FINANCE COMMITTEE MEETING

TUESDAY, JANUARY 7, 2025 – 2:30 PM

Sister Bay Liberty Grove Fire Station – 2258 Mill Road

To access the meeting electronically, click:
https://zoom.us/j/4439901723?pwd=yAVpi40M1OIqgNufcVUE8XWCUSkKaH.1&omn=97063638580
Meeting ID: 443 990 1723 Passcode: 304078
To connect by phone: 1-301-715-8592 - Meeting ID 443 990 1723#
Deviations from the agenda order shown may occur
For additional meeting information visit: www.sisterbaywi.gov, click 'Agendas and Minutes'

AGENDA

1. Call to Order (Zoom Participants Mute Devices)
2. Roll Call
3. Approve Agenda
4. Approve Meeting Minutes: December 10, 2024
5. Comments, Correspondence and Concerns from the Public (Public comment limited to 3 non-transferable minutes per person)
6. Discussion/Action Items
   a) CLA Presentation; Debt and the Budget Process
   b) Tax Levy; Considerations and Recommendations
   c) Review CIP
   d) Financial Policies and Procedures
   e) Financial Contingency Plan and Budgeting
7. Matters to be Placed on a Future Agenda or Referred to a Committee, Official or Employee
8. Adjourn

Public Notice

Questions regarding the nature of the Agenda items or more detail on the items listed can be directed to Julie Schmelzer, Village Administrator, at julie.schmelzer@sisterbaywi.gov. It is possible that members of and possibly a quorum of members of other governmental bodies may attend the meeting to gather information; no action will be taken by any governmental body other than the body specifically referred to above. Upon reasonable notice, a good faith effort will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aid or accommodation at no cost to the individual. Due to the difficulty in finding interpreters, requests should be made as far in advance as possible, preferably a minimum of 48 hours. For additional information or to request this service, contact the Sister Bay Village Administration Office at 854-4118; (FAX) 854-9637; or by writing to the Village Administration Building, 2383 Maple Drive, PO Box 769, Sister Bay, WI 54234. Copies of reports and other supporting documentation are available for review online and at the Village Administration Building during operating hours (8 a.m. to 4 p.m. Mondays – Thursdays, 8 a.m. to noon on Fridays).

The Village of Sister Bay is an Equal Opportunity Provider and Employer

Posted Date/Signature ____________________

FINANCE COMMITTEE MEETING MINUTES
Tuesday, December 10, 2024
(Approval Pending)

Agenda Item No. 1. The December 10, 2024 meeting of the Finance Committee was called to order by Chairperson Denise Bhirdo at 3:00 P.M.

Agenda Item No. 2. Roll Call

Present: Chairperson Bhirdo and members Louise Howson and Nate Bell.

Staff: Village Administrator Julie Schmelzer, Finance Director/Treasurer Vlad Gannik and Clerk Heidi Teich

Others: Adam Ruechel of R.W. Baird & Associates, Laurie & Kurt Harff, Ray and Martha Pelrine, Ken Church, Mike Laszkiewicz, Ron Kane, Roger & Paula Oakdale, Don Peters, Terry Kelly, John McMurray, Bjorn Johnson, Karen & Gene Sunstrom, Michelle Novak, Chad Kodanko, Jane & Andrew Hendrickson, Sally & Jeff Pfeifer, Ellie Soderberg-Guger, Colin Dahl, Mark Lindem, "Laura", "Andrea", "Jeff", Deb Fitzgerald, Richard Burress, Rob & Julie Schaffer, Thor Johnson, Skip Heidler, Andy Woerfel, Chris Schmeltz and Brigid White

Agenda Item No. 3. Approval of the Agenda
A motion was made by Bell, seconded by Howson that the Agenda for the December 10, 2024 meeting of the Finance Committee be approved as presented. Motion carried – All ayes.

Agenda Item No. 4. Approval of Minutes
A motion was made by Bell, seconded by Howson to approve the minutes of the September 23, 2024 meeting of the Finance Committee as presented. Motion carried – all ayes.

Agenda Item No. 5. Comments, correspondence, and concerns from the public
No correspondence was received for this meeting. Bhirdo advised those in attendance that the discussion on Agenda Item No. 6a will begin with a presentation from Baird, discussion and initial questions from the committee, and public comment to follow.

