total current assets	<u>1,358,638</u>
Noncurrent assets:	
Advance to capital projects fund	12,768
Restricted assets:	
Cash and investments	816,114
Net pension asset	30,044
Capital assets:	
Property and equipment	9,240,614
Less accumulated depreciation	<u>(5,436,578)</u>
Total noncurrent assets	<u>4,662,962</u>
Total assets	<u>6,021,600</u>
Deferred Outflows of Resources	
Pension related items	76,346
OPEB related items	5,416
Total deferred outflows of resources	<u>81,762</u>
Liabilities	
Current liabilities:	
Accounts payable	217,120
Accrued liabilities	10,578
Accrued interest	12,782
Current portion of general obligation debt	185,000
Liabilities payable from restricted assets:	
Current portion of revenue bond	84,673
Accrued interest	675
Total current liabilities	<u>510,828</u>
Noncurrent liabilities:	
Long-term debt:	
General obligation bonds payable	2,120,000
Unamortized premium	85,075
Revenue bond	86,675
Net OPEB obligation	14,774
Total noncurrent liabilities	<u>2,306,524</u>
Total liabilities	<u>2,817,352</u>
Deferred Inflows of Resources	
OPEB related items	1,812
Pension related items	85,277
Unearned revenues	857,216
Total deferred inflows of resources	<u>944,305</u>
Net Position	
Net investment in capital assets	2,058,727
Restricted for:	
Debt service	53,582
Pension	30,044
Unrestricted net position	199,352
Total net position	<u>\$ 2,341,705</u>

See notes to financial statements

Village of Bayside

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund
 Year Ended December 31, 2022

	<u>Business-Type Activities - Enterprise Fund Sewer Utility</u>
Operating Revenues	
Public charges for services	\$ 930,118
Other	<u>18,502</u>
Total operating revenues	<u>948,620</u>
Operating expenses	
Sewage service	847,997
Depreciation expense	<u>528,472</u>
Total operating expenses	<u>1,376,469</u>
Operating loss	<u>(427,849)</u>
Nonoperating Revenues (Expenses)	
Investment income	718
Interest expenses	(51,677)
Amortization of debt premium	<u>6,383</u>
Total nonoperating revenues (expense)	<u>(44,576)</u>
Loss before contributions	<u>(472,425)</u>
Contributions	
Capital contributions	<u>5,258</u>
Change in net position	(467,167)
Net Position, Beginning	<u>2,808,872</u>
Net Position, Ending	<u><u>\$ 2,341,705</u></u>

Village of Bayside

Statement of Cash Flows - Proprietary Fund
 Year Ended December 31, 2022

	Business-Type Activities - Enterprise Fund
	Sewer Utility
Cash Flows From Operating Activities	
Receipts from customers	\$ 942,412
Paid to suppliers for goods and services	(625,950)
Payments to employees for services	(134,357)
	<u>182,105</u>
Net cash flows from operating activities	<u>182,105</u>
Cash Flows From Investing Activities	
Investment income	<u>718</u>
Net cash from investing activities	<u>718</u>
Cash Flows From Capital and Related Financing Activities	
Debt retired	(257,717)
Interest paid	(62,070)
Acquisition and construction of capital assets	(98,056)
Advances to other funds	10,502
Capital contribution	<u>5,258</u>
Net cash flows from capital and related financing activities	<u>(402,083)</u>
Net change in cash and cash equivalents	(219,260)
Cash and Cash Equivalents, Beginning	<u>1,499,130</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,279,870</u>
Reconciliation of Operating Loss to Net Cash Flows From Operating Activities	
Operating loss	\$ (427,849)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation	528,472
Changes in assets, deferred inflows/outflows of resources and liabilities:	
Accounts receivable	(6,208)
Other accounts receivable	(45,314)
Prepayments	54
Accounts payable	87,872
Other current liabilities	3,570
Unearned revenues	45,314
Pension related deferrals and assets	(6,916)
OPEB related deferrals and liabilities	<u>3,110</u>
Net cash flows from operating activities	<u>\$ 182,105</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Fund	
Unrestricted cash and investments	\$ 409,499
Restricted cash and investments	<u>870,371</u>
Cash and cash equivalents	<u>\$ 1,279,870</u>
Noncash Capital and Related Financing Activities	
Amortization of debt premium	<u>\$ 6,383</u>

See notes to financial statements

Village of Bayside

Statement of Fiduciary Net Position - Fiduciary Funds
December 31, 2022

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 11,387,953
Taxes	6,381,069
Special assessments	2,762,934
Prepaid items	<u>4,500</u>
Total assets	<u>20,536,456</u>
Liabilities	
Accounts payable and accrued expenses	39,361
Due to bondholders	3,509,377
Due to other governments	<u>16,601,315</u>
Total liabilities	<u>20,150,053</u>
Net Position	
Restricted for North Shore Library	<u>386,403</u>
Total net position	<u>\$ 386,403</u>

See notes to financial statements

Village of Bayside

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
 Year Ended December 31, 2022

	Custodial Funds
Additions	
Tax collections	\$ 13,693,234
Special assignments	361,984
Public charges for services	1,002,054
Miscellaneous	<u>224,424</u>
Total additions	<u>15,281,696</u>
Deductions	
Payments to overlying districts	13,693,234
B bond payments	361,984
Administrative expense	1,101,539
Capital outlay	<u>175,745</u>
Total deductions	<u>15,332,502</u>
Change in fiduciary net position	(50,806)
Net Position, Beginning	<u>437,209</u>
Net Position, Ending	<u><u>\$ 386,403</u></u>

Village of Bayside

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December 31, 2022

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Village of Bayside

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Bayside, Wisconsin (the Village) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Discretely Presented Component Unit**Community Development Authority**

The government-wide financial statements include the Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the CDA, and also create a potential financial benefit to or burden on the Village. See Note 3. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2022. The CDA does not issue separate financial statements. During 2022, the CDA did not have any financial activity.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

Village of Bayside

Notes to Financial Statements
December 31, 2022

- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds. 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:

General Fund

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Fund - Consolidated Dispatch is used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the consolidated dispatch program.

Special Revenue Fund - Stormwater is used to account for and report grants and local revenues from charges to customers that are legally restricted or committed to supporting expenditures for the stormwater program.

Special Revenue Fund - Tax Increment District #1 is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Debt Service Funds

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than enterprise debt.

Capital Projects Funds

Capital Projects Fund - Capital Projects - used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for general capital projects, dispatch capital projects and records management system capital projects.

Capital Projects Fund - DPW Capital Projects - used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for DPW.

Enterprise Funds

The Village reports the following major enterprise fund:

Sewer Utility accounts for operations of the Sewer system.

