



Southern Ozaukee Fire & EMS Board
AGENDA

DATE: Wednesday, July 10, 2024

LOCATION: 250 Elm Street, Thiensville, WI

TIME: 5:30 PM

I. CALL TO ORDER

II. ROLL CALL

MEQUON MAYOR ANDREW NERBUN
MEQUON ADMINISTRATOR WILL JONES
MEQUON ALDERMAN GREG BACH (EXCUSED)
MEQUON ALDERMAN DALE MAYR
MEQUON CITIZEN MEMBER LYNN STREETER

THIENSVILLE PRESIDENT JOHN ROSING
THIENSVILLE ADMINISTRATOR COLLEEN LANDISCH-HANSEN
THIENSVILLE TRUSTEE KRISTINA ECKERT
THIENSVILLE CITIZEN MEMBER DOUGLAS CHIMENTI (EXCUSED)
THIENSVILLE ALTERNATE TRUSTEE DAVID LANGE

III. APPROVAL OF MINUTES

A. May 8, 2024 (att)

IV. PERSONAL APPEARANCES AND PUBLIC COMMENT

A. Citizens wishing to address the SOFD Board on any matter not on the agenda may do so at this time. If you desire to be heard on agenda items, you may be heard when that item is considered on the agenda. The time limit is FIVE minutes.

V. FINANCE

A. Fiscal Year 2023 SOFD Annual Comprehensive Fiscal Report (att)

B. 2024 Budget Report, Second Quarter (att)

VI. OPERATIONS

A. Recent Incidents

B. 2023 Year in Review (att)

C. Handbook Update (att)

D. Thank you to the Thiensville Fire Department Corporation for dive equipment donation (att)

VII. GOVERNANCE

A. Strategic Plan Update (att)

VIII. REVIEW DATE OF NEXT MEETING

A. September 11, 2024

IX. MOTION TO ADJOURN TO CLOSED SESSION

A. Command Staff Performance. The SOFD Board may convene into closed session pursuant to Wis. State. 19.85(1)(f) for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons and/or the preliminary consideration of specific personnel problems which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems.

1. Roll Call Vote

X. MOTION TO RECONVENE IN OPEN SESSION

XI. ADJOURNMENT

Colleen Landisch-Hansen, Village Clerk

July 3, 2024

Please advise the Thiensville Municipal Hall, 250 Elm Street (262-242-3720) at least 24 hours prior to the start of this meeting if you have disabilities and desire special accommodations.



Southern Ozaukee Fire & EMS Board
MINUTES

DATE: Wednesday, May 8, 2024

LOCATION: 250 Elm Street, Thiensville,
WI

TIME: 5:30 PM

I. CALL TO ORDER

President Rosing called the meeting to order at 5:30 PM.

II. ROLL CALL

MEQUON MAYOR ANDREW NERBUN
MEQUON ADMINISTRATOR WILL JONES
MEQUON ALDERMAN DALE MAYR
MEQUON ALDERMAN GREG BACH
MEQUON CITIZEN MEMBER LYNN STREETER

THIENSVILLE PRESIDENT JOHN ROSING
THIENSVILLE ADMINISTRATOR COLLEEN LANDISCH-HANSEN
THIENSVILLE TRUSTEE KRISTINA ECKERT
THIENSVILLE CITIZEN MEMBER DOUGLAS CHIMENTI
THIENSVILLE ALTERNATE TRUSTEE DAVID LANGE (ABSENT)

III. NEW BOARD MEMBERS WELCOME

New members, Thiensville President John Rosing and Mequon Alderman Greg Bach, were welcomed by the Board.

IV. APPROVAL OF MINUTES

A. March 13, 2024 (att)

MOTION by Citizen Member Chimenti, **SECONDED** by Mayor Nerbun to approve the March 13, 2024, Minutes. **MOTION CARRIED UNANIMOUSLY.**

V. PERSONAL APPEARANCES AND PUBLIC COMMENT

A. Citizens wishing to address the SOFD Board on any matter not on the agenda may do so at this time. If you desire to be heard on agenda items, you may be heard when that item is considered on the agenda. The time limit is FIVE minutes.

There were no citizens to be heard.

VI. GOVERNANCE

A. Review and Approve Acceptance of \$5,570 donation from Thiensville Fire Department Corporation (att)

Chief Bialk noted the donation from the Thiensville Fire Department Corporation is for dive equipment. Trustee Eckert asked how the Thiensville Fire Department Corporation would be thanked. Chief Bialk suggested the donation could be recognized in the News Graphic.

MOTION by Trustee Eckert, **SECONDED** by Citizen Member Chimenti to accept a \$5,570 donation from the Thiensville Fire Department Corporation with gratitude. **MOTION CARRIED UNANIMOUSLY.**

B. Discussion of memorandum dated April 10, 2024, from Chief David Bialk regarding private ambulance use of the Thiensville Fire Department building (att)

Chief Bialk noted former Thiensville President Van Mobley requested the Chief to provide his opinion regarding private ambulance use of the Thiensville Fire Department Building. Chief Bialk shared concerns about potential staffing levels of SOFD paid-on-call members if they could earn more working for a private ambulance company.

Alderman Bach inquired if the Thiensville station is still being considered for SOFD use.

Trustee Eckert noted any lease would be short-term. The company is likely going to locate somewhere in the area, so a partnership makes sense to realize revenue from leasing the space. There also is the possibility SOFD could add paid-on-call staff due to the collaboration.

Administrator Jones noted this is a decision for Thiensville to make and suggested the Village consider the potential benefits and also the optics of having a private company operating in a municipal building.

Administrator Landisch-Hansen encouraged Chief Bialk to attend the Thiensville Committee of the Whole meeting to share his opinion.