Chairperson Bhirdo asked if anyone wished to offer any comments on a topic other than the tax rate. Mike Laszkiewicz, 10873 N Bay Shore, was recognized to speak. Laszkiewicz commented on a prior finance meeting in which the administrator's report included a statement that 2025 expenditures were expected to exceed revenues, so reserves were being increased to cover that shortfall and this is concerning. Bhirdo replied that the board was aware that some reserves would be used to balance the budget for 2025 when they approved it.

Agenda Item No. 6. Discussion/Action Items:
a) Finalized Tax Rate Discussion
The Village Board directed that the 2025 budget be prepared with a zero percent increase in the mill rate, which was presented and approved at a public budget hearing on October 21, 2024. When tax bills were prepared, it was noted that the amount due by property owners did increase, despite applying the same mill rate as in the previous year. This increase took place after

factoring in the final values of the Tax Incremental Financing Districts (TID #1 and TID #2), which are not available at the time the budget approval meeting typically takes place. This means that it is not possible to estimate the true cost to the taxpayer until the state makes the finalized TID values available in mid-November, and the village receives the tax levy certifications from the other taxing jurisdictions (Door County, Gibraltar School and NTWC).

Adam Ruechel, of Robert W. Baird & Associates, prepared a power point presentation on the Village's budget and tax bill preparation process, which has been conducted in the same manner for at least the past seven years. The presentation, which was posted on the village website and displayed on the screen during the meeting, also offered several options for addressing the current concern wherein taxpayers are being billed for an increase in taxes that they were not expecting.

Following Ruechel's presentation, Bhirdo stated that the village needs to change its budget process to account for finalized TID values before approval of the final budget. Ruechel noted that he has samples of other budget planning worksheets that he will share with the village for future use. To address the current situation, the committee briefly commented on several options shared in the presentation and favored one in which they would amend the current budget to cut approximately $330,000 from the Capital Improvement Plan (CIP), and lowering the operating budget for 2025. Several items the committee noted as available for removal included funding for an inclusive playground, a new dump truck and chipper box for the Parks Department, demolition of the Public Works Building, engineering for the Woodland trail, and a large IT upgrade for the village. Those items the committee would not consider cutting were the ice rink fund ($500,00) and server for the administration office ($10,000). Bhirdo then opened the floor for public comments.

Richard Burress, 2234 Maple Dr., first objected to the committee taking actionable steps to correct the tax situation at this meeting, which should be for information gathering and input from the public. Burress asked if Bhirdo, who earlier stated she has been on this committee for many years, recalled former finance directors ever coming back to the board to report on the actual budget after finalized TID numbers came in. Bhirdo replied negatively. Burress then asked who is responsible for submitting final numbers to the state and county for tax bill preparation and was told that in Sister Bay, that duty lies with the Finance Director. This process varies among municipalities.

Roger Oakdale, 10687 Commodore Cir, commented that taxpayers don't want to spend money they don't have. Oakdale added that he has been watching the various projects occurring in the village and feels that everything being done is for tourists. He proposed that the village delay or stop projects that benefit the tourists and use the room tax money generated in Sister Bay to fund needed improvements.

Ray Pelrine, 10717 Little Sister Road, expressed concern about the confusion in the budget process caused by focusing so much on the mill rate. He asked that they consider the bottom line, the levy, that determines the amount of the tax bill.

Sally Pfeifer, 10649 Westwood Dr, asked for clarification on the effects of bonding for upcoming village projects, which affects taxes. Bhirdo replied that the exact tax increase for that borrowing cannot be known at this time. Schmelzer added that the borrowing (debt service) has been factored in, to some extent, in the operational mill rate discussion that takes place during the budget process.

Burress added that the public just doesn't understand debt service and the budget process. The village is small, and there are not many properties left for development and asked how they can maintain large debt service amounts over time. It was his suggestion that the village cut the broadband project, if it is possible to get out of that contract, and sell the former Logerquist property as a means to minimize costs.

Laszkiewicz shared that debt expense as percentage of the budget is rising significantly due to the board's desire to build new infrastructure. With new infrastructure comes substantial increases in operational costs, and he believes the village should renovate existing buildings instead.

Ken Church, 2295 Hill Road, asked the committee if the village has approached other communities to pay for the ice rink, if that is an item the committee is not willing to cut from the budget. Bhirdo responded that the Friends of the Ice Rink group will be exploring that option as part of their fundraising efforts.

Skip Heidler, 2630 Woodland Dr, asked what additional expenses will be incurred for the village to process refunds to the taxpayers, as that needs to be considered as part of this discussion. Heidler stated his belief that this budget discrepancy was not a one-off, as the same thing occurred last year. He then read from a prepared statement that the board and staff will be under deeper scrutiny as they move forward to try and build trust with the community.

