

# **North Shore Water Commission**

Financial Statements and  
Supplementary Information

December 31, 2021

# North Shore Water Commission

---

Table of Contents  
December 31, 2021

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Statement of Net Position and Governmental Funds Balance Sheet	4
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances	5
Index to Notes to Financial Statements	6
Notes to Financial Statements	7
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund	30
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	31
Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Benefits Plan	32
Schedules of Commission's Proportionate Share of the Net OPEB Liability and Employer Contributions – Local Retiree Life Insurance Fund	33
Notes to Required Supplementary Information	34
<b>Supplementary Information</b>	
Schedule of Changes in Fund Balances – Governmental Funds	35
Schedule of Allocations – General Fund	36
Schedule of Allocations – Capital Fund	38
<b>Other Information</b>	
Schedule of Allocation Basis – Governmental Funds	39

## **Independent Auditors' Report**

To the Board of Commissioners of  
North Shore Water Commission

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the North Shore Water Commission, (the Commission), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Commission'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 and each major fund of the Commission as of December 31, 2021 and the respective changes in financial position 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 Commission 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.

### **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 Commission'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 Commission'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 Commission'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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinions on the basic financial statements are not affected by this missing information.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying 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 financial report. The other information comprises the Schedule of Allocation Basis - Governmental Funds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
March 9, 2022

## **BASIC FINANCIAL STATEMENTS**

## North Shore Water Commission

Statement of Net Position and Governmental Funds Balance Sheet  
December 31, 2021

	General Fund	Capital Fund	Total	Adjustments (Note 2)	Statement of Net Position
<b>Assets</b>					
Cash and investments	\$ 216,339	\$ 411,336	\$ 627,675	\$ -	\$ 627,675
Accounts receivable	33,541	7,425	40,966	-	40,966
Storm water testing inventory	297	-	297	-	297
Prepaid items	11,429	-	11,429	-	11,429
Restricted asset, net pension asset	-	-	-	192,791	192,791
Total assets	<u>261,606</u>	<u>418,761</u>	<u>680,367</u>	<u>192,791</u>	<u>873,158</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension	-	-	-	322,738	322,738
Deferred outflows related to OPEB, Health and Life	-	-	-	63,711	63,711
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,449</u>	<u>386,449</u>
Total assets and deferred outflows of resources	<u>\$ 261,606</u>	<u>\$ 418,761</u>	<u>\$ 680,367</u>	<u>\$ 579,240</u>	<u>\$ 1,259,607</u>
<b>Liabilities</b>					
Accounts payable	\$ 55,603	\$ 2,812	\$ 58,415	\$ -	\$ 58,415
Accrued liabilities	25,034	-	25,034	-	25,034
Noncurrent liabilities:					
Due within one year	-	-	-	9,809	9,809
Due in more than one year	-	-	-	164,988	164,988
Total liabilities	<u>80,637</u>	<u>2,812</u>	<u>83,449</u>	<u>174,797</u>	<u>258,246</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pension	-	-	-	422,559	422,559
Deferred inflows related to OPEB, Health and Life	-	-	-	11,063	11,063
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,622</u>	<u>433,622</u>
<b>Fund Balances</b>					
Fund balances:					
Nonspendable	11,726	-	11,726	(11,726)	-
Assigned	-	415,949	415,949	(415,949)	-
Unassigned	169,243	-	169,243	(169,243)	-
Total fund balances	<u>180,969</u>	<u>415,949</u>	<u>596,918</u>	<u>(596,918)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 261,606</u>	<u>\$ 418,761</u>	<u>\$ 680,367</u>		
<b>Net Position</b>					
Unrestricted				374,948	374,948
Restricted for pensions				192,791	192,791
Total net position				<u>\$ 567,739</u>	<u>\$ 567,739</u>

See notes to financial statements

**North Shore Water Commission**

Statement of Activities and Governmental Funds  
Revenues, Expenditures and Changes in Fund Balances  
Year Ended December 31, 2021