VII. OPERATIONS

A. Update regarding purchase of replacement ambulance (att)

Chief Bialk noted the ambulance purchase was approved at the March 2024 meeting. The ambulance has been ordered with a delivery estimate of fall 2027.

B. Update regarding City of Mequon Public Safety Building

Chief Bialk shared the City of Mequon conducted a strategic planning session on May 2, 2024 and summarized the consultant recommendations related to the fire department, which included an option for a combined Public Safety building.

Citizen Member Chimenti asked why 7 acres of land is necessary. Mayor Nerbun replied that much has to do with parking, having a sufficient turning radius for large fire vehicles and space for training exercises.

Citizen Member Streeter noted there are significant deficits in the condition of the East Side Fire Station, although the site is the appropriate size. Population density, including age and type of housing, should also be studied, particularly forecasts for the next 10 to 15 years.

Administrator Jones noted some of the information from the strategic planning session goes back almost 10 years, when the City of Mequon considered the future of several old buildings, such as the Logemann Center and the Department of Public Works. The City is in a fiscal position where it can continue looking at facility upgrades. This will be an ongoing discussion topic as efforts progress in Mequon.

Trustee Eckert noted it would be helpful to document a starting point for the discussion. Chief Bialk will present a heat map at the next SOFD meeting.

VIII. FINANCE

A. Update regarding Ozaukee County EMS ARPA Grant money (att)

Chief Bialk stated SOFD received a \$324,000 ARPA payment in April.

B. Update regarding Fiscal Year 2023 SOFD Annual Comprehensive Fiscal Report (att)

Chief Bialk shared the 2024 budget included funds for an audit from Baker Tilly. The report should be available by late May.

IX. REVIEW DATE OF NEXT MEETING

A. July 10, 2024

X. MOTION TO ADJOURN TO CLOSED SESSION

A. Command Staff Performance. The SOFD Board may convene into Closed Session pursuant to Wis. Stat. 19.85(1)(f) for the purpose of considering financial, medical, social or personal histories or disciplinary data of specific persons and/or the preliminary consideration of specific personnel problems which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data, or involved in such problems.

MOTION by Alderman Bach, **SECONDED** by Trustee Eckert to adjourn to Closed Session at 6:10 PM.

1. Roll Call Vote

Ayes: Mayor Nerbun, Alderman Mayr, Alderman Bach, Citizen Member Streeter, President Rosing, Trustee Eckert and Citizen Member Chimenti

Naes: None

MOTION CARRIED.

XI. MOTION TO RECONVENE IN OPEN SESSION

A. Vote of Board to Reconvene

MOTION by Alderman Mayr, **SECONDED** by Mayor Nerbun to reconvene in Open Session at 7:04 PM. **MOTION CARRIED UNANIMOUSLY.**

B. Review and possible action regarding Closed Session topic

MOTION by Mayor Nerbun, **SECONDED** by Trustee Mayr to direct staff to engage in services as discussed in Closed Session. **MOTION CARRIED UNANIMOUSLY.**

XII. ADJOURNMENT

MOTION by Trustee Eckert, **SECONDED** by Mayor Nerbun to adjourn the meeting at 7:06 PM. **MOTION CARRIED UNANIMOUSLY.**

Submitted by,

Gary Achterberg
Administrative Assistant
Village of Thiensville

Signed by,

Colleen Landisch-Hanbsen
Village Administrator/Village Clerk
Village of Thiensville



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 10, 2024
SUBJECT: Fiscal Year 2023 SOFD Annual Comprehensive Fiscal Report Update

Background

A financial audit of the Southern Ozaukee Fire Department for fiscal year 2023 was included in the 2024 budget. Baker Tilly was contracted to conduct the audit, which was performed over four days in the first week of April. Since the audit, there have been follow-up meetings with Baker Tilly to discuss open issues. Based on the auditors' suggestions, the fire department staff has already implemented changes to 2024 accounting practices and internal controls.

Analysis

Wendi Unger will present the 2023 SOFD Annual Fiscal Audit at the July 10 meeting. See the two attachments: *Reporting and Insight from 2023 Audit* and *SOFD Financial Statement and Supplementary Information*

Fiscal Impact

None

Recommendation

None

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department



Reporting and insights from 2023 audit:

Southern Ozaukee Fire and EMS Department

December 31, 2023

Executive summary

July XX, 2024

To the Board Members
Southern Ozaukee Fire and EMS Department

We have completed our audit of the financial statements of Southern Ozaukee Fire and EMS Department (the Department) for the year ended December 31, 2023, and have issued our report thereon dated July XX, 2024. This letter presents communications required by our professional standards.

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

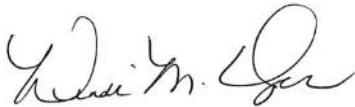
Additionally, we have included information on key risk areas Southern Ozaukee Fire and EMS Department should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

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

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

Sincerely,

Baker Tilly US, LLP



Wend M. Unger, CPA, Principal

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY ADVISORY GROUP, LP AND BAKER TILLY US, LLP, TRADING AS BAKER TILLY, ARE MEMBERS OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES. BAKER TILLY US, LLP IS A LICENSED CPA FIRM THAT PROVIDES ASSURANCE SERVICES TO ITS CLIENTS. BAKER TILLY ADVISORY GROUP, LP AND ITS SUBSIDIARY ENTITIES PROVIDE TAX AND CONSULTING SERVICES TO THEIR CLIENTS AND ARE NOT LICENSED CPA FIRMS.