Andy Woerfel, 10771 N Bay Shore Dr, asked if there are other state agencies that can be engaged in the budget process to double-check numbers in the future. The Department of Revenue is the primary contact concerning taxes and Schmelzer added that they have worked with other municipalities to compare their procedures. It was noted that the City of Sturgeon Bay uses this same process.

Oakdale questioned if the proposed $20 million in village projects mentioned earlier in the meeting must be borne by the 1200 people who live in the village, as this is not reasonable. Bhirdo responded that not all of the $20 million is on the tax bill as the marina pays for its own operations, as does the water and sewer utility. It was noted that the marina is not calculated in the TID being a tax-exempt property.

Chad Kodanko, 2380 Parkview Dr, asked if the village could move its buildings into the TID to reap the benefits of those incentives. Ruechel responded that tax law does not allow governmental buildings to use those funds. Kodanko continued, asking that the committee carefully consider how the TID affects the budget process in future planning discussions.

John McMurray, 10638 Forest Ln, asked if the village has researched other communities with ice rinks for cost estimates. He shared that De Pere has a rink that operates six months of the year with a budget of $232,000 annually. He asked if this is really something the village can afford without a financial commitment from the surrounding communities who will use the rink.

With no other public comment offered, Bhirdo summarized the earlier discussion of the committee to call an emergency meeting of the village board this week and make a recommendation to amend the 2025 CIP and budget by approximately $330,000.

Howson shared her thoughts on Burress's suggestion to collect the tax as presented this year without offering a refund, and added that she would not feel comfortable with that unless there was certainty that future projects would be cut from the CIP. Bell suggested that this committee make its recommendation to the board for the needed cuts and take some extra time to determine how best to handle a refund to taxpayers. Schmelzer noted that they are still awaiting responses from the County and the Department of Revenue on revising the tax bills, so they could not take final action without hearing from them.

A motion was made by Bhirdo, seconded by Bell to recommend to the Village Board that they cut approximately $330,000 from the 2025 Capital Improvement Plan and budget expenditures, specifically $100,000 for inclusive playground equipment, $95,000 for a dump truck, $15,000 for a chipping box, $75,000 for demolition of the Public Works building, and $55,000 for engineering of the Woodland Trail to allow for adjustments to the current year tax bills and issue refunds to taxpayers. Motion carried - all ayes.

Bell volunteered to contact the media following this meeting to discuss a press release on this issue.

b) Delinquent Tax List

Several properties in the village have not yet remitted taxes, both for real property and personal property, for the 2021, 2022 and 2023 tax years. After the tax deadline has passed, village staff make numerous attempts to collect the unpaid taxes, particularly for personal property taxes, which are remitted directly to the municipality.

The committee directed staff to continue tracking the delinquencies. At the time a property sells, the village should be asked for a letter of special assessments and the tax can be satisfied at that time. Additionally, staff was asked to publish a list of delinquent taxpayer names and addresses in the local newspaper.

c) Municipal Reimbursement Funds

In 2024, the village received $51,814.18 from Destination Door County in municipal reimbursement funds. These funds, which must be used for tourism related items, were designated in prior years for a village shuttle bus and Waterfront Park improvements. Staff has recommended that the Finance Committee designate the funds for unbudgeted Parks, Property & Street Committee projects to be completed in 2025, such as a sewer lateral to build bathrooms at the baseball field and landscaping along Mill Road.

A motion was made by Howson, seconded by Bell to designate the municipal reimbursement funds for 2024 for a water and sewer lateral to the ballfield concession stand, landscaping along Mill Road West, and the remainder to be placed in a municipal tree fund. Motion carried – all ayes.

d) Bus Expenses

Schmelzer provided a report on expenses related to the purchase of the village bus. The total cost of the bus was $148,068.50. Funding for the purchase was expected to come from a CMAQ grant totaling $45,520, 80% of the original cost of the bus. However, the bus was not purchased within the two years allowed by the grant award and Schmelzer is trying to negotiate reimbursement of those funds. Additionally, the delay in purchase caused the bus to cost much more than expected. The Village applied for and was granted an additional $48,489 in the form of a Destination Door County grant, and the SBAA contributed $10,000. The remaining cost of $44,059.50 was paid by the village.

Agenda Item No. 7.
Discussion Regarding Matters to be Placed on a Future Agenda, or Referred to a Committee, Official or Employee.