Village of Bayside

Notes to Financial Statements
December 31, 2022

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

American Rescue Plan Act

In addition, the Village reports the following fund types:

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund
Special Assessment B Bonds 2013
Special Assessment B Bonds 2015

North Shore Library Operations
North Shore Library Donations

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating 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 sewer utility 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 nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**Deposits and Investments**

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 equivalents.

Investment of Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. 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 the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.

Village of Bayside

Notes to Financial Statements
December 31, 2022

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. In addition the Village's policy states that the Village will minimize both credit and interest rate risk. Credit risk is the risk of loss due to the failure of the security issuer or backer whereas interest rate risk is the risk that market value of securities in the portfolio will fall due to changes in market interest rates.

The Village's investment policy regarding custodial credit risk requires the Village to maintain collateral agreements for 105% of the balance that exceeds the FDIC and State Deposit Guarantee Insurance, however, there are times during the year when the Village is not in compliance with this policy. The Village's investment policy does not address credit risk, interest rate risk, concentration of credit risk or foreign currency risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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 December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

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 statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Village of Bayside

Notes to Financial Statements
December 31, 2022

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 sewer utility because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Prepaid Items

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets**Government-Wide Financial Statements**

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 general capital assets and \$5,000 for infrastructure assets and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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 and overhead. 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 Years
Land Improvements	15-40 Years
Machinery and Equipment	5-20 Years
Utility System	15-40 Years
Infrastructure	15-40 Years
Intangible, Software	5-10 Years

Village of Bayside

Notes to Financial Statements
December 31, 2022

Fund Financial Statements

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.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused sick leave benefits in accordance with bargaining unit agreements. All sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

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 December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

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.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are 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 amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Equity Classifications**Government-Wide Statements**

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

- a. **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 debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **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.
- c. **Unrestricted Net Position** - All other net positions 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 balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances 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.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Finance Committee to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

Village of Bayside

Notes to Financial Statements
December 31, 2022

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note 3 for further information.

Pension

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.

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

2. Stewardship, Compliance and Accountability**Excess Expenditures Over Budget**

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Fund, American Rescue Plan Act	\$ -	\$ 453,634	\$ 453,634
Debt Service Fund	998,687	999,332	645

The Village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to net new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

Village of Bayside

Notes to Financial Statements
December 31, 2022

3. Detailed Notes on All Funds**Deposits and Investments**

The Village's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 16,056,129	\$ 16,747,298	Custodial Credit
LGIP	320,997	320,997	Credit
			Custodial Credit, Credit, Interest Rate and Concentration of Credit
U.S. agencies, implicitly guaranteed	754,050	754,050	Custodial Credit and Interest Rate
U.S. treasuries	2,125,887	2,125,887	Custodial Credit, Credit, Interest Rate, Concentration of Credit
U.S. & foreign corporate bonds	582,657	582,657	and Foreign Currency
Money market mutual fund	37,261	37,261	Credit and Interest Rate
			Custodial Credit, Credit, Interest Rate and Concentration of Credit
Certificates of deposit, negotiable	<u>214,385</u>	<u>214,385</u>	
Total deposits and investments	<u>\$ 20,091,366</u>	<u>\$ 20,782,535</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 7,833,042		
Restricted cash and investments	870,371		
Per statement of fiduciary net position,			
fiduciary funds:			
Custodial funds	<u>11,387,953</u>		
Total deposits and investments	<u>\$ 20,091,366</u>		

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 demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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; Level 3 inputs are significant unobservable inputs.

Village of Bayside

Notes to Financial Statements
December 31, 2022

The valuation methods for recurring fair value measurements are as follows:

- Market approach - prices or other information from market transactions involving identical or similar assets.

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 37,261	\$ -	\$ 37,261
U.S. agencies, implicitly guaranteed	-	754,050	-	754,050
U.S. treasuries	2,125,887	-	-	2,125,887
U.S. & foreign corporate bonds	-	582,657	-	582,657
Certificates of deposit, negotiable	-	214,385	-	214,385
Total	<u>\$ 2,125,887</u>	<u>\$ 1,588,353</u>	<u>\$ -</u>	<u>\$ 3,714,240</u>

Custodial Credit Risk**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2022, \$14,023 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 14,023</u>
Total	<u>\$ 14,023</u>

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2022, the Village's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services	Not Rated
Money Market Mutual Funds			Not Rated
Corporate Bonds	AAA to A+	Aaa to A1	
U.S. Agencies, implicitly guaranteed			Not Rated
U.S. & Foreign Corporate bonds	AAA to A+	Aaa to A1	
Certificates of deposit, negotiable			Not Rated

Village of Bayside

Notes to Financial Statements
December 31, 2022

The Village also held investments in the following external pools which are not rated:

Wisconsin Local Government Investment Pool

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2022, the Village's investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank	U.S. agencies, implicitly guaranteed	7.90 %
Federal Home Loan Mortgage Corporation	U.S. agencies, implicitly guaranteed	6.50
Summit Credit Union	Certificates of deposit, negotiable	5.80

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2022, the Village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>			
		<u>Less than 1 Year</u>	<u>1 - 5 Years</u>	<u>5 - 10 Years</u>	<u>More Than 10 Years</u>
US agencies (implicitly guaranteed)	\$ 754,050	\$ 198,456	\$ 263,729	\$ 47,968	\$ 243,897
U.S. treasuries	2,125,887	741,792	1,384,095	-	-
U.S. & foreign corporate bonds	582,657	307,636	275,021	-	-
Money market mutual fund	37,261	37,261	-	-	-
Certificate of deposit, negotiable	214,385	214,385	-	-	-
Total	<u>\$ 3,714,240</u>	<u>\$ 1,499,530</u>	<u>\$ 1,922,845</u>	<u>\$ 47,968</u>	<u>\$ 243,897</u>

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Governmental funds report *unavailable* or *unearned revenue* 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. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 4,790,251	\$ -
North Shore Fire Department, loan	-	165,000
Stormwater user fees	415,809	-
Lease revenue	<u>1,645,287</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 6,851,347</u>	<u>\$ 165,000</u>

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

	<u>Unearned</u>
Sewer fees placed on tax roll for subsequent year	\$ 827,327
Delinquent fees placed on tax roll	<u>29,889</u>
Total unearned revenue for proprietary funds	<u>\$ 857,216</u>

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.

Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2022:

	<u>Restricted Assets</u>	<u>Liabilities Payable From Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 54,257	\$ 675	\$ 53,582
Net pension asset	1,892,876	-	1,892,876
Construction account	<u>816,114</u>	<u>-</u>	<u>n/a</u>
Total	<u>\$ 2,763,247</u>	<u>\$ 675</u>	<u>\$ 1,946,458</u>

Village of Bayside

Notes to Financial Statements
December 31, 2022

Capital Assets

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

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated / amortized:					
Land	\$ 3,561,528	\$ -	\$ -	\$ -	\$ 3,561,528
Construction in progress	228,338	-	28,368	228,338	28,368
Total capital assets not being depreciated / amortized	<u>3,789,866</u>	<u>-</u>	<u>28,368</u>	<u>228,338</u>	<u>3,589,896</u>
Capital assets being depreciated / amortized:					
Land improvements	601,818	(7,994)	-	-	593,824
Building and improvements	8,400,321	(15,991)	14,670	-	8,399,000
Machinery and equipment	4,081,235	(198,033)	181,163	-	4,064,365
Infrastructure	9,753,933	787	1,236,949	-	10,991,669
Software	1,092,306	(433,599)	26,638	-	685,345
Total capital assets being depreciated / amortized	<u>23,929,613</u>	<u>(654,830)</u>	<u>1,459,420</u>	<u>-</u>	<u>24,734,203</u>
Total capital assets	<u>27,719,479</u>	<u>(654,830)</u>	<u>1,487,788</u>	<u>228,338</u>	<u>28,324,099</u>
Less accumulated depreciation / amortization for:					
Land improvements	(299,355)	7,993	(7,298)	-	(298,660)
Building and improvements	(2,309,889)	(1,533)	(150,457)	-	(2,461,879)
Machinery and equipment	(2,395,826)	104,804	(298,603)	-	(2,589,625)
Infrastructure	(3,906,420)	(8,728)	(253,974)	-	(4,169,122)
Software	(1,030,949)	403,663	(16,456)	-	(643,742)
Total accumulated depreciation / amortization	<u>(9,942,439)</u>	<u>506,199</u>	<u>(726,788)</u>	<u>-</u>	<u>(10,163,028)</u>
Net capital assets being depreciated / amortized	<u>13,987,174</u>	<u>(148,631)</u>	<u>732,632</u>	<u>-</u>	<u>14,571,175</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 17,777,040</u>	<u>\$ (148,631)</u>	<u>\$ 761,000</u>	<u>\$ 228,338</u>	<u>\$ 18,161,071</u>

* The village implemented a new capital asset software program which resulted in numerous adjustments to the previously recorded amounts. These changes were not considered material to the financial statements.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 128,692
Public safety	218,434
Public works, which includes the depreciation of roads, sidewalks and storm sewers	370,789
Culture, education and recreation	<u>8,873</u>
Total governmental activities depreciation / amortization expense	<u>\$ 726,788</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets being depreciated:				
Infrastructure	\$ 8,764,989	\$ -	\$ -	\$ 8,764,989
Equipment	<u>383,825</u>	<u>98,056</u>	<u>6,256</u>	<u>475,625</u>
Total capital assets being depreciated	<u>9,148,814</u>	<u>98,056</u>	<u>6,256</u>	<u>9,240,614</u>
Less accumulated for:				
Infrastructure	(4,781,223)	(489,615)	-	(5,270,838)
Equipment	<u>(133,139)</u>	<u>(38,857)</u>	<u>6,256</u>	<u>(165,740)</u>
Total accumulated	<u>(4,914,362)</u>	<u>(528,472)</u>	<u>6,256</u>	<u>(5,436,578)</u>
Net capital assets being depreciated	<u>4,234,452</u>	<u>(430,416)</u>	<u>-</u>	<u>3,804,036</u>
Business-type capital assets, net of accumulated	<u>\$ 4,234,452</u>	<u>\$ (430,416)</u>	<u>\$ -</u>	<u>\$ 3,804,036</u>

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Sewer	<u>\$ 528,472</u>
Total business-type activities depreciation / amortization expense	<u>\$ 528,472</u>

Village of Bayside

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables, Advances and Transfers**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Increment District #1 Fund, Special Revenue Fund	\$ 55,048
Total, fund financial statements		55,048
Less fund eliminations		(55,048)
See below - interfund advances		<u>18,266</u>
Total internal balances, government-wide statement of net position		<u>\$ 18,266</u>

All amounts are due within one year.

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances

The general fund is advancing funds to the capital projects fund in the amount of \$62,998. The amount advanced is principal and interest lease payments for capital equipment purchased.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer Fund	Capital Projects Fund	\$ 18,266	\$ 12,768

The principal purpose of this advance is for capital equipment purchased.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Fund	Special Revenue Fund, Stormwater Fund	\$ 74,091	To fund debt service payments
Special Revenue Fund, Stormwater Fund	Special Revenue Fund, American Rescue Plan Act Fund	<u>453,634</u>	To finance stormwater costs
Total, fund financial statements		527,725	
Less fund eliminations		<u>(527,725)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt, Village debt	\$ 7,331,850	\$ -	\$ 671,620	\$ 6,660,230	\$ 700,230
General obligation notes from direct borrowings and direct placements, Village debt	59,058	-	29,000	30,058	30,058
General obligation debt, NSFD debt (Discounts)/premiums	325,000	-	160,000	165,000	165,000
	<u>380,032</u>	<u>-</u>	<u>28,710</u>	<u>351,322</u>	<u>-</u>
Total bonds and notes payable	<u>8,095,940</u>	<u>-</u>	<u>889,330</u>	<u>7,206,610</u>	<u>895,288</u>
Other liabilities:					
Vested compensated absences	59,131	38,942	59,131	38,942	11,839
Net OPEB liability	<u>234,400</u>	<u>5,923</u>	<u>-</u>	<u>240,323</u>	<u>-</u>
Total other liabilities	<u>293,531</u>	<u>44,865</u>	<u>59,131</u>	<u>279,265</u>	<u>11,839</u>
Total governmental activities long-term liabilities	<u>\$ 8,389,471</u>	<u>\$ 44,865</u>	<u>\$ 948,461</u>	<u>\$ 7,485,875</u>	<u>\$ 907,127</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 2,480,000	\$ -	\$ 175,000	\$ 2,305,000	\$ 185,000
Revenue bonds from direct borrowings and direct placements	254,065	-	82,717	171,348	84,673
(Discounts)/premiums	<u>91,458</u>	<u>-</u>	<u>6,383</u>	<u>85,075</u>	<u>-</u>
Other postemployment benefits	<u>2,825,523</u>	<u>-</u>	<u>264,100</u>	<u>2,561,423</u>	<u>269,673</u>
Other liabilities:					
Net OPEB liability	<u>12,676</u>	<u>2,098</u>	<u>-</u>	<u>14,774</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 2,838,199</u>	<u>\$ 2,098</u>	<u>\$ 264,100</u>	<u>\$ 2,576,197</u>	<u>\$ 269,673</u>

Village of Bayside

Notes to Financial Statements
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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 \$39,101,520. Total general obligation debt outstanding at year end was \$9,160,288.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. Debt in the governmental funds will be retired by future property tax levies 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.