Responsibilities

Our responsibilities

As your independent auditor, our responsibilities include:

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

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

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

Audit status

Significant changes to the audit plan

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

Audit approach and results

Planned scope and timing

Audit focus

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

- Key transaction cycles
- Areas with significant estimates

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

Key areas of focus and significant findings

Significant risks of material misstatement

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

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

Other areas of emphasis

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

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	
Capital assets including infrastructure	Net position/fund balance calculations	Financial reporting and required disclosures

Internal control matters

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

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

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

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

- **Inadequate segregation of duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government’s assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

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

Controls over monthly and year-end accounting

- Adjusting journal entries and supporting documentation should be reviewed and approved by an appropriate person who is not the original preparer.

- Account reconciliations are not performed by someone independent of processing transactions in the account.
- Year-end reconciliations (payroll accruals) should be reviewed and approved by someone other than the preparer.

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

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

- **Financial statement close process**

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

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

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

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

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

- **Cash Reconciliations**

During our review of cash, it was noted there are several old outstanding checks and deposits in transit on the bank reconciliation. Some of which are removed from the reconciliation but still show up on the report. We recommend that the Department review older items and determine items which should not be included as cash on the books and in the reconciliation and address as appropriate.

Other comments and recommendations

- **IT Controls** - As part of the audit process, we reviewed certain controls related to the Department's information technology system. The following are typical controls that are used to ensure the highest level of security is in place over information technology systems however, they have not been implemented by the Department. Management should consider the risks associated with its information technology system and its related controls and determine if these additional controls should be implemented.
 1. A formal process, including documented requests and management approval, should be used to grant access for new users, modify existing users, or terminate users.
- **Ambulance Billings** - The Department utilizes a third-party vendor to prepare the billings for ambulance services. Department personnel spot check the bills prepared by the third-party vendor for accuracy. During our testing, the Department could not provide evidence that the spot checking of the bills took place. We recommend that the Department maintain supporting documentation that includes evidence of the spot checking / review of the ambulance bills.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2023. We noted no transactions entered into by the Department during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

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

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

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

Significant unusual transactions

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

Significant difficulties encountered during the audit

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

Disagreements with management

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

Audit report

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

Audit consultations outside the engagement team

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

Uncorrected misstatements and corrected misstatements

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

Description	Opinion unit	Amount
To reallocate revenue recorded incorrectly	General Fund	\$240,000
To reallocate expenditures recorded incorrectly	General Fund	\$28,788
To record sale of equipment	General Fund	\$182,350
To adjust ambulance receivable	General Fund	\$708,305
To adjust allowance for uncollectible receivables	General Fund	\$669,611
To move held checks into accounts payable	General Fund	\$52,419
To record payment due to Village of Thiensville	General Fund	\$180,939
To record accrued payroll	General Fund	\$65,085

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

Other audit findings or issues

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

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

Other information in documents containing audited basic financial statements

Official statements

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

Management's consultations with other accountants

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

Written communications between management and Baker Tilly

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

Compliance with laws and regulations

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

Fraud

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

Going concern

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

Independence

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

Related parties

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

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries

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

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

Board Member resources

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

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

Management representation letter

Baker Tilly US, LLP
790 N Water St, Suite 2000
Milwaukee, WI 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of Southern Ozaukee Fire and EMS Department as of December 31, 2023 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the general fund of Southern Ozaukee Fire and EMS and the respective changes in financial position, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

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

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

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 11, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Information Provided

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

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

Other

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

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

a) Financial statement preparation

b) Adjusting journal entries

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

- 22) Southern Ozaukee Fire and EMS Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 23) Southern Ozaukee Fire and EMS Department has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 24) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any. Component units have been properly presented as either blended or discrete.
- 25) The financial statements include all fiduciary activities required by GASB No. 84.
- 26) The financial statements properly classify all funds and activities.
- 27) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 29) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 30) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 31) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 32) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 33) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 34) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

- 35) We have appropriately disclosed Southern Ozaukee Fire and EMS Department's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
- 36) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 37) With respect to the supplementary information, (SI):
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 38) We assume responsibility for, and agree with, the findings of specialists in evaluating the other postemployment and pension benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 39) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 40) We have evaluated GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and believe that the effects on the financial statements is immaterial and therefore, implementation has not occurred.

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

Sincerely,

Southern Ozaukee Fire and EMS Department

Signed: _____
David Bialk, Fire Chief

Signed: _____
Jill Wellman, Administrative Assistant

Client Services Team



Wendi Unger, CPA
Principal

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Accounting changes relevant to Southern Ozaukee Fire and EMS Department

Future accounting standards update

GASB Statement Number	Description	Potentially impacts you	Effective date
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24
102	Certain Risk Disclosures	✓	12/31/25

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

Revised guidance for accounting changes and error corrections

GASB Statement No. 100, *Accounting Changes and Error Corrections, an amendment of GASB Statement No. 62*, seeks to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability.

The standard establishes the following categories:

1. Accounting changes, which is comprised of:
 - a. Changes in accounting principles – result from a change from one generally accepted accounting principle to another that is justified on the basis that the newly adopted principle is preferable to the previously applied principle, or the implementation of a new pronouncement.
 - b. Changes in accounting estimates – occur when inputs change due to a change in circumstances, new information, or more experience. Note that the focus is on changes to the inputs used; a change in the value of an input such as an annual inflation update does not require disclosure under this standard.
 - c. Changes to or within the financial reporting entity – result from the addition or removal of a fund that results from the movement of continuing operations (such as moving sanitation operation from the general fund to its own separate fund), a change in a fund's presentation as major or nonmajor, the addition or removal of a component unit (with certain exceptions), or a change in a component unit's presentation as blended or discretely presented.
2. Error corrections – result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time of the financial statements were issued (i.e., facts that could reasonably be expected to have been obtained and considered at that time).