A special board meeting will be held virtually on Thursday, December 12, 2024 in the afternoon to discuss 2025 budget and Capital Improvement Plan amendments.

Howson requested that a meeting be held to discuss the Capital Improvement Plan earlier than during the budget process.

Agenda Item No. 8. Next Meeting

The next meeting of the Finance Committee has yet to be determined.

Agenda Item No. 9 Adjournment
At 5:07 P.M. a motion was made by Howson, seconded by Bell to adjourn the December 10, 2024 meeting of the Finance Committee. Motion carried – all ayes.

Respectfully submitted,
Heidi Teich
Heidi Teich,
Village Clerk

STAFF REPORT

CLA PRESENTATION

Date: January 7, 2025

Board/Committee: Finance Committee

Re: Requested Debt and Budget Process Presentation

Author: Julie A. Schmelzer, Village Administrator

Amber from CLA and Adam from Baird will be participating via Zoom to provide information to the committee about debt and the impact on the budgeting process.

STAFF REPORT

TAX LEVY – CONSIDERATIONS AND RECOMNENDATIONS

Date: January 7, 2025

Board/Committee: Finance Committee

Re: Follow Up From Past Meeting

Author: Julie A. Schmelzer, Village Administrator

This item is a follow-up conversation from our last meeting and the Board meeting where the tax levy was discussed.

STAFF REPORT

REVIEW CIP

Date: January 7, 2025

Board/Committee: Finance Committee

Re: Follow Up From Last Board Meeting

Author: Julie A. Schmelzer, Village Administrator

At the Board meeting the Committee Chair requested the committee review the CIP and begin discussions for the coming year.

Attached is the road list to be discussed with the 2025 CIP. It is the only known item(s) at this time not listed in detail in the plan.

(Committee members were given a hard copy of the CIP.)

The link to access the CIP on the Village website follows:

https://storage.googleapis.com/juniper-media-library/57/2024/10/RES%202024-016%20CIP.pdf

2024-2025 Road Repair List

Other than the Triangle (2025 and 2026), Mill Road East (2023), and Country Lane (2024), the CIP has no plans for road repairs. On page 164 of the CIP you will find a list of roads scheduled for improvement beyond the 5 year period. Staff does not believe some of the roads will last that long.

Staff inventoried the roads and developed a list of the 'worst' roads, and economical ways to fix them (not inventoried were roads already placed into the CIP). Many roads are rapidly deteriorating, and unless given some repair, may result in a rebuild at some point. It's more cost effective to repair and maintain, than rebuild. Below are staff's inventory of the roads needing immediate repair, in no particular order. Pricing is 2024 rates. The lowest cost option is highlighted in yellow, blue is recommended, where options exist. It is recommended for through roads with pedestrian traffic, we choose options that include 2' shoulders.

For new members, 'pulverizing' is similar to milling where it rips up existing asphalt and is the first phase in reusing asphalt to repave a road. It leaves several inches (typically) of ground-up asphalt where the old paving was. Through stabilization it reforms the old asphalt into a solid surface. 'Stabilization' uses hot tar and binding agents overlaid the crushed asphalt. 'Milling' does the same thing, but just removes the top layer of asphalt without disturbing the sub-base. The asphalt is carried away, and mixed with new paving, and the 'new' asphalt is installed over the base leaving a new, smooth surface. Milling is more environmentally friendly in that it recycles product. 'Wedging' is used where elevations change and sometimes used in the absence of curbs. 'Overlay' is basically paving a second layer of asphalt over an existing asphalt layer, and is done when the asphalt is still in good shape, even if there are areas where the conditions are not so good. An overlay is often referred to as a band-aid approach.

Little Sister Rd (3675 square yards approx.)

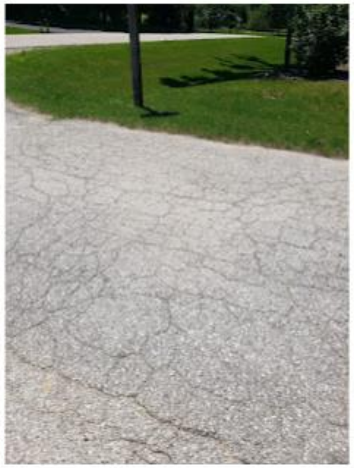
- Wedge and 1.5" overlay - $70,000 (NEA)/Wedge and 1.25" overlay - $59,697 (DC)
- Full depth mill to gravel and repave 3" - $100,000 (NEA)

Koessl Lane (2250 SY approx.)