Governmental Activities					Balance
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2022
Corp. Purpose, NSFD	04/26/2012	08/01/2023	2.50-3.50 %	\$ 1,605,000	\$ 165,000
State Trust Fund Loan, direct	08/13/2003	03/15/2023	5.25	266,558	30,058
North Shore Fire	08/01/2003	08/01/2023	2.50-4.20	162,173	10,230
Corporate Purpose Bonds	06/28/2016	03/01/2026	2.00	1,035,000	540,000
Corporate Purpose Bonds	05/03/2018	03/01/2033	3.00-3.15	1,420,000	1,155,000
Corporate Purpose Taxable Bonds	04/01/2021	11/01/2037	1.30-3.00	1,925,000	1,800,000
Corporate Purpose Taxable Bonds	04/01/2021	12/01/2034	1.75-2.20	3,175,000	3,155,000
Total governmental activities, general obligation debt					<u>\$ 6,855,288</u>

Business-Type Activities					Balance
General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2022
State Trust Fund Loan	11/02/2010	03/01/2026	1.0-3.6 %	\$ 475,000	\$ 140,000
Corporate Purpose Bonds	05/03/2018	03/01/2033	3.00-3.15	1,020,000	640,000
Corporate Purpose Taxable Bonds	04/01/2021	11/01/2037	1.30-3.00	1,235,000	1,215,000
Corporate Purpose Taxable Bonds	04/01/2021	12/01/2034	1.75-2.20	315,000	310,000
Total business-type activities, general obligation debt					<u>\$ 2,305,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2023	\$ 865,230	\$ 153,726	\$ 185,000	\$ 53,509
2024	735,000	132,297	195,000	48,060
2025	710,000	114,573	260,000	42,300
2026	715,000	97,822	260,000	34,540
2027	625,000	82,148	225,000	27,335
2028-2032	2,630,000	206,827	725,000	71,368
2033-2037	545,000	14,742	455,000	22,272
Total	<u>\$ 6,825,230</u>	<u>\$ 802,135</u>	<u>\$ 2,305,000</u>	<u>\$ 299,384</u>

Village of Bayside

Notes to Financial Statements
December 31, 2022

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 30,058	\$ 1,578
Total	<u>\$ 30,058</u>	<u>\$ 1,578</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Sewer.

The Village has pledged future sewer revenues, net of specified operating expenses, to repay revenue bonds issued in 2004. Proceeds from the bonds provided financing for the Village's Sewer System. The bonds are payable solely from sewer revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require 87.00% of net revenues. The total principal and interest remaining to be paid on the bonds is \$175,424. Principal and interest paid for the current year and total customer net revenues were \$87,748 and \$101,341, respectively.

Revenue debt payable at December 31, 2022, consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Sewer Utility</u>					
Revenue Bonds	08/25/2004	05/01/2024	2.365%	\$ 1,342,169	\$ 171,348
Total business-type activities, revenue debt					<u>\$ 171,348</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 84,673	\$ 3,051
2024	<u>86,675</u>	<u>1,025</u>
Total	<u>\$ 171,348</u>	<u>\$ 4,076</u>

The Village's outstanding revenues from direct borrowings and/or direct placements related to business-type activities of \$171,348 contain a provision that in an event of default, outstanding amounts are recoverable by the state by deducting those amounts from any State payments due the municipality, adding a special charge to the amount of taxes apportioned to and levied upon the county in which the municipality is located or to collect user fees from the operation of the municipality's sewer system.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Special Assessment B-Bonds

B-Bonds are payable only from special assessments levied on affected properties.

Special assessment B-Bonds at December 31, 2022, consists of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Special Assessment B-Bonds					
Special Assessment B-Bonds	05/16/2013	05/01/2033	1.55-4.15%	\$ 1,015,000	\$ 375,000
Special Assessment B-Bonds	05/07/2015	05/01/2035	1.25-4.10	4,390,000	<u>2,440,000</u>
Total governmental activities special assessment B-Bonds					<u>\$ 2,815,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Special Assessment B-Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 225,000	\$ 90,911
2024	225,000	85,221
2025	225,000	79,159
2026	225,000	72,724
2027	225,000	66,004
2028-2032	1,105,000	217,546
2033-2035	<u>585,000</u>	<u>34,293</u>
Total	<u>\$ 2,815,000</u>	<u>\$ 645,858</u>

Other Debt Information

Estimated payments of vested compensated absences and net OPEB obligation are not included in the debt service requirement schedules. Vested compensated absences and net OPEB obligation attributable to governmental activities will be liquidated primarily by the general fund. The net OPEB obligation attributable to business type activities will be liquidated by the sewer fund.

A statutory mortgage lien upon the sewer fund's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The sewer fund's system and the earnings of the system remain subject to the lien until payment in full of principal and interest on the bonds.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Lease Disclosures**Lessor - Lease Receivables**

Governmental Activities				Receivable Balance December 31, 2022
Lease Receivables Description	Date of Inception	Final Maturity	Interest Rates	
US Cellular cell tower	01/01/2022	3/31/2030	3%	\$ 156,776
AT&T cell tower	01/01/2022	4/30/2044	3%	856,072
Verizon cell tower	01/01/2022	12/6/2043	3%	<u>632,439</u>
Total governmental activities				<u><u>\$ 1,645,287</u></u>

The Village recognized \$49,990 of lease revenue during the fiscal year.

The Village recognized \$42,196 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:	
Land	\$ 3,561,528
Construction in progress	28,368
Other capital assets, net of accumulated depreciation	14,571,175
Less long-term debt outstanding	(6,855,288)
Plus unspent capital related debt proceeds	779,044
Plus noncapital debt proceeds	205,288
Less unamortized debt premium	<u>(351,322)</u>
Total net investment in capital assets	<u><u>\$ 11,938,793</u></u>

Village of Bayside

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	General Fund	Special Revenue - Consolidated Dispatch Fund	Special Revenue - Stormwater Fund	Special Revenue - Tax Increment District #1	Debt Service Fund	Capital Projects Fund	DPW Capital Projects Fund	Total
Fund Balances								
Nonspendable:								
Prepaid items	\$ 27,880	\$ 26,858	\$ 2,681	\$ -	\$ -	\$ -	\$ -	\$ 57,419
Delinquent personal property taxes	282	-	-	-	-	-	-	282
Subtotal	28,162	26,858	2,681	-	-	-	-	57,701
Restricted for:								
Debt service	-	-	-	-	564,630	-	-	564,630
Unspent bond proceeds	-	-	106,685	-	-	-	672,359	779,044
Subtotal	-	-	106,685	-	564,630	-	672,359	1,343,674
Committed to:								
Consolidated dispatch	-	754,192	-	-	-	-	-	754,192
Stormwater	-	-	961,346	-	-	-	-	961,346
General capital projects	-	-	-	-	-	1,294,293	-	1,294,293
DPW capital projects	-	-	-	-	-	-	1,080,708	1,080,708
Subtotal	-	754,192	961,346	-	-	1,294,293	1,080,708	4,090,539
Unassigned (Deficit):								
	1,667,841	-	-	(69,425)	-	-	-	1,598,416
Total fund balances (deficit)	<u>\$1,696,003</u>	<u>\$ 781,050</u>	<u>\$ 1,070,712</u>	<u>\$ (69,425)</u>	<u>\$ 564,630</u>	<u>\$1,294,293</u>	<u>\$1,753,067</u>	<u>\$7,090,330</u>