A summary of the reporting impact of each category is as follows:

Reporting considerations	Accounting changes			
	Change in accounting principle	Change in estimate	Change to the financial reporting entity	Correction of an error
Basic financial statement schedules:	Restate earliest period presented	Report prospectively	Adjust current year beginning balances	Restate earliest period presented
Required supplementary information & supplementary information:	Should match the financial statement presentation noted above; no adjustments to earlier periods needed			Restate all periods impacted
Additional disclosures?	Yes	Yes	Yes	Yes

The Department should become familiar with the new guidance in advance of the implementation effective date.

Updated accounting and reporting for compensated absences

The Governmental Accounting Standards Board (GASB) issued its Statement No. 101, *Compensated Absences*, in June 2022. The objective of GASB 101 is to update the recognition and measurement guidance for compensated absences for state & local government employers. It supersedes GASB No. 16, *Accounting for Compensated Absences*, issued in 1992, as well as earlier guidance, and addresses changes resulting from the types of leave now being offered. GASB 101 is effective for fiscal years beginning after December 15, 2023 (i.e., December 31, 2024, and June 30, 2025 year-end reporting entities).

GASB 101 more appropriately reflects a liability *when* a government incurs an obligation for compensated absences, and will improve comparability of reporting between governments that offer different types of leave. It requires that liabilities be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled-up via non-cash means. Compensated absences is defined as leave for which employees may receive one or more of the following:

- Cash payments when the leave is used for time off;
- Other cash payments, such as payment for unused leave upon termination of employment, or;
- Noncash settlements, such as conversion to defined benefit postemployment benefits.

Examples of compensated absences provided in GASB 101 include vacation, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave. Payment or settlement of compensated absences could occur during employment, or upon termination of employment. GASB 101 does not apply to benefits that are within the scope of GASB 47, *Accounting for Termination Benefits*.

GASB 101 requires that a liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered;
- The leave accumulates, and;
- The leave is “more likely than not” (i.e., likelihood of more than 50%) to be used for time off or otherwise paid in cash or settled through noncash means (101 provides factors to assess this criteria). (This differs from GASB 16, which required payment to be “probable” to be recognized).

Under GASB 101, governments will now need to accrue for time that has accumulated and is likely to be used, even if the employee is not eligible for a payout upon termination. This was not a requirement under GASB 16, and thus may result in a higher compensated absence liability.

GASB 101 requires liabilities for compensated absences to be recognized in financial statements prepared using the economic resources measurement focus equal to the amount of leave that has not yet been used and leave that has been used but not yet paid or settled. GASB 101 did not change the report for financial statements prepared using the current financial resources measurement focus (i.e., governmental funds).

Other changes in financial statement disclosures include the change in compensated absences liability can now be disclosed as a net change, rather than gross increases/decreases in the liability. Also, governments are no longer required to disclose which fund has typically liquidated the liability.

We recommend that governments begin to review the guidance contained in GASB 101 within the context of your existing compensated absences policies and accounting practices, in order to be better informed in terms of the information that you will need for this implementation.

New guidance on disclosure of certain risks

The requirements in GASB Statement No. 102, *Certain Risk Disclosures* is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm. It requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints.

- (a) The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources—for example, a small number of companies that represent a majority of employment in a government’s jurisdiction, or a government that relies on one revenue source for most of its revenue.
- (b) The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority—such as a voter-approved property tax cap or a state-imposed debt limit.

Concentrations and constraints may limit a government’s ability to acquire resources or control spending.

The Statement generally requires a government to disclose information about a concentration or constraint if all of the following criteria are met:

- (a) The concentration or constraint is *known* to the government prior to issuing the financial statements.
- (b) The concentration or constraint makes the government vulnerable to the risk of a substantial impact.
- (c) An event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The disclosures should include a description of the following:

- The concentration or constraint,
- Each event associated with the concentration or constraint that could cause a substantial impact if the event has occurred or has begun to occur prior to the issuance of the financial statements, and
- Actions taken by the government to mitigate the risk prior to the issuance of the financial statements.

Two-way audit communications

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

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

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

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

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

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

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

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

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

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

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

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

**Southern Ozaukee Fire and EMS
Department**

Financial Statements and
Supplementary Information

December 31, 2023

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Independent Auditors' Report

To the Department Board of
Southern Ozaukee Fire and EMS Department

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Southern Ozaukee Fire and EMS Department (the Department), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Department, Wisconsin, as of December 31, 2023 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 the Department 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 Department'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 Department'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 Department'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.

Milwaukee, Wisconsin
REPORT DATE

Statement of Net Position
December 31, 2023

Assets and Deferred Outflows of Resources	Governmental Activities
Assets	
Cash and investments	\$ 408,680
Accounts receivable:	
Accounts receivable	71,921
Ambulance receivable	943,115
Allowance for doubtful accounts	(669,611)
Capital assets, net of accumulated depreciation	<u>1,951,257</u>
Total assets	<u>2,705,362</u>
Deferred Outflows of Resources	
Deferred outflow related to OPEB, LRLIF	24,246
Deferred outflow related to OPEB, health	22,235
Deferred outflow related to pension	<u>2,324,417</u>
Total deferred outflows of resources	<u>2,370,898</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payables	377,159
Accrued liabilities	140,864
Noncurrent liabilities:	
Compensated absences	11,859
WRS pension liability	626,869
OPEB liability, LRLIF	55,138
OPEB liability, health	<u>41,381</u>
Total liabilities	<u>1,253,270</u>
Deferred Inflows of Resources	
Deferred inflow related to OPEB, LRLIF	44,333
Deferred inflow related to OPEB, health	28,946
Deferred inflow related to pension	<u>1,320,108</u>
Total deferred inflows of resources	<u>1,393,387</u>
Net Position	
Invested in capital assets	1,951,257
Unrestricted	<u>478,346</u>
Total net position	<u>\$ 2,429,603</u>