- Wedge and 1.5” overlay - $45,000 (NEA)/Wedge and 1.25” overlay - $33,463, pulverize and stabilize/pave 2.5” w/2’ shoulder - $38,638, mill and pave 2.5” w/2’ shoulder - $43,505 (DC)

Cherrywood Court (2525 SY approx.)

- Wedge and 1.5” overlay - $50,000 (NEA)/Wedge and 1.25” overlay - $37,826, pulverize and stabilize/pave 2.5” w/2’ shoulder - $43,997, mill and pave 2.5” w/2’ shoulder - $51,333 (DC)



Sunset Drive – S Curve (765 SY approx.) This road was discussed last year and staff was directed that when we repair, we needed to think about pedestrian accommodations.

- Wedge and 1.5” overlay - $20,000 (NEA)

Sunset Drive to new pavement (2375 SY approx.)

- Wedge and 1.5” overlay - $45,000 (NEA)/Wedge and 1.25” overlay - $35,466 (DC)

- Pulverize the full depth and repave 3” - $75,000 w/2’ shoulder (NEA)/Pulverize and repave 2.5” - $40,694 w/2’ shoulder, mill and pave 2.5” w/2’ shoulder - $48,912 (DC) (‘Pulverizing’ includes ‘stabilization’)






Cardinal Court - North Cul de Sac (580 SY approx.)

- Wedge and 1.5” overlay - $20,000 (NEA)
- Pulverize the full depth and repave 3” - $30,000 includes 2’ shouldering (NEA)

Cardinal Court – Bluebird & North (1340 SY approx.)

- Wedge and 1.5” overlay - $25,000 (NEA)/Wedge and 1.25” overlay - $22,412 (DC)
- Pulverize the full depth and stabilize/repave 3” - $45,000 includes 2’ shouldering (NEA)

Cardinal Court – Full Road/incl. sidewalks (2390 SY approx.)

- Wedge and 1.5” overlay - $45,000 (NEA)
- Pulverize the full depth and stabilize/repave 3” - $75,000 includes 2’ shouldering (NEA)






Lastly, Stony Ridge condo did ask if we would budget for the 'alligatoring' in front of their condos. The committee previously voted no, but the owners did ask we reconsider their request at budget time. Has the committee changed their mind? A bid from the neighbor was $1694.

Also, some residents along Mill Road East want to asphalt their driveways, but are waiting to hear if we'll be doing more work on Mill East, as originally discussed. Is it safe to assume we will not be pursuing other improvements for Mill East at this time? (Sidewalks, lights, etc.)

STAFF REPORT

FINANCIAL POLICIES

Date: January 7, 2025

Board/Committee: Finance Committee

Re: Follow Up Previous Meetings

Author: Julie A. Schmelzer, Village Administrator

As discussed, we don't have a policy on the budget going back to the Board once the TID numbers are known.

Other policies discussed this past year are putting a cap on debt and on the use of undesignated funds.

Attached is the list of policies we have in our Audit report. There is also a policy in the front of the CIP binder.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Sister Bay, Wisconsin (the Village), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

A. Reporting Entity

The Village is a municipal corporation governed by an elected seven-member board. In accordance with U.S. GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements.

B. Joint Ventures

Sister Bay/Liberty Grove Joint Fire Department

The Town of Liberty Grove (the Town) and the Village formed a joint fire department in the 1930s to provide for services to its citizens. An intergovernmental agreement was adopted in 2010 to provide for the continuing operation of the joint fire department. The agreement creates a Fire Board composed of three members from the Town Board and two from the Village Board. All Fire Board members shall be elected officials of the Town and Village. In accordance with the agreement, the costs of these services are shared by the Town and Village on a basis of 2/3 of the cost being paid by the Town and 1/3 of the cost being paid by the Village. These percentages are based on the approximate percentage of the assessed property value of the Town and the Village to the total assessed property of each entity combined. During 2023, the Village remitted $159,248 to the joint fire department. The Village has an equity interest in the net position of the Sister Bay/Liberty Grove Joint Fire Department. At December 31, 2023 the Village's equity interest was $776,587. Complete financial information for Sister Bay/Liberty Grove Fire Department can be obtained from the department office in Sister Bay.