Business-Type Activities

Net investment in capital assets:

Other capital assets, net of accumulated depreciation	\$ 3,804,036
Less Long-term debt outstanding	(2,476,348)
Plus unspent capital related debt proceeds	816,114
Less unamortized debt premium	<u>(85,075)</u>

Total net investment in capital assets \$ 2,058,727

Village of Bayside

Notes to Financial Statements
December 31, 2022

4. Other Information**Employees' 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 <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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.

Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. 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 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 Bayside

Notes to Financial Statements
December 31, 2022

Post-Retirement 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, Wis. Stat. 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:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
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

Village of Bayside

Notes to Financial Statements
December 31, 2022

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 \$282,523 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee	Employer
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

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

At December 31, 2022, the Village reported an asset of \$1,892,876 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension 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 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 0.02348429%, which was an increase of 0.00063808% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of \$(201,823).

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 3,057,847	\$ 220,503
Changes in assumptions	353,146	-
Net differences between projected and actual earnings on pension plan investments	-	4,234,524
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,667	6,864
Employer contributions subsequent to the measurement date	<u>278,587</u>	<u>-</u>
Total	<u>\$ 3,702,247</u>	<u>\$ 4,461,891</u>

Village of Bayside

Notes to Financial Statements
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\$278,587 reported as deferred outflows 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 as follows:

Years Ending December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2023	\$ (87,684)
2024	(510,702)
2025	(223,061)
2026	(216,784)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation 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:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

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, post-retirement 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.

Village of Bayside

Notes to Financial Statements
December 31, 2022

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:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	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
Variable Fund Asset			
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 Bayside

Notes to Financial Statements
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Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment 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 (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
Village's proportionate share of the net pension liability (asset)	<u>\$ 1,343,130</u>	<u>\$ (1,892,876)</u>	<u>\$ (4,222,200)</u>

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>.

At December 31, 2022, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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 Bayside

Notes to Financial Statements
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Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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.

The Village has received 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.

The Village has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Joint Ventures**North Shore Fire Department**

By agreement dated December 30, 1994, the North Shore Fire Department (NSFD) was created. The NSFD, which provides a unified integrated fire and emergency medical service, began operations on January 1, 1996. The NSFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the City of Glendale, Village of Fox Point, Village of Shorewood, Village of Brown Deer, Village of River Hills, Village Whitefish Bay and Village of Bayside. The NSFD is operated by a Board of Directors consisting of seven members, which includes the mayor and village presidents of each participating municipality. The affirmative vote of majority of the members of the Board of Directors is required on most matters. 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.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets and recommending adoptions of the department's budget. The capital and operating budget of the department must receive approval of at least five of seven participating municipalities.

Each participating municipality's annual financial contribution to the NSFD's operations and capital budget shall be based on its prorated share of population, equalized valuation and usage of all the municipalities. The Village accounts for its share of the operations of the NSFD in the General Fund. The Village made a payment totaling \$874,313 to NSFD for 2022. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2022 financial information is available from NSFD at 4401 West River Lane, Brown Deer, WI 53223. The Village does not report an equity interest in this joint venture.

Village of Bayside

Notes to Financial Statements
December 31, 2022

North Shore Library System

The City of Glendale and the Villages of Fox Point, River Hills and Bayside operate the North Shore Library under a Joint Library Agreement dated January 1, 1985. Under the joint agreement, a Joint Library Board is created to operate the North Shore Library. The Joint Board is composed of ten members: five members from Glendale, two members each from Fox Point and Bayside, one member from River Hills and the Superintendent of Schools for Nicolet School District. The Joint Library Board has the powers to repair, maintain and renew physical assets for the library and to prepare and adopt a budget for the library's operating expenses and a budget for the library's capital improvement expenses. The operating budget must be approved by at least three of the four municipalities. In addition, the Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary. Operating and capital expenses are shared proportionately based upon population estimates published in October.

The Village board conditionally approved an amended and re-stated Joint Library agreement where each of the four communities would pay a fixed allocation of 5% of the annual library budget and the remaining 95% contribution of each member agency is proportional to the population of each member as determined by the most recent US census. A new North Shore Library has been proposed to be constructed in the Village of Bayside. The Village made payments totaling \$160,077 to the Library in 2022. The Village accounts for its share of the operations of the North Shore Library in the General Fund. The Village believes that the library will continue to provide services in the future at similar rates. Complete 2022 financial information is available from the Village of Bayside, who is the fiscal agent for the North Shore Library. The Village does not report an equity interest in this joint venture.

Dispatch Services

The Village's of Fox Point, River Hills and Bayside jointly operate a dispatch service under a joint service agreement. Under the joint agreement, the Village of Bayside provides dispatch services to the municipalities. The cost of these services is shared between the communities as agreed upon in the individual agreements. A separate board has not been established to govern the dispatch service activities. Changes to the agreements and to the services provided require the approval of all three Village boards. Complete 2022 financial information is provided in these statements and accompanying footnotes. The Village does not report an equity interest in this joint venture.

During 2011, the Village of Brown Deer and North Shore Public Safety Communications Commission (Commission) also entered into an intergovernmental cooperation agreement with the Village of Bayside. Effective January 1, 2012, joint operating costs of the dispatch services are shared between Village's of Fox Point, River Hills, Bayside, Brown Deer and the Commission as agreed upon in the individual agreements. During 2022, the Village received approximately \$304,000 from Fox Point, \$1,233,000 from the Commission, \$431,000 from Brown Deer and \$158,000 from River Hills. The Village's contribution was approximately \$304,000 and was funded through tax levy.

To accommodate expansion of the dispatch operation, the Village began construction of the Bayside Communications Center. Capital costs of the expansion are financed by each municipality as agreed upon in the individual agreements. During 2012, the Village received the remaining fifty percent of the capital contributions from Village of Brown Deer and the Commission in the amount of \$188,543 and \$588,956, respectively.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Other Postemployment Benefits

The Village administers a single-employer defined contribution healthcare plan (the Retiree Health Plan). The plan provides health insurance benefits for eligible retirees and their spouses through the Village's group health insurance plan, which covers both active and retired members. At December 31, 2022, there were plan members. Plan members are required to contribute 0% of covered salary. The Village is required to contribute 0% of annual covered payroll. For the year ended December 31, 2022, \$0 was contributed by plan members and \$0 was contributed by the employer. Plan provisions and contribution requirements are established and may be amended by the Village.