See notes to financial statements

Southern Ozaukee Fire and EMS Department

Statement of Activities

Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public safety	\$ 4,068,800	\$ 1,602,558	\$ 552,294	\$ 2,370,313	\$ 456,365
		General Revenues			
					Intergovernmental revenues not restricted to specific programs 1,954,820
					Gain on sale of donated assets 16,226
					Investment income 2,192
					<u>Total general revenues 1,973,238</u>
					Change in net position 2,429,603
					Net Position, Beginning <u>-</u>
					Net Position, Ending <u>\$ 2,429,603</u>

See notes to financial statements

Southern Ozaukee Fire and EMS Department

Balance Sheet -
Governmental Fund
December 31, 2023

	General Fund	Total Governmental Funds
Assets		
Cash and investments	\$ 408,680	\$ 408,680
Accounts receivable:		
Accounts receivable	71,921	71,921
Ambulance receivable	943,115	943,115
Allowance for doubtful accounts	(669,611)	(669,611)
Total assets	754,105	754,105
Liabilities and Fund Balance		
Liabilities		
Accounts payables	377,159	377,159
Accrued liabilities	140,864	140,864
Total liabilities	518,023	518,023
Fund Balance		
Unassigned	236,082	236,082
Total liabilities and fund balance	\$ 754,105	
Amounts reported for governmental activities		
in the Statement of Net Position are different because:		
Total fund balances		236,082
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		
Less accumulated depreciation/amortization		1,951,257
Some receivables do not provide current financial resources and therefore are not reported as revenue in the funds.		
Deferred outflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.		
		2,370,898
Deferred inflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.		
		(1,393,387)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(11,859)
Net Pension, WRS		(626,869)
Net OPEB, LRLIF		(55,138)
Net OPEB, Health		(41,381)
Net Position (Deficit) of Governmental Activities		\$ 2,429,603

See notes to financial statements

Southern Ozaukee Fire and EMS Department

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Governmental Fund
 Year Ended December 31, 2023

	General Fund
Revenues	
Intergovernmental	\$ 552,294
Intergovernmental charges for service	1,713,207
Licenses and permits	9,080
Public charges for services	1,602,558
Investment income	2,192
Miscellaneous revenues	232,533
Total revenues	4,111,864
Expenditures	
Public safety	3,592,477
Capital outlay	466,531
Total expenditures	4,059,008
Excess of revenues over expenditures	52,856
Other Financing Sources	
Proceeds from sale of donated equipment	183,226
Net change in fund balances	236,082
Fund Balance, Beginning	-
Fund Balance, Ending	\$ 236,082

See notes to financial statements

Southern Ozaukee Fire and EMS Department

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Fund to the Statement of Activities
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds \$ 236,082

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	466,531
Some items reported as expenditures were capitalized	(410,738)
Depreciation is reported in the system-wide statements	(307,849)

Capital assets contributed	2,203,313
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Some revenue and expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue and expenditures in the governmental funds.

Compensated absences	(11,859)
Net pension liability	(626,869)
Net OPEB liability, health	(41,381)
Net OPEB liability, LRLIF	(55,138)
Deferred outflows related to pension	2,324,417
Deferred outflows related to OPEB, health	22,235
Deferred outflows related to OPEB, LRLIF	24,246
Deferred inflows related to OPEB, health	(28,946)
Deferred inflows related to OPEB, LRLIF	(44,333)
Deferred inflows related to pension	<u>(1,320,108)</u>

Change in Net Position of Governmental Activities	<u>\$ 2,429,603</u>
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1. Summary of Significant Accounting Policies

The accounting policies of the Southern Ozaukee Fire and EMS (SOFD) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principals is the Governmental Accounting Standards Board (GASB).

Reporting Entity

SOFD is an intergovernmental entity consisting of representation from two municipalities within Ozaukee County. SOFD is managed by a Board. SOFD was created in 2023 for the purpose of providing the necessary fire and emergency services to the City of Mequon and the Village of Thiensville.

This report includes all of the funds of SOFD. The reporting entity for SOFD 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. SOFD has not identified any organizations that meet these 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 except for fiduciary funds. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues.

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. SOFD does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges for services and 2) grants and contributions. Contributions from municipalities 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 reporting entity 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, liabilities, deferred inflows of resources, net position/fund equity, revenues and expenditure/expenses.

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

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

- a. Total assets/deferred outflows, liabilities/deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and

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

SOFD reports the following major governmental funds:

General Fund - accounts for the SOFD's primary operating activities.

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. 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.

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, SOFD 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.

Intergovernmental charges for services are recognized as revenues in the period SOFD is entitled the resources and the amounts are available. Billings for services are rendered as occurred. Amounts owed to SOFD which are not available are recorded as receivables and unavailable revenues.

Revenues susceptible to accrual include public charges for services and interest. Other general revenues such as licenses and permits, fines and forfeitures and miscellaneous 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 SOFD funds is restricted by Wisconsin state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company.
- 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 Department, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

SOFD has adopted a limited investment policy and that policy follows the state statute for allowable investments but does not include provisions pertaining to custodial 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. The difference between the bank balance and carrying value is due to outstanding checks and deposits in transit.

See Note 3 for further information.