	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
<b>Expenditures/Expenses</b>					
Water treatment and supply, operations	\$ 1,468,256	\$ -	\$ 1,468,256	\$ 141,975	\$ 1,610,231
Capital outlay	-	199,828	199,828	(199,828)	-
Total expenditures/expenses	<u>1,468,256</u>	<u>199,828</u>	<u>1,668,084</u>	<u>(57,853)</u>	<u>1,610,231</u>
<b>Program Revenues</b>					
Charges for services					
Municipalities	1,406,572	170,476	1,577,048	-	1,577,048
Wholesale agreements	91,694	85,846	177,540	-	177,540
Other	20,478	-	20,478	-	20,478
Storm water analysis	774	-	774	-	774
Total charges for services	<u>1,519,518</u>	<u>256,322</u>	<u>1,775,840</u>	<u>-</u>	<u>1,775,840</u>
Net program revenues					<u>165,609</u>
<b>General Revenues and Transfers</b>					
Investment income	15	176	191	-	191
Miscellaneous income	-	61,600	61,600	-	61,600
Transfers in (out)	<u>(37,220)</u>	<u>37,220</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net general revenues and transfers	<u>(37,205)</u>	<u>98,996</u>	<u>61,791</u>	<u>-</u>	<u>61,791</u>
Excess (deficiency) of revenues over expenditures	14,057	155,490	169,547	(169,547)	-
Change in net position				227,400	227,400
<b>Fund Balances/Net Position, Beginning</b>	<u>166,912</u>	<u>260,459</u>	<u>427,371</u>	<u>(87,032)</u>	<u>340,339</u>
<b>Fund Balances/Net Position, Ending</b>	<u>\$ 180,969</u>	<u>\$ 415,949</u>	<u>\$ 596,918</u>	<u>\$ (29,179)</u>	<u>\$ 567,739</u>

See notes to financial statements

# North Shore Water Commission

Index to Notes to Financial Statements  
December 31, 2021

	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	7
Reporting Entity	7
Government-Wide and Fund Financial Statements	7
Measurement Focus, Basis of Accounting and Financial Statement Presentation	8
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	9
Deposits and Investments	9
Receivables	10
Restricted Assets	10
Prepaid Items	10
Capital Assets	10
Deferred Outflows of Resources	10
Compensated Absences	10
Long-Term Obligations	11
Pension	11
Deferred Inflows of Resources	11
Postemployment Benefits Other Than Pensions (OPEB)	11
Equity Classifications	11
<b>2. Reconciliation of Government-Wide and Fund Financial Statements</b>	13
Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Statement of Net Position	13
Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities	14
<b>3. Detailed Notes on All Funds</b>	14
Deposits and Investments	14
Receivables	15
Restricted Assets	15
Long-Term Obligations	15
Fund Balances	16
<b>4. Other Information</b>	16
Employees' Retirement System	16
Risk Management	21
Commitments and Contingencies	21
Other Postemployment Benefits	21
Wholesale Water Sales Agreement	28
Effect of New Accounting Standards on Current-Period Financial Statements	29

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

## 1. Summary of Significant Accounting Policies

The accounting policies of the North Shore Water Commission (the Commission) conform to generally accepted accounting principles 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

The Commission is a water supply system which is jointly operated by the Villages of Whitefish Bay and Fox Point and the City of Glendale. The Commission, which was created on November 26, 1957 and commenced operations on April 1, 1963, was created pursuant to the provisions of the Wisconsin Statutes by the above communities upon entering into the Agreement for Water Supply Systems. The original agreement was recently superseded on September 18, 2017 by the Revised and Restated Agreement for Water Supply. The Commission is governed by a three member board consisting of one representative and one alternate from each municipality. Only one member from each municipality may vote. The Commission provides for the intake, pumping and treatment of water furnished to the above communities. Operating costs of the Commission are borne by the communities based on their pro-rata share of metered water delivered to each municipality. Starting January 1, 2020, capital costs are allocated based upon the percentage of water delivered to each member over the previous 5 years.

This report includes all of the funds of the Commission. The reporting entity for the Commission consists of the primary government and its component units. 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 Commission has not identified any organizations that meet this criteria.

## Government-Wide and Fund Financial Statements

### 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. The Commission does not have any business-type activities to report.

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 Commission 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 Commission 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 expenditure/expenses.

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Commission 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 fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. In addition, any other governmental fund that the Commission believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Commission reports the following major governmental funds:

General Fund – accounts for the Commission’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – Capital Fund – 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 the maintenance reserve program.

The Commission does not report any nonmajor governmental funds.

## 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. Charges for services are recognized as revenue in the period earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. 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.

### 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 Commission 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.

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

Revenues susceptible to accrual include charges to municipalities, public charges for services and investment income. Charges for services to each participating municipality are based on budgeted operating expenditures using the prior year's pro-rata share of metered water delivered to each municipality. Other revenues are recognized when received in cash or when measurable and available under the criteria described above.

## 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

Investment of Commission funds is restricted by 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 or by 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.
- 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 Commission has adopted an investment policy. That policy follows the state statute for allowable investments. No policy exists for custodial credit risk, interest rate risk, investments highly sensitive to interest rate changes or credit 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. 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 the Commission's accounting funds is allocated based on average investment balance. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

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, 2021 the fair value of the Commission'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

Management has determined that an allowance for uncollectible accounts is not necessary as of December 31, 2021 as amounts are owed from member municipalities.

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements or other external parties.

## 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.

## Capital Assets

### Government –Wide Statements

All capital assets are owned and reported by each municipality's respective water utility. No capital assets are owned or reported by the Commission.