Local Retiree Life Insurance Fund (LRLIF)**Plan Description**

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

Benefits Provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Village of Bayside

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Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates *For the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$883 in contributions from the employer.

OPEB Liability, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2022, the Village reported a liability of \$255,097 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 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 OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.04316100%, which was a decrease of 0.00175600% from its proportion measured as of December 31, 2020.

Village of Bayside

Notes to Financial Statements
December 31, 2022

For the year ended December 31, 2022, the Village recognized OPEB expense (revenue) of \$23,432.

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 12,977
Net differences between projected and investment earnings on plan investments	3,319	-
Changes in actuarial assumptions	77,074	12,365
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,482	33,281
Employer contributions subsequent to the measurement date	<u>6,683</u>	<u>-</u>
Total	<u>\$ 105,558</u>	<u>\$ 58,623</u>

\$6,683 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ 6,803
2024	6,418
2025	5,973
2026	13,576
2027	8,251
Thereafter	(769)

Village of Bayside

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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 OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Village of Bayside

Notes to Financial Statements
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Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
US Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Village of Bayside

Notes to Financial Statements
December 31, 2022

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
Village's proportionate share of the net OPEB liability	<u>\$ 346,075</u>	<u>\$ 255,097</u>	<u>\$ 186,640</u>

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

Contracts Receivable

In 2003, the Village issued \$2.53 million General Obligation Fire Department Bonds and loaned the proceeds to the North Shore Fire Department. Each of the municipalities that participate in North Shore Fire Department, including the Village, have formally pledged to finance the debt service payments on these bonds in accordance with cost sharing arrangements. Terms of the contract receivable are identical to the underlying bonds outstanding (See Note 3). In 2012 the Village refunded \$1.625 million of this debt with \$1.605 million of new General Obligation Fire Department Debt.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Bayside

Schedule of Revenues, Expenditures and Changes Fund Balance -

Budget and Actual - General Fund

Year Ended December 31, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes	\$ 3,298,503	\$ 3,298,503	\$ 3,297,806	\$ (697)
Intergovernmental	637,971	637,971	680,666	42,695
Licenses and permits	151,067	151,067	253,563	102,496
Fines, forfeitures and penalties	35,200	35,200	45,197	9,997
Public charges for services	60,100	60,100	126,709	66,609
Intergovernmental charges for services	118,930	118,930	118,959	29
Investment income (loss)	65,000	65,000	(35,549)	(100,549)
Miscellaneous revenues	27,600	27,600	66,677	39,077
Total revenues	4,394,371	4,394,371	4,554,028	159,657
Expenditures				
Current:				
General government	702,005	753,963	706,433	47,530
Public safety	2,739,265	2,795,265	2,638,030	157,235
Public works	787,926	830,897	797,234	33,663
Culture, recreation and education	181,175	181,549	181,352	197
Capital outlay	-	111,667	116,715	(5,048)
Debt service:				
Principal	-	-	31,620	(31,620)
Interest and fiscal charges	-	-	1,454	(1,454)
Total expenditures	4,410,371	4,673,341	4,472,838	200,503
Excess (deficiency) of revenues over (under) expenditures	(16,000)	(278,970)	81,190	360,160
Other Financing Sources				
Proceeds from sale of capital assets	16,000	16,000	485	(15,515)
Total other financing sources	16,000	16,000	485	(15,515)
Net change in fund balance	\$ -	\$ (262,970)	81,675	\$ 344,645
Fund Balance, Beginning			1,614,328	
Fund Balance, Ending			\$ 1,696,003	

See notes to required supplementary information

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Consolidated Dispatch - Special Revenue Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 303,653	\$ 303,653	\$ 303,653	\$ -
Intergovernmental charges for services	2,405,790	2,405,790	2,553,602	147,812
Miscellaneous revenues	65,127	65,127	94,944	29,817
Total revenues	<u>2,774,570</u>	<u>2,774,570</u>	<u>2,952,199</u>	<u>177,629</u>
Expenditures				
Current:				
Public safety	<u>2,774,570</u>	<u>2,774,570</u>	<u>2,582,164</u>	<u>192,406</u>
Total expenditures	<u>2,774,570</u>	<u>2,774,570</u>	<u>2,582,164</u>	<u>192,406</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	370,035	<u>\$ 370,035</u>
Fund Balance, Beginning			<u>411,015</u>	
Fund Balance, Ending			<u>\$ 781,050</u>	

See notes to required supplementary information

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Stormwater Fund - Special Revenue Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Public charges for services	\$ 570,075	\$ 570,075	\$ 570,989	\$ 914
Total revenues	570,075	570,075	570,989	914
Expenditures				
Current:				
Public works	341,856	454,206	395,336	58,870
Capital outlay	380,000	877,284	637,361	239,923
Debt service:				
Interest and fiscal charges	-	-	11,821	(11,821)
Total expenditures	721,856	1,331,490	1,044,518	286,972
Excess (deficiency) of revenues over expenditure	(151,781)	(761,415)	(473,529)	287,886
Other Financing Sources (Uses)				
Transfers in	-	-	453,634	453,634
Transfers out	(74,091)	(74,091)	(74,091)	-
Total other financing sources (uses)	(74,091)	(74,091)	379,543	453,634
Net change in fund balance	\$ (225,872)	\$ (835,506)	(93,986)	\$ 741,520
Fund Balance, Beginning			1,164,698	
Fund Balance, Ending			<u>\$ 1,070,712</u>	

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Tax Increment District #1 Fund - Special Revenue Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 18,850	\$ 18,850
Total revenues	-	-	18,850	18,850
Expenditures				
Current:				
General government	-	-	84,346	(84,346)
Public works	-	-	3,929	(3,929)
Total expenditures	-	-	88,275	(88,275)
Net change in fund balance	\$ -	\$ -	(69,425)	\$ (69,425)
Fund Balance, Beginning			-	
Fund Balance (Deficit), Ending			\$ (69,425)	