Receivables

An allowance for uncollectible accounts has been recorded relating to their ambulance billings in the amount of \$669,611.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the governmental-wide financial statements. Capital assets are defined by SOFD as assets with an initial cost of more than \$5,000 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Equipment and furnishings	5-15
Vehicles	5

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

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

Compensated Absences

Under terms of employment, employees are granted sick leave, vacations and paid time off 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 and proprietary 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. The total amount outstanding at year end to be paid in the future is \$11,859 and is included in the government-wide statement of net position.

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, 2023, are determined on the basis of current salary rates and include salary related payments.

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.

Equity Classifications

Government-Wide Statements

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

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.

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

Unrestricted Net Position - All other net positions that do not meet the definition of restricted or net investment in capital assets.

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

Fund Financial Statements

Governmental fund balances are displayed as follows:

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.

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.

Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Board that originally created the commitment.

Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) SOFD has adopted a financial policy authorizing the Board to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, are neither restricted nor committed. Assignments may take place after the end of the reporting period.

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.

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

Pension

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 Pensions; and
- Pension Expense (Revenue)

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.

Postemployment Benefits Other Than Pensions (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring following:

- Net OPEB Liability,
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits, and
- 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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Stewardship, Compliance and Accountability

Budgetary Information

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

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carry Value</u>	<u>Statement Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 408,680	\$ 493,599	Custodial credit risk
Reconciliation to financial statements per statement of net position	<u>\$ 408,680</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$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, SOFD's deposits may not be returned to SOFD.

SOFD does not have any deposits exposed to custodial credit risk.

Receivables

Receivables as of year-end for the general fund, including the applicable allowances for uncollectible accounts are as follows:

	<u>Receivable</u>
Accounts receivable balance	\$ 71,921
Ambulance receivable balance	943,115
Less allowance for uncollectible	<u>(669,611)</u>
Net total receivables	<u>\$ 345,425</u>

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Equipment	\$ -	\$ 507,806	\$ -	\$ 507,806
Vehicles	-	1,751,300	-	1,751,300
Total capital assets being depreciated	-	2,256,106	-	2,259,106
Less accumulated depreciation for:				
Equipment	-	(68,110)	-	(68,110)
Vehicles	-	(239,739)	-	(239,739)
Total accumulated depreciation	-	(307,849)	-	(307,849)
Total capital assets, net of depreciation	<u>\$ -</u>	<u>\$ 1,951,257</u>	<u>\$ -</u>	<u>\$ 1,951,257</u>

Depreciation expense was charged to the public safety function.

4. Other Information

Employees' Retirement System

Plan Description

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

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

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

Vesting

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

Benefits Provided

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

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

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

The WRS also provides death and disability benefits for employees.

Postretirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, 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 district'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>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
Years ending December 31:		
2013	(9.6) %	9.0 %
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees 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 \$146,019 in contributions from SOFD.

Contribution rates for the plan year reported as of December 31, 2023 are:

Employee Category	Employee	Employer
General (executives & elected officials)	6.50 %	6.50 %

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

At December 31, 2023, SOFD reported a liability of \$626,869 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. SOFD's proportion of the net pension liability was based on SOFD's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, SOFD's proportion was 0.08384975%, which was a decrease of 0.00340983% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, SOFD recognized pension expense of \$329,362.

At December 31, 2023, SOFD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 998,408	\$ 1,311,684
Changes in assumptions	123,268	-
Net differences between projected and actual earnings on pension plan investments	1,064,905	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,331	8,424
Employer contributions subsequent to the measurement date	136,505	-
Total	<u>\$ 2,324,417</u>	<u>\$ 1,320,108</u>

\$136,505 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflow of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2024	\$ 34,613
2025	179,207
2026	183,409
2027	470,575

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

Core Fund Asset Class:	Asset Allocation Percent	Long-Term Expected Nominal Rate of Return Percent	Long-Term Expected Real Rate of Return Percent
Public Equity	48 %	7.6 %	5 %
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund	115	7.4	4.8
Variable Fund Asset Class:			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (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, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
SOFD's proportionate share of the net pension liability (asset)	\$ 2,080,557	\$ 626,869	\$ (373,144)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Risk Management

SOFD 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 recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

Other Postemployment Benefits

General Information About the OPEB plan

Plan Description

SOFD's defined benefit OPEB plan, Retiree Benefits Plan (RBP), provides OPEB for all permanent full-time general and public safety employees of the Department. RBP is a single-employer defined benefit OPEB plan administered by the Department. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Board. No assets were accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

For nonrepresented employees (including command staff), the RBP provides monthly contributions towards the premium in the amount of the group health insurance coverage for the plan in effect on January 1, 2013. For each ten days of accumulated unused sick leave (up to 180 days), the RBP will provide one month of medical coverage. For police employees, the RBP provides monthly contributions towards the premium in the amount of the group health insurance coverage for the plan currently in effect. For each ten days of accumulated unused sick leave (up to 180 days), the RBP will provide one month of family medical coverage subject to the employer maximum payment condition. The contribution is based upon the same employer contribution for active employees (currently 88%).

Total OPEB Liability

SOFD's total OPEB liability of \$41,381 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.25%
Healthcare cost trend rates	7.00% decreasing to 6.5%, then by 0.10% per year down to 4.50%, and level thereafter

The discount rate was based on all years of projected payments discounted at a municipal bond rate of 4.25%.

Mortality rates were based on the 2020 WRS Experience Tables for Active Employees and Health Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study from 2018-2020.

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

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%):

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 61,685	\$ 41,381	\$ 55,845

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 54,808	\$ 41,381	\$ 63,237

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

For the year ended December 31, 2023, the City recognized negative OPEB expense of \$3,144. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 18,888	\$ 17,429
Changes of assumptions or other inputs	3,347	11,517
Total	<u>\$ 22,235</u>	<u>\$ 28,946</u>

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

	<u>Amount</u>
Years ending December 31:	
2024	\$ (2,746)
2025	(2,746)
2026	(2,746)
2027	(2,746)
2028	2,260
Thereafter	2,013

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 postemployment life insurance benefits for all eligible employees.