Joint Public Library Facility

The Town of Liberty Grove and the Village entered into an agreement on June 12, 2001, for the purpose of constructing and maintaining a building to be used as a joint public library facility. The construction costs and annual building operation and maintenance costs are financed 1/2 by the Town and 1/2 by the Village. The Sister Bay Liberty Grove Library Building Commission is governed by a six-member board of commissioners composed of three members from Liberty Grove and three members from Sister Bay. During 2023, the Village remitted an operating appropriation of $42,476 to the joint library facility. The Village accounts for its share of the operations in the General Fund. The Village does not have an equity interest in the joint venture. Complete financial statements for the Sister Bay Liberty Grove Library Building Commission can be obtained from the Commission located in Sister Bay, Wisconsin.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Ventures (Continued)

Joint Public Library Facility (Continued)

The operation of the library is part of the Door County Consolidated Library System in accordance with an agreement with Door County.

Door County Tourism Zone

The Village is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting an 8.0% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 70% of the room tax collected to the Door County Visitor Bureau and 30% to the member municipalities. During 2023, the Village received $483,494 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service, and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The nonmajor governmental funds are aggregated and presented in a single column.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Village reports the following major governmental funds:

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

Debt Service Fund
This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Capital Projects Fund
This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

Tax Incremental District No. 1
The Tax Incremental District (TID) No. 1 capital projects fund is used to account for financial resources used to acquire or construct capital assets in the Village's TID No. 1.

The Village reports the following major enterprise funds:

Water Department Fund
This fund accounts for the operations of the Village's water utility.

Wastewater Treatment Fund
This fund accounts for the operations of the Village's wastewater treatment operations.

Wastewater Collection Fund
This fund accounts for the operations of the Village's wastewater collection operations.

Marina Fund
This fund accounts for the operations of the Village's marina operations.

The Village also reports the following fiduciary fund:

Custodial Fund
The custodial fund accounts for property taxes and special charges collected on behalf of other governments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services, and interest. Other revenues such as licenses and permits, fines and forfeits, and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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 Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

   Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits, and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

   Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village. Special charges not paid by January 31 are held in trust by the County and remitted to the Village, including interest, when collected by the County.

   In addition to its levy, the Village also levies and collects taxes for the Gibraltar School District, Door County and Northeast Wisconsin Technical College. The Village contracts with the Door County Treasurer to collect taxes.

VILLAGE OF SISTER BAY, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Revenue from special assessments is recognized when levied.

5. Loans Receivable

The Village has loaned a developer funds to complete a purchase of property in the Tax Incremental District. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loan is repaid, revenue is recognized for the excess interest received over the general obligation note issued by the Village.

6. Leases Receivable

The Village determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the Village’s claims to receive lease payment over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lease at or before the commencement of the lease term that relate to future periods, less an lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Leases Receivable (Continued)

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guaranteed payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Village recognizes payments received for short-term leases with a lease term of twelve months of less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Village has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Village accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Village treats the components as a single lease unit.

7. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as “advances to other funds” and are offset by nonspendable fund balance in the general fund since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed during the periods benefits.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of $5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure assets prior to January 1, 2004 have not been capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-Type Activities
Land Improvements	20 to 50 Years	10 to 85 Years
Buildings and Improvements	25 to 40 Years	25 to 50 Years
Machinery and Equipment	3 to 10 Years	3 to 10 Years
Infrastructure	15 to 40 Years	25 to 100 Years

10. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused paid time off benefits in accordance with employee handbook policies and/or bargaining unit agreements. All paid time off is accrued when incurred in the government-wide and proprietary fund 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

12. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Pensions

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension,
- Pension Expense (Revenue).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Pensions (Continued)

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

14. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

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 postemployment benefits, OPEB expense (revenue). Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's 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.

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance**. Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

- **Restricted Fund Balance**. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

- **Committed Fund Balance**. Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Assigned Fund Balance**. Amounts that are constrained for specific purposes by action of Village management. The Village Board has not authorized an employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

- **Unassigned Fund Balance**. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements
Equity is classified as net position and displayed in three components:

- **Net Investment in Capital Assets**. Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

- **Restricted Net Position**. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position**. Net position that is neither classified as restricted nor as net investment in capital assets.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.

2. Budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

3. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

4. Expenditures may not exceed appropriations provided in budget accounts maintained for each functional area of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2023.

STAFF REPORT

CONTINGENCY PLAN

Date: January 7, 2025

Board/Committee: Finance Committee

Re: Follow Up Previous Meetings

Author: Julie A. Schmelzer, Village Administrator

The Chair has asked if we should do contingency planning. What would that policy look like?