Village of Bayside

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Wisconsin Retirement System

Year Ended December 31, 2022

WRS Fiscal Year Ending	Village's Proportion of the Net Pension Liability (Asset)	Village's Proportionate Share of the Net Pension Liability (Asset)	Village's Covered Payroll	Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Village's Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.023754160%	\$ (583,467)	\$ 2,849,315	20.48%	102.74%
12/31/15	0.023562760%	382,890	2,871,255	13.34%	92.80%
12/31/16	0.023568910%	194,264	2,979,406	6.52%	99.12%
12/31/17	0.023704940%	(703,827)	2,972,130	23.68%	102.93%
12/31/18	0.023407830%	832,777	2,878,304	28.93%	96.45%
12/31/19	0.022467440%	(724,452)	2,847,732	25.44%	102.96%
12/31/20	0.022846210%	(1,426,320)	3,445,778	41.39%	105.26%
12/31/21	0.023484290%	(1,892,876)	3,460,867	54.69%	106.02%

Schedule of Employer Contributions

Wisconsin Retirement System

Year Ended December 31, 2022

Village Fiscal Year Ending	Village's Contractually Required Contributions	Village's Contributions in Relation to the Contractually Required Contributions	Village's Contribution Deficiency (Excess)	Village's Covered Payroll	Village's Contributions as a Percentage of Covered Payroll
12/31/15	\$ 225,852	\$ 225,852	\$ -	\$ 2,871,255	7.87%
12/31/16	230,920	230,920	-	2,979,406	7.75%
12/31/17	244,636	244,636	-	2,972,130	8.23%
12/31/18	232,042	232,042	-	2,878,304	8.06%
12/31/19	224,391	224,391	-	2,847,732	7.88%
12/31/20	252,614	252,614	-	3,445,779	7.33%
12/31/21	261,468	261,468	-	3,503,556	7.46%
12/31/22	278,587	278,587	-	3,282,892	8.49%

See notes to required supplementary information

Village of Bayside

Schedule of Proportionate Share of the Net OPEB Liability

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

Plan Fiscal Year Ending	Village's Proportion of the Net OPEB Liability	Village's Proportionate Share of the Net OPEB Liability	Village's Covered Payroll	Village's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Village's Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.05451400%	\$ 164,010	\$ 2,292,470	7.15%	44.81%
12/31/18	0.04200900%	108,397	2,583,000	4.20%	48.69%
12/31/19	0.03701700%	157,626	2,869,000	5.49%	37.58%
12/31/20	0.04491700%	247,076	2,991,000	8.26%	31.36%
12/31/21	0.04316100%	255,097	3,139,000	8.13%	29.57%

Schedule of Employer Contributions

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

Village Fiscal Year Ending	Village's Contractually Required Contributions	Village's Contributions in Relation to the Contractually Required Contributions	Village's Contribution Deficiency (Excess)	Village's Covered Payroll	Village's Contributions as a Percentage of Covered Payroll
12/31/18	\$ 4,931	\$ 4,931	\$ -	\$ 2,878,304	0.17%
12/31/19	4,117	4,117	-	2,847,732	0.14%
12/31/20	4,875	4,875	-	3,445,779	0.14%
12/31/21	4,990	4,990	-	3,503,556	0.14%
12/31/22	6,683	6,683	-	3,282,892	0.20%

See notes to required supplementary information

Village of Bayside

Notes to Required Supplementary Information
Year Ended December 31, 2022

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Village of Bayside

Notes to Required Supplementary Information
Year Ended December 31, 2022

Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Debt Service Fund

Year Ended December 31, 2022

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 792,089	\$ 792,089	\$ -
Intergovernmental charges for service	178,856	182,374	3,518
Investment income	500	3,326	2,826
Miscellaneous	24,260	24,784	524
Total revenues	995,705	1,002,573	6,868
Expenditures			
Debt service:			
Principal	827,373	829,000	(1,627)
Interest and fiscal charges	171,314	170,332	982
Total expenditures	998,687	999,332	(645)
Excess (deficiency) of revenues over expenditures	(2,982)	3,241	6,223
Other Financing Sources			
Transfers in	74,091	74,091	-
Total other financing sources	74,091	74,091	-
Net change in fund balance	\$ 71,109	77,332	\$ 6,223
Fund Balances, Beginning		487,298	
Fund Balances, Ending		\$ 564,630	

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Capital Projects Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 204,797	\$ 204,797	\$ 204,797	\$ -
Intergovernmental charges for services	156,765	156,765	164,723	7,958
Investment income	-	-	38,870	38,870
Miscellaneous	-	48,500	40,073	(8,427)
Total revenues	<u>361,562</u>	<u>410,062</u>	<u>448,463</u>	<u>38,401</u>
Expenditures				
Current:				
Public safety	94,189	86,689	39,814	46,875
Capital outlay	<u>642,402</u>	<u>773,902</u>	<u>434,815</u>	<u>339,087</u>
Total expenditures	<u>736,591</u>	<u>860,591</u>	<u>474,629</u>	<u>385,962</u>
Net change in fund balance	<u>\$ (375,029)</u>	<u>\$ (450,529)</u>	<u>(26,166)</u>	<u>\$ 424,363</u>
Fund Balance, Beginning			<u>1,320,459</u>	
Fund Balance, Ending			<u>\$ 1,294,293</u>	

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - DPW Capital Projects Fund

Year Ended December 31, 2022

	Budgeted Amounts Original and Final	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 125,000	\$ 125,000	\$ -
Public charges for service	5,000	22,561	17,561
Miscellaneous	-	2,876	2,876
Total revenues	130,000	150,437	20,437
Expenditures			
Capital outlay	599,500	425,828	173,672
Total expenditures	599,500	425,828	173,672
Net change in fund balance	\$ (469,500)	(275,391)	\$ 194,109
Fund Balances, Beginning		2,028,458	
Fund Balances, Ending		\$ 1,753,067	

Village of Bayside

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - American Rescue Plan Act Fund

Year Ended December 31, 2022

	<u>Budgeted Amounts Original and Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues			
Intergovernmental	\$ 226,817	\$ 453,634	\$ 226,817
Total revenues	<u>226,817</u>	<u>453,634</u>	<u>226,817</u>
Other Financing Uses			
Transfers out	-	(453,634)	(453,634)
Total other financing uses	<u>-</u>	<u>(453,634)</u>	<u>(453,634)</u>
Net change in fund balance	<u>\$ 226,817</u>	-	<u>\$ (226,817)</u>
Fund Balances, Beginning		-	
Fund Balances, Ending		<u>\$ -</u>	

Village of Bayside

Combining Statement of Fiduciary Net Position - Custodial Funds

December 31, 2022

	Tax Collection Fund	2013 Special Assessment B Bonds	2015 Special Assessment B Bonds	Library Operations	Library Donations	Total
Assets						
Cash and investments	\$ 10,397,678	\$ 106,813	\$ 465,008	\$ 161,648	\$ 256,806	\$ 11,387,953
Taxes	6,094,302	45,466	241,301	-	-	6,381,069
Special assessments	-	467,606	2,295,328	-	-	2,762,934
Prepaid items	-	-	-	4,500	-	4,500
Total assets	16,491,980	619,885	3,001,637	166,148	256,806	20,536,456
Liabilities						
Accounts payable and accrued expenses	2,810	-	-	35,051	1,500	39,361
Due to bondholders	-	497,988	3,011,389	-	-	3,509,377
Due to other governments	16,489,170	121,897	(9,752)	-	-	16,601,315
Total liabilities	16,491,980	619,885	3,001,637	35,051	1,500	20,150,053
Net Position						
Restricted for North Shore Library	-	-	-	131,097	255,306	386,403
Total net position	\$ -	\$ -	\$ -	\$ 131,097	\$ 255,306	\$ 386,403