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

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

Benefits Provided

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

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate not 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 postretirement 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, 2023 are:

<u>Coverage Type</u>	<u>Employer Contributions</u>
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement 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 members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active).

The member contribution rates in effect for the plan year are as listed below:

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

During the reporting period, the LRLIF recognized \$4,190 in contributions from the employer.

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

At December 31, 2023, the System reported a liability of \$55,138 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Department's proportion of the net OPEB liability was based on the Department's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Department's proportion was 0.01180500% which was an increase of 0.00079300% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Department recognized OPEB expense of \$6,045.

At December 31, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,396
Net differences between projected and actual earnings on OPEB plan investments	1,035	-
Changes in assumptions	19,810	32,546
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,132	6,391
Employer contributions subsequent to the measurement date	269	-
Total	<u>\$ 24,246</u>	<u>\$ 44,333</u>

\$269 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Net Deferred Outflows (Inflows) of Resources (Net)
Years ending December 31:	
2024	\$ (2,186)
2025	(2,531)
2026	(1,497)
2027	(4,104)
2028	(5,550)
Thereafter	(4,699)

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table

* Based on the Bond Buyers GO Index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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.

**State OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2022**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50.00%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50.00	2.83%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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 Department's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Department's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the Department's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Proportionate share of the net OPEB liability	\$ 75,175	\$ 55,138	\$ 39,782

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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

REQUIRED SUPPLEMENTARY INFORMATION

Southern Ozaukee Fire and EMS Department

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual -

General Fund

Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance With Final Budget
Revenues			
Intergovernmental	\$ 538,085	\$ 552,294	\$ 14,209
Intergovernmental charges for service	1,629,555	1,713,207	83,652
Licenses and permits	22,847	9,080	(13,767)
Public charges for services	1,256,736	1,602,558	345,822
Investment income	-	2,192	2,192
Miscellaneous revenues	-	232,533	232,533
	<u>3,447,223</u>	<u>4,111,864</u>	<u>664,641</u>
Expenditures			
Public safety	3,031,823	3,592,477	(560,654)
Capital outlay	171,300	466,531	(295,231)
	<u>3,203,123</u>	<u>4,059,008</u>	<u>(855,885)</u>
Excess of revenues over expenditures	<u>244,100</u>	<u>52,856</u>	<u>(191,244)</u>
Other Financing Sources			
Proceeds from sale of donated equipment	-	183,226	183,226
Net change in fund balances	<u>\$ 244,100</u>	<u>236,082</u>	<u>\$ (8,018)</u>
Fund Balance, Beginning		<u>-</u>	
Fund Balance, Ending		<u>\$ 236,082</u>	

See notes to required supplementary information

Southern Ozaukee Fire and EMS Department

Schedule of Proportionate Share of the Net Pension Liability (Asset) -
 Wisconsin Retirement System
 Year Ended December 31, 2023

<u>WRS Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/22	0.08384975 %	\$ 626,869	\$ 1,575,192	39.80%	unknown

Schedule of Employer Contributions - Wisconsin Retirement System
 Year Ended December 31, 2023

<u>Village Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/23	\$ 136,505	\$ 136,505	\$ -	\$ 2,020,202	6.76 %

See notes to required supplementary information

Southern Ozaukee Fire and EMS Department

Schedule of Changes in the Total OPEB Liability and Related Ratios -
 OPEB Plan
 Year Ended December 31, 2023

	2023
Total OPEB Liability	
Service cost	\$ -
Interest	-
Changes in benefit terms	-
Difference between expected and actual experience	18,888
Changes in assumptions	22,493
Benefit payments	-
Net change in total OPEB liability	41,381
Total OPEB Liability, Beginning	-
Total OPEB Liability, Ending	\$ 41,381
Covered-employee payroll	\$ 575,307
Total OPEB liability as a percentage of covered-employee payroll	7.19%

Notes to Schedule:

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

Benefit changes . None.

Accumulation of assets . No assets have been accumulated in a trust that meets the criteria in GASB Statement No. 75.

Changes of assumptions . The discount rate was changed from 2.50% to 4.25%.

A schedule of employer contributions has not been presented because an actuarially determined contribution for the city has not been determined.

Southern Ozaukee Fire and EMS Department

Schedule of Proportionate Share of the Net OPEB Liability -
 Local Retiree Life Insurance Fund
 Year Ended December 31, 2023

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/22	0.15550500 %	\$ 55,138	\$ 873,629	6.31 %	unknown

Schedule of Employer Contributions - Local Retiree Life Insurance Fund
 Year Ended December 31, 2023

Village 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
12/31/23	\$ 269	\$ 269	\$ -	\$ 2,020,202	0.01 %

See notes to required supplementary information

Southern Ozaukee Fire and EMS

Notes to Required Supplementary Information
Year Ended December 31, 2023

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.

All annual appropriations lapse at year-end unless specifically carried over by the Board. Budgetary control is exercised at the total fund level.

Wisconsin Retirement System

SOFD is required to present the last ten fiscal years data; however the standards allow the Department 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 in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

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

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

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

Other Postemployment Benefits, Local Retiree Life Insurance Fund

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

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

Southern Ozaukee Fire and EMS

Notes to Required Supplementary Information
Year Ended December 31, 2023

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

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

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

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

- Lowering the long-term expected rate of return from 5.0% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 10, 2024
SUBJECT: Year-to-Date Budget Report Q2

Background

The 2024 budget for the Southern Ozaukee Fire Department (SOFD) is \$3.773 million and relies heavily on revenue generation. The budget is supported by 44% tax levy and 56% non-tax revenues. Non-tax revenue sources include ambulance billing, State of Wisconsin 2% Dues, Wisconsin Ambulance Funding Assistance Program, crash billing, false alarm fees, fire inspection square foot charges, and other similar chargebacks.

Analysis

Expenses

Based on a review of the non-audited 2024 financial information:

1. **Overall Expenses Trend:** Expenses are trending below both the budget for 2024 and the expenditures for 2023. This indicates that spending is being effectively managed and controlled.
2. **Budget Utilization:** With 50% of the year complete, the department has spent approximately 39% of the budget. This suggests that expenditures are running below the anticipated rate for the year. With only one year of historical data to compare, staff is working hard to control expenditures.
3. **Comparison to 2023:** Spending in the first half of 2024 is 8% below the spending that occurred in the first half of 2023. Some of this is due to not having the additional full-time employee we had for the first five months of 2023. This comparison shows a reduction in spending year-over-year, reflecting potential efficiency gains or cost-saving measures implemented by the department.

Revenue

2023 Ambulance billing had gross charges of \$2,497,377. Currently 37% of those charges have been paid. Some outstanding charges are still being paid. A conservative estimate will be that the department will collect between 40% and 45% of the gross charges.

Ambulance revenue continues to be an area requiring monitoring. SOFD recently received its first payment from the billing company's collection agency for \$6,000, these payments are made on a quarterly basis. For comparison, the City of Mequon, 18 months after its fire department merger, continues to receive checks from its billing company's collection agency. Because of the delay in ambulance billings from 2023 some ambulance revenue is still lagging.

Overall, the financial review indicates prudent financial management characterized by spending below budgeted amounts and reduced expenditures compared to the previous year. These factors are generally favorable indicators of effective financial stewardship and operational efficiency within the department.

Fiscal Impact

Currently the 2024 budget is on target to come in where it was expected to.

Recommendation

Staff will continue to monitor the budget monthly to assure the budget is on track.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department

Jan-June Actual Expenses 2024 vs Budgets vs Jan-June 2023

	Actual 2024	2024 Budget	Over or Under Budget	Percent of Budget Spent	2023 Jan- June Actual	Jan-June 2024 compared to Jan-Jun 2023
Expenditures						
51000 Contractual Services						
51500 Legal Fees	27,814	14,000	13,814	199%	12,105	230%
51550 Audit Services	12,373	7,100	5,273	174%		over
51600 IT Services	21,072	24,000	-2,928	88%	21,650	97%
51650 Billing Services	30,672	81,298	-50,626	38%		over
51700 Advertising/Promotional		4,850	-4,850	0%	5,150	0%
51900 Misc Contracted Services	20,153		20,153		1,548	over
<hr/>						
54000 Personnel Services						
54100 Dues & Subscriptions		5,050	-5,050	0%	295	0%
54200 Meetings & Conferences	316	2,300	-1,984	14%	1,421	22%
54300 Training	21,349	35,000	-13,651	61%	11,870	180%
54400 Uniforms	1,969	35,451	-33,482	6%	684	288%
54500 Books & Periodicals	520	1,500	-980	35%		over
54600 Pre-Employment Exams	2,734	7,745	-5,011	35%	1,200	228%
54700 Recruitment		4,937	-4,937	0%	2,580	0%
<hr/>						
55000 Commodities						
55100 Office Supplies	395	1,650	-1,255	24%	359	110%
55200 Telephone	4,096	12,535	-8,439	33%	3,337	123%
55300 Printing/Copy Supplies	278	3,280	-3,002	8%	516	54%
55400 Postage	35	501	-466	7%	281	13%
55450 Bank Fees	10	0	10		40	25%
55700 Work Supplies	29,853	96,860	-67,007	31%	81,803	36%
<hr/>						
56000 Maintenance						
56100 Building Maintenance	160		160			
56100 Building Maintenance	217	1,800	-1,583	12%		over
56200 Truck Maintenance	36,313	40,000	-3,687	91%	5,673	640%
56250 Vehicle Maint (DPW)	2,901	0	2,901		5,074	57%
56260 Vehicle Maint Labor (DPW)	54,826	52,618	2,208	104%		over
56300 Fuel	11,952	37,678	-25,726	32%	79	over
56400 Equipment Repairs/Tools	5,480	40,000	-34,520	14%	6,929	79%
56500 Hoses		2,500	-2,500	0%		
56600 Radio Maintenance		4,000	-4,000	0%		
<hr/>						

57000 Insurance							
57100 Liability insurance	21,356	33,051	-11,695	65%	29,081	73%	
57200 Vehicle Insurance	22,983	20,765	2,218	111%	13,893	165%	
57300 Workers Comp Ins	44,514	58,982	-14,468	75%	44,237	101%	
57400 Property Insurance	2,556	511	2,045	500%		over	
57500 EAP	6,000		6,000			over	
57600 Cyber Crime Insurance		1,754	-1,754	0%			
57700 Accident Insurance		3,188	-3,188	0%			
57800 Crime Insurance		785	-785	0%			
670100 Personnel Wages							
670101 Regular Salary, FT, PT	444,569	1,414,057	-969,488	31%	433,480	103%	
670150 EMS Call Wages	85,568	437,903	-352,335	20%	121,828	70%	
670151 Fire Call Wages	77,406	105,472	-28,066	73%	73,781	105%	
670160 Station Work Wages	2,141		2,141		1,570	136%	
670161 Vehicle Insp Wages	