## Deferred Outflows of Resources

A deferred outflow of resource 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

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

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, 2021 are determined on the basis of current salary rates and include salary related payments.

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

## Long-Term Obligations

All long-term obligations to be repaid from governmental activities are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of accrued compensated absences and Other Postemployment Benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face values of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

## Pension

For purposes of measuring the net pension 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.

## 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.

## Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the Commission OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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.

## 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.

# North Shore Water Commission

---

Notes to Financial Statements  
December 31, 2021

- 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 Commission'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 (motion) of the Board of Commissioners. 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 Board of Commissioners that 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 Board of Commissioners has by resolution, adopted a financial policy authorizing the Plant Manager 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.

The Commission 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 Commission would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Commission has a minimum fund balance policy. That policy is to maintain at least 12 percent of the current year's operating budgeted expenditures in the General Fund. The balance at year end was \$180,969 (12 percent).

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

## 2. Reconciliation of Government-Wide and Fund Financial Statements

### Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Deferred outflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Pension	\$	322,738
OPEB, life		24,420
OPEB, health		39,291
		<hr/>
Total	\$	<u>386,449</u>

Long-term liabilities (assets) applicable to the Commission's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities (assets), both current and long-term, are reported in the statement of net position.

Compensated absences	\$	52,764
Net pension asset		(192,791)
Net OPEB, life		52,504
Total OPEB liability, health		69,529
		<hr/>
Total	\$	<u>(17,994)</u>

Deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds.

Pension	\$	422,559
OPEB, life		9,321
OPEB, health		1,742
		<hr/>
Total	\$	<u>433,622</u>

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

## Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Some expenses reported 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.

Change in compensated absences	\$	(4,273)
Change in net pension asset		93,096
Change in deferred outflows of resources related to pension		90,702
Change in deferred inflows of resources related to pension		(123,679)
Expenses charged to water treatment and supply		199,828
Expenses credited against capital outlay		(199,828)
Change in total OPEB liability, health		2,686
Change in net OPEB liability, life		(6,980)
Change in deferred outflows of resources related to OPEBs		8,285
Change in deferred inflows of resources related to OPEBs		(1,984)
Total adjustment	\$	<u>57,853</u>

### 3. Detailed Notes on All Funds

#### Deposits and Investments

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

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

	<u>Carrying Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Deposits	\$ 150,614	\$ 151,766	Custodial
LGIP	477,011	477,011	Credit Risk
Petty cash	50	-	N/A
Total deposits and investments	<u>\$ 627,675</u>	<u>\$ 628,777</u>	
Reconciliation to financial statements			
Per statement of net position cash and investments	<u>\$ 627,675</u>		

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

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.

## Custodial Credit Risk

### Deposits

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

As of December 31, 2021, none of the Commission's total bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

### Credit Risk

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

The Commission held investments in the external Wisconsin Local Government Investment Pool which is not rated.

## Receivables

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

## Restricted Assets

### Net Pension Asset

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

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 48,491	\$ 13,526	\$ 9,253	\$ 52,764	\$ 9,809
Total OPEB liability, health	72,215	9,015	11,701	69,529	-
Net OPEB liability, life	<u>45,524</u>	<u>11,419</u>	<u>4,439</u>	<u>52,504</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 166,230</u>	<u>\$ 33,960</u>	<u>\$ 25,393</u>	<u>\$ 174,797</u>	<u>\$ 9,809</u>

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

## Other Debt Information

The compensated absences attributable to government activities will be liquidated primarily by the general fund.

## Fund Balances

### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021 include the following:

<b>Fund Balances</b>	<b>General Fund</b>	<b>Capital Fund</b>	<b>Total</b>
<b>Nonspendable to:</b>			
Inventory	\$ 297	\$ -	\$ 297
Prepays	11,429	-	11,429
Subtotal	11,726	-	11,726
<b>Assigned to:</b>			
Capital projects	-	415,949	415,949
<b>Unassigned:</b>			
Operating reserve	169,243	-	169,243
Total fund balances	\$ 180,969	\$ 415,949	\$ 596,918

## 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 issued 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>.

#### 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.

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## 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.

## 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>
2011	(1.2)%	11.0%
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

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## 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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$34,542 in contributions from the Commission.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives and elected officials)	6.75 %	6.75 %

## Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Commission reported an asset of \$192,791 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net pension asset was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Commission's proportion was 0.00308805 percent, which was a decrease of 0.00000381 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Commission recognized pension expense of \$28,180.

At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 279,028	\$ 60,102
Changes in assumptions	4,372	-
Net differences between projected and actual earnings on pension plan investments	-	361,949
Changes in proportion and differences between employer contributions and proportionate share of contributions	274	508
Employer contributions subsequent to the measurement date	39,064	-
Total	<u>\$ 322,738</u>	<u>\$ 422,559</u>

## North Shore Water Commission

Notes to Financial Statements

December 31, 2021

\$39,064 reported as deferred outflows related to pension resulting from the Commission'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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2022	\$ (35,601)
2023	(9,770)
2024	(65,699)
2025	(27,815)

### Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Asset:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## 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 arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

## Single discount rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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, 2020. 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 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## Sensitivity of the Commission's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Commission'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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Commission's proportionate share of the net pension liability (asset)	\$ 183,510	\$ (192,791)	\$ (469,182)

At December 31, 2021, the Commission reported a payable to the pension plan of \$5,757, which represents contractually required contributions outstanding as of the end of the year.

## Risk Management

The Commission 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.

## 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 only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements when the related liabilities are incurred.

## Other Postemployment Benefits

### General Information about the OPEB Plan, Health

#### Plan Description

The Commission's single-employer defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all retirees and their spouses through the Commission's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### Benefits Provided

RBP provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50 percent of health insurance premiums on behalf of the retiree. Employees are considered eligible if he or she was hired prior to January 1, 2014 and is at least 59 years of age with 20 continuous years of service and is eligible and accepts WRS.

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## Employees Covered by Benefit Terms

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	6
Active plan members with waived coverage	1
	<hr/>
Total	8
	<hr/> <hr/>

## Total OPEB Liability

The Commission's total OPEB liability of \$69,529 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2019.

## Actuarial Assumptions and Other Inputs.

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.0 percent
Salary increases	3.5 percent decreasing down to .1 percent based on years of service with 3.0 percent, average salary inflation
Healthcare cost trend rates	6.5 percent initial, decreasing 0.1 percent per year down to 5.0 percent.
Retirees' share of benefit-related costs	50 percent of projected health insurance premiums for retirees

The discount rate was based on all projected payments discounted at a municipal bond rate of 2.25 percent based on the Bond Buyer 20-Bond GO Index.

Mortality rates were based on the Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60 percent).

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

## North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability (a)</b>
Balance at 12/31/2020	<u>\$ 72,215</u>
Changes for the year:	
Service cost	4,160
Interest	1,882
Change in assumption	2,973
Benefit payments	<u>(11,701)</u>
Net changes	<u>(2,686)</u>
Balance at 12/31/2021	<u>\$ 69,529</u>

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the North Shore Water Commission, as well as what the North Shore Water Commission's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current discount rate:

	<b>1% Decrease (1.25%)</b>	<b>Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
Total OPEB liability	\$ 75,611	\$ 69,529	\$ 63,640

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the North Shore Water Commission, as well as what the North Shore Water Commission total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.5 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<b>1% Decrease (5.5% Decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)</b>	<b>1% Increase (7.5% Decreasing to 6.0%)</b>
Total OPEB liability	\$ 59,583	\$ 69,529	\$ 81,377

## North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

### OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended December 31, 2021, the North Shore Water Commission has recognized OPEB expense of \$8,856.

At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experiences	\$ 13,122	\$ -
Changes in assumptions	8,952	1,742
Employer contributions subsequent to the measurement date	<u>17,217</u>	<u>-</u>
Total	<u>\$ 39,291</u>	<u>\$ 1,742</u>

\$17,217 reported as deferred outflows related to pension resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<b>Year Ended December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</b>
2022	\$ 2,814
2023	2,814
2024	2,814
2025	2,814
2026	2,814
Thereafter	6,262

### 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.

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

## OPEB Plan Fiduciary Net Position

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 <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

## 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 employee 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, 2021 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

Attained Age	Life Insurance Member Contribution Rates* For the Plan Year	
	Basic	Supplemental
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.

# North Shore Water Commission

Notes to Financial Statements  
December 31, 2021

During the reporting period, the LRLIF recognized \$190 in contributions from the employer.

## OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2021, the Commission reported a liability of \$52,504 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net OPEB liability was based on the Commission's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the Commission's proportion was .00954500 percent, which was a decrease of .00114600 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Commission recognized OPEB expense of \$6,354.

At December 31, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,056
Changes in assumptions	20,425	3,603
Net differences between projected and actual earnings on pension plan investments	764	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,619	3,212
Employer contributions subsequent to the measurement date	<u>612</u>	<u>-</u>
Total	<u>\$ 24,420</u>	<u>\$ 9,321</u>

\$612 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, 2022. 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>
2022	\$ 2,971
2023	2,888
2024	2,803
2025	2,431
2026	2,559
Thereafter	835

# North Shore Water Commission

Notes to Financial Statements

December 31, 2021

## Actuarial Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

## 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.

### Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

## North Shore Water Commission

Notes to Financial Statements

December 31, 2021

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25 percent and 2.20 percent respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting volatility and correlation.

### Single Discount Rate

A single discount rate of 2.25 percent was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.87 percent for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74 percent as of December 31, 2019 to 2.12 percent as of December 31, 2020. 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.

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

The following presents the Commission's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the Commission's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase to Discount Rate (3.25%)</u>
Commission's proportionate share of the net OPEB liability	\$ 71,421	\$ 52,504	\$ 38,198

### Wholesale Water Sales Agreement

On May 1, 2009, the Commission entered into an agreement with the City of Mequon to provide up to 2.0 million gallons per day of water for resale to City of Mequon customers. The wholesale rate from April 1, 2020 to March 31, 2021 was \$2.314 per 1,000 gallons. The wholesale rate from April 1, 2021 to March 31, 2022 is \$2.419 per 1,000 gallons and is subject to change annually thereafter as provided by the agreement. The wholesale rate includes a conveyance charge for conveying water from the transfer points to the metering points of \$0.39 per 1,000 gallons. This conveyance charge is remitted to the participating municipalities on a monthly basis.

Amounts billed under the agreement for 2021 totaled \$212,570. The conveyance charge, accrued to the three communities, amounted to \$34,530 resulting in revenues for the Commission of \$178,040 for 2021.

## North Shore Water Commission

---

Notes to Financial Statements

December 31, 2021

Additionally, the Commission annually charges the City of Mequon for the operation, maintenance and repair of the metering and telemetry devices as provided by the agreement. Billings for water purchased under this agreement are monthly. The agreement terminates on February 11, 2024 with an automatic renewal for successive five (5) year periods unless notice is given by either party at least two (2) years prior to the end of the initial or any renewal term.

### **Effect of New Accounting Standards on Current-Period Financial Statements**

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- 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*

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

**SUPPLEMENTARY INFORMATION**

## North Shore Water Commission

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Charges to municipalities:			
Current year billings	\$ 1,406,572	\$ 1,406,572	\$ -
Public charges for services:			
Wholesale agreements	81,000	91,694	10,694
Other	20,000	20,478	478
Storm water analysis	-	774	774
Investment income	500	15	(485)
	<u>1,508,072</u>	<u>1,519,533</u>	<u>11,461</u>
Total revenues			
<b>Expenditures</b>			
Current:			
Operating expenditures:			
Source of supply	48,509	40,257	8,252
Pumping	537,205	543,922	(6,717)
Transmission	3,865	4,450	(585)
Water treatment	488,929	453,780	35,149
Customer service	865	814	51
Administrative and general	383,398	381,396	2,002
Storm water analysis	-	649	(649)
Taxes	45,301	42,988	2,313
	<u>1,508,072</u>	<u>1,468,256</u>	<u>39,816</u>
Total expenditures			
Excess of revenues over expenditures	-	51,277	51,277
<b>Other Financing Uses</b>			
Transfers out	<u>-</u>	<u>(37,220)</u>	<u>(37,220)</u>
Net change in fund balance	<u>\$ -</u>	<u>14,057</u>	<u>\$ 14,057</u>
<b>Fund Balance, Beginning</b>		<u>166,912</u>	
<b>Fund Balance, Ending</b>		<u>\$ 180,969</u>	

See notes to required supplementary information

## North Shore Water Commission

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

Wisconsin Retirement System

Year Ended December 31, 2021

<b>WRS Fiscal Year Ending Date</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/14	0.003176560%	\$ (78,004)	\$ 459,178	16.99%	102.74%
12/31/15	0.003196840%	51,948	447,604	11.61%	98.20%
12/31/16	0.003191200%	26,303	453,973	5.79%	99.12%
12/31/17	0.003120840%	(92,661)	456,488	20.30%	102.93%
12/31/18	0.003123540%	111,125	485,287	22.90%	96.45%
12/31/19	0.003091860%	(99,695)	487,612	20.45%	102.96%
12/31/20	0.003088050%	(192,791)	511,740	37.67%	105.26%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2021

<b>Commission Fiscal Year Ending Date</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/15	\$ 30,437	\$ 30,437	\$ -	\$ 447,604	6.80%
12/31/16	29,962	29,962	-	453,973	6.60%
12/31/17	31,041	31,041	-	456,488	6.80%
12/31/18	32,514	32,514	-	485,287	6.70%
12/31/19	31,939	31,939	-	487,612	6.55%
12/31/20	34,542	34,542	-	511,740	6.75%
12/31/21	39,064	39,064	-	578,728	6.75%

See notes to required supplementary information

**North Shore Water Commission**Schedule of Changes in the Total OPEB Liability and Related Ratios - Retiree Benefits Plan  
Year Ended December 31, 2021

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Total OPEB Liability</b>				
Prior year activity	\$ 51,850	\$ -	\$ -	\$ -
Service cost	3,095	3,095	2,824	4,160
Interest	1,840	1,909	1,970	1,882
Differences between expected and actual experience	-	-	16,870	-
Changes of assumptions	-	(2,615)	8,111	2,973
Benefit payments	(1,644)	(4,308)	(10,782)	(11,701)
<b>Net Change in Total OPEB Liability</b>	55,141	(1,919)	18,993	(2,686)
<b>Total OPEB Liability, Beginning</b>	-	55,141	53,222	72,215
<b>Total OPEB Liability, Ending</b>	<u>\$ 55,141</u>	<u>\$ 53,222</u>	<u>\$ 72,215</u>	<u>\$ 69,529</u>
<b>Covered-employee payroll</b>	\$ 451,261	\$ 451,261	\$ 505,566	\$ 505,566
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	12.22%	11.79%	14.28%	13.75%

The Commission implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

## North Shore Water Commission

### Schedule of Commission's Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Years Ended December 31, 2021

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.00959000%	\$ 28,852	\$ 403,287	7.15%	44.81%
12/31/18	0.01066800%	27,527	475,000	5.80%	48.69%
12/31/19	0.01069100%	45,524	428,000	10.64%	37.58%
12/31/20	0.00954500%	52,504	504,000	10.42%	31.36%

### Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Years Ended December 31, 2021

Commission Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 394	\$ 394	\$ -	232,850	0.17%
12/31/19	496	496	-	245,017	0.20%
12/31/20	582	582	-	250,734	0.23%
12/31/21	612	612	-	268,514	0.23%

See notes to required supplementary information

## **North Shore Water Commission**

---

Notes to Required Supplementary Information  
Year Ended December 31, 2021

### **Budgetary Information**

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

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

Appropriations lapse at year-end unless specifically carried over by the Commission. Budgetary control is exercised at the total fund level of expenditure.

### **Wisconsin Retirement System Pension**

The Commission is required to present the last ten fiscal years data; however the standards allow the Commission to present as many years as are available until ten fiscal years are presented.

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

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

### **Retiree Benefits Plan (RBP)**

The Commission is required to present the last ten fiscal years data; however the standards allow the Commission to present as many years as are available until ten fiscal years are presented.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in the plan.

*Changes of assumptions.* Several actuarial assumptions changed from the prior year, including the single discount rate, medical trends and expected inflation. Please refer to the Actuarial Assumptions section in Note 4.

### **Local Retiree Life Insurance Fund**

The Commission is required to present the last ten fiscal years data; however the standards allow the Commission to present as many years as are available until ten fiscal years are presented.

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

*Changes of assumptions.* The Single Discount Rate assumption used to develop the Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section in Note 4.

**REQUIRED SUPPLEMENTARY INFORMATION**

## North Shore Water Commission

Schedule of Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2021

	General Fund				Capital Fund				Total
	Village of Whitefish Bay	Village of Fox Point	City of Glendale	Subtotal	Village of Whitefish Bay	Village of Fox Point	City of Glendale	Subtotal	
<b>Expenditures</b>									
Operating expenditures	\$ 452,270	\$ 283,503	\$ 732,483	\$ 1,468,256	\$ -	\$ -	\$ -	\$ -	\$ 1,468,256
Capital outlay	-	-	-	-	64,904	34,851	100,073	199,828	199,828
Total expenditures	452,270	283,503	732,483	1,468,256	64,904	34,851	100,073	199,828	1,668,084
<b>Program Revenues</b>									
Public charges for services:									
Current year billings	453,338	251,354	701,880	1,406,572	55,353	29,717	85,406	170,476	1,577,048
Due from (to) Municipalities	(20,346)	22,285	(1,939)	-	-	-	-	-	-
Net billings	432,992	273,639	699,941	1,406,572	55,353	29,717	85,406	170,476	1,577,048
Wholesale agreements	28,245	17,705	45,744	91,694	27,883	14,972	42,991	85,846	177,540
Other	6,308	3,954	10,216	20,478	-	-	-	-	20,478
Storm water analysis	238	149	387	774	-	-	-	-	774
Total charges for services	467,783	295,447	756,288	1,519,518	83,236	44,689	128,397	256,322	1,775,840
<b>General Revenues and Transfers</b>									
Investment income	5	3	7	15	57	31	88	176	191
Miscellaneous revenue	-	-	-	-	20,008	10,743	30,849	61,600	61,600
Transfers in (out)	(13,409)	(7,547)	(16,264)	(37,220)	13,409	7,547	16,264	37,220	-
Total general revenues and transfers	(13,404)	(7,544)	(16,257)	(37,205)	33,474	18,321	47,201	98,996	61,791
Change in fund balance	2,109	4,400	7,548	14,057	51,806	28,159	75,525	155,490	169,547
<b>Fund Balance, Beginning</b>	53,629	30,545	82,738	166,912	83,295	44,382	132,782	260,459	427,371
<b>Fund Balance, Ending</b>	\$ 55,738	\$ 34,945	\$ 90,286	\$ 180,969	\$ 135,101	\$ 72,541	\$ 208,307	\$ 415,949	\$ 596,918

**North Shore Water Commission**

Schedule of Allocations - General Fund  
Year Ended December 31, 2021

	Budget	Actual			City of Glendale
		Total	Village of Whitefish Bay	Village of Fox Point	
<b>Revenues</b>					
Public charges for services:					
Wholesale agreements	\$ 81,000	\$ 91,694	\$ 28,245	\$ 17,705	\$ 45,744
Other	20,000	20,478	6,308	3,954	10,216
Storm water analysis	-	774	238	149	387
Investment income	500	15	5	3	7
<b>Total, allocation basis (a)</b>	<b>\$ 101,500</b>	<b>\$ 112,961</b>	<b>\$ 34,796</b>	<b>\$ 21,811</b>	<b>\$ 56,354</b>
<b>Operating Expenditures</b>					
Source of supply:					
Operation supervision and engineering	\$ 865	\$ 814	\$ 251	\$ 157	\$ 406
Operation labor and expenses	1,432	1,506	464	291	751
Purchased water	9,651	8,990	2,769	1,736	4,485
Miscellaneous	1,342	2,135	658	412	1,065
Maintenance supervision and engineering	1,685	1,541	475	298	768
Maintenance of structures	1,435	1,506	464	291	751
Maintenance of lake, river and other intakes	22,013	18,724	5,768	3,615	9,341
Maintenance of supply mains	9,244	3,404	1,049	657	1,698
Maintenance of misc water source	842	1,637	504	316	817
<b>Total source of supply</b>	<b>48,509</b>	<b>40,257</b>	<b>12,402</b>	<b>7,773</b>	<b>20,082</b>
Pumping:					
Operation supervision and engineering	16,222	15,942	4,911	3,078	7,953
Fuel, power production	4,636	6,335	1,951	1,223	3,161
Fuel, power purchased for pumping	237,049	232,234	71,535	44,842	115,857
Pumping labor	165,258	150,575	46,382	29,075	75,118
Miscellaneous	39,340	39,093	12,042	7,548	19,503
Maintenance supervision and engineering	8,065	7,794	2,401	1,505	3,888
Maintenance of structures and improvements	17,218	35,392	10,902	6,834	17,656
Maintenance of power production equipment	9,524	13,274	4,089	2,563	6,622
Maintenance of pumping equipment	39,893	43,283	13,332	8,358	21,593
<b>Total pumping</b>	<b>537,205</b>	<b>543,922</b>	<b>167,545</b>	<b>105,026</b>	<b>271,351</b>
Transmission:					
Operation supervision and engineering	1,582	1,538	474	297	767
Storage facility	1,428	1,506	464	291	751
Maintenance supervision and engineering	855	1,406	433	271	702
<b>Total transmission</b>	<b>3,865</b>	<b>4,450</b>	<b>1,371</b>	<b>859</b>	<b>2,220</b>

(Continued on next page)

**North Shore Water Commission**

Schedule of Allocations - General Fund  
Year Ended December 31, 2021

	Budget	Actual			City of Glendale
		Total	Village of Whitefish Bay	Village of Fox Point	
Water treatment:					
Operation supervision and engineering	\$ 15,927	\$ 15,935	\$ 4,908	\$ 3,077	\$ 7,950
Chemicals	99,889	87,309	26,894	16,858	43,557
Operation labor and expenses	225,928	211,993	65,300	40,934	105,759
Miscellaneous	39,026	38,425	11,836	7,419	19,170
Maintenance supervision and engineering	4,036	4,099	1,263	791	2,045
Maintenance of structures and improvements	15,077	12,147	3,742	2,345	6,060
Maintenance of water treatment equipment	89,046	83,872	25,835	16,195	41,842
Total water treatment	<u>488,929</u>	<u>453,780</u>	<u>139,778</u>	<u>87,619</u>	<u>226,383</u>
Customer service:					
Customer service and information	865	814	251	157	406
Administrative and general:					
Management and office salaries	43,977	43,047	13,260	8,312	21,475
Office supplies	18,145	19,095	5,882	3,687	9,526
Outside services	91,405	90,388	27,842	17,453	45,093
Property insurance	27,433	31,048	9,564	5,995	15,489
Injuries and damages	35,444	29,029	8,942	5,605	14,482
Employee pension and benefits	158,071	160,249	49,361	30,942	79,946
Miscellaneous general	8,552	8,412	2,591	1,624	4,197
Maintenance of general plant	371	128	39	25	64
Total administrative and general	<u>383,398</u>	<u>381,396</u>	<u>117,481</u>	<u>73,643</u>	<u>190,272</u>
Storm water analysis	-	649	200	125	324
Taxes	45,301	42,988	13,242	8,301	21,445
Total, allocation basis (a)	<u>\$ 1,508,072</u>	<u>\$ 1,468,256</u>	<u>\$ 452,270</u>	<u>\$ 283,503</u>	<u>\$ 732,483</u>

(a) - see allocation basis on page 39

**North Shore Water Commission**

Schedule of Allocations - Capital Fund  
Year Ended December 31, 2021

	<u>Total</u>	<u>Village of Whitefish Bay</u>	<u>Village of Fox Point</u>	<u>City of Glendale</u>
<b>Public Charges for Services</b>				
Wholesale agreements, allocation basis (b)	\$ 85,846	\$ 27,883	\$ 14,972	\$ 42,991
<b>Other Revenues</b>				
Investment income	\$ 176	\$ 57	\$ 31	\$ 88
Miscellaneous Revenue	61,600	20,008	10,743	30,849
Total other revenues, allocation basis	<u>\$ 61,776</u>	<u>\$ 20,065</u>	<u>\$ 10,774</u>	<u>\$ 30,937</u>
<b>Capital Outlay</b>				
Raw Pump #4 VFD Replacement (325)	\$ 14,603	\$ 4,743	\$ 2,547	\$ 7,313
Reservoir Upgrade Project (332)	13,014	4,227	2,270	6,517
Filter Improvements Project (332)	89,547	29,085	15,617	44,845
Monitoring Station (395)	11,611	3,771	2,025	5,815
Parallel Analyzer (395)	2,310	750	403	1,157
Portable Turbidimeter (395)	702	228	122	352
Video Surveillance Improvement Project (398)	28,405	9,226	4,954	14,225
IT Improvement Project (391.1)	39,636	12,874	6,913	19,849
Total, allocation basis (b)	<u>\$ 199,828</u>	<u>\$ 64,904</u>	<u>\$ 34,851</u>	<u>\$ 100,073</u>

	<u>Acquisition Year</u>	<u>Estimated Original Cost</u>	<u>Total</u>	<u>Village of Whitefish Bay</u>	<u>Village of Fox Point</u>	<u>City of Glendale</u>
<b>Retirements</b>						
Replacement of 4 Backwash Valves (332)	1963	\$3,268	\$ 3,268	\$ 1,082	\$ 611	\$ 1,575
Replacement of 5 Effluent Valves (332)	1963	\$1,385	1,385	458	259	668
Klode Dewatering Pump (325)	1963	\$2,397	2,397	793	448	1,156
Raw #4 VFD (325)	2000	\$14,279	14,279	4,726	2,670	6,883
Phone System (397)	2006	\$3,808	3,808	1,260	712	1,836
Servers (391.1)	2012	\$12,094	12,094	4,003	2,262	5,829
Cameras (398)	2002	\$40,844	40,844	13,519	7,638	19,687
Cameras (398)	2005	\$7,031	7,031	2,327	1,315	3,389
Cameras (398)	2006	\$29,313	29,313	9,703	5,482	14,128
Cameras (398)	2007	\$16,511	16,511	5,465	3,088	7,958
Cameras (398)	2011	\$2,103	2,103	696	393	1,014
Filter Touchscreens (397.1)	2006	\$39,900	39,900	13,207	7,461	19,232
Total, allocation basis (b)			<u>\$ 172,933</u>	<u>\$ 57,239</u>	<u>\$ 32,339</u>	<u>\$ 83,355</u>

(b) - see allocation basis on page 39

## **OTHER INFORMATION**

## North Shore Water Commission

Schedule of Allocation Basis - Governmental Funds

Years Ended December 31, 2021 and 2020

Certain revenues and operating expenditures are allocated based upon the current years volume of water delivered to each municipality.

Other revenues and capital expenditures are allocated based upon the capital allocation rates.

The following summarizes the current and prior years allocation:

	2021		2020	
	Millions of Gallons	Percent	Millions of Gallons	Percent
<b>(a) - Water Delivered</b>				
Village of Whitefish Bay	390.350	30.803%	379.092	32.125%
Village of Fox Point	244.701	19.309%	215.955	18.300%
City of Glendale	632.214	49.888%	585.006	49.575%
	<u>1,267.265</u>	<u>100.000%</u>	<u>1,180.053</u>	<u>100.000%</u>
<b>(b) - Capital Allocation ***</b>				
Village of Whitefish Bay	1,901.395	32.480%	1,884.153	31.980%
Village of Fox Point	1,020.755	17.440%	1,004.030	17.040%
City of Glendale	2,931.627	50.080%	3,004.055	50.980%
	<u>5,853.777</u>	<u>100.000%</u>	<u>5,892.238</u>	<u>100.000%</u>

\*\*\* Starting January 1, 2020, the Commission modified the capital allocation based on the Revised and Restated Agreement for Water Supply System dated September 18, 2017 to a 5 year rolling average of water delivered.