Village of Bayside

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

December 31, 2022

	<u>Tax Collection Fund</u>	<u>2013 Special Assessment B Bonds</u>	<u>2015 Special Assessment B Bonds</u>	<u>Library Operations</u>	<u>Library Donations</u>	<u>Total</u>
Additions						
Tax collections	\$ 13,693,234	\$ -	\$ -	\$ -	\$ -	\$ 13,693,234
Special assessments	-	29,418	332,566	-	-	361,984
Public charges for services	-	-	-	1,002,054	-	1,002,054
Miscellaneous	-	-	-	4	224,420	224,424
Total additions	<u>13,693,234</u>	<u>29,418</u>	<u>332,566</u>	<u>1,002,058</u>	<u>224,420</u>	<u>15,281,696</u>
Deductions						
Payments to overlying districts	13,693,234	-	-	-	-	13,693,234
B Bond payments	-	29,418	332,566	-	-	361,984
Administrative expense	-	-	-	1,101,539	-	1,101,539
Capital outlay	-	-	-	-	175,745	175,745
Total deductions	<u>13,693,234</u>	<u>29,418</u>	<u>332,566</u>	<u>1,101,539</u>	<u>175,745</u>	<u>15,332,502</u>
Change in net position	-	-	-	(99,481)	48,675	(50,806)
Net Position, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,578</u>	<u>206,631</u>	<u>437,209</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,097</u>	<u>\$ 255,306</u>	<u>\$ 386,403</u>

**Statistical Section
Placeholder**



Reporting and insights from 2022 audit:

Village of Bayside

December 31, 2022

Executive summary

July xx, 2023

To the Village Board
Village of Bayside

We have completed our audit of the financial statements of the Village of Bayside (the Village) for the year ended December 31, 2022, and have issued our report thereon dated July xx, 2023. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your Village's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

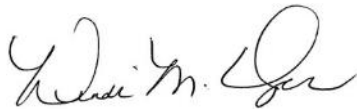
Additionally, we have included information on key risk areas the Village of Bayside should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, CPA, Partner: wendi.unger@bakertilly.com or +1 (414) 777 5423

Sincerely,

Baker Tilly US, LLP



Wendi Unger, CPA, Partner

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Village's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Village Board:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or the Village Board of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Village Board, including:

- Internal control matters
- Qualitative aspects of the Village's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Village and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new standards – GASB 87

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Village's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension asset and OPEB liability	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We identified the following deficiencies as material weaknesses:

- ### Missing key controls

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over accounts payable/disbursements

- Persons processing accounts payable and those with access to the system should be separate from those ordering or receiving goods or services.

Controls over payroll

- Persons preparing the payroll should be independent of other personnel duties or restricted from access to the payroll account.

Controls over property taxes

- Bank reconciliations for the tax account should be performed by someone independent of the tax collection process.

Controls over monthly and year-end accounting

- Account reconciliations prepared throughout the year should be performed by someone independent of processing transactions in the account.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

Management Response: With limited staff and a community of our size, this control is commonplace. Within the financial policies, there is an extensive segregation of duty policy as well as internally, we have extensive segregation of duties. Most, if not all the processes, require multiple sign offs for approval to help segregate the duties within the staffing model the Village has in place. The Village Board reviews the financial policies annually to ensure the segregation of duties is maximized to the greatest extent possible.

• **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

Management Response: This item reoccurs annually as the Village's auditor prepares the year-end financial statements. The Village Manager and the Administrative Services Director meet monthly to discuss and review financials, journal entries, bank statements, and reconciliations and any other matters pertaining to the finances of the Village. Additionally, Village Hall staff is charged with the review of completed financial documents as listed previously for additional review and oversight. The Village's financial policies are reviewed and approved by the Village Board and continue the strong emphasis on financial management of the Village.

The Village's written responses to the material weakness identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by Village are described in Note 1 to the financial statements. As described in Note 1, the Village changed accounting policies related to capital leases by adopting GASB 87: *Leases* in 2022. We noted no transactions entered into by the Village during the year for which accounting policies are controversial or for which there is lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Accrued compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension asset and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Net OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Village or that otherwise appear to be unusual due to their timing, size or nature.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Audit report

There have been no departures from the auditors' standard report.

Audit consultations outside the engagement team

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The table below summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

Description	Amount
Entry to record sewer debt activity	\$ 386,449
Entry to record principal and interest payments in Debt Service Fund	161,627
Entry to post revenue to the proper account	723,828
Entry to record tax activity for 2022	4,886,956
Entry to record sewer capital asset activity	109,077

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited basic financial statements

The Village's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The Village can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The attachments include copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Village's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the Village that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Village's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

Village Board resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

Management representation letter

June XX, 2023

Baker Tilly US, LLP
777 E Wisconsin Ave
32nd Floor
Milwaukee, Wisconsin 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Bayside as of December 31, 2022 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Bayside and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 9, 2019.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.
- 19) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The Village has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 21) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no:
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

23) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a) Financial statement preparation

b) Adjusting journal entries

c) Compiled regulatory reports

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24) The Village of Bayside has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25) The Village of Bayside has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

26) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.

27) The financial statements properly classify all funds and activities.

28) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

29) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

30) Provisions for uncollectible receivables, if any, have been properly identified and recorded.

31) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

32) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

33) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

34) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

36) Tax-exempt bonds issued have retained their tax-exempt status.

- 37) We have appropriately disclosed the Village of Bayside's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 38) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 39) With respect to the supplementary information, (SI):
- a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 40) We assume responsibility for, and agree with, the findings of specialists in evaluating the OPEB liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 41) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 42) We have implemented GASB Statement No. 87, *Leases*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 43) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.

- 44) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.

Sincerely,

Village of Bayside

Signed: _____

Signed: _____

Signed: _____

Client service team



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Partner

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Accounting changes relevant to the Village of Bayside

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
99	Omnibus 2022	✓	12/31/23
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24

Further information on upcoming [GASB pronouncements](#).

Future accounting for subscription-based IT arrangements

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The Village will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The Village should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - Identify types of potential misstatements.
 - Consider factors that affect the risks of material misstatement.
 - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the Village will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?

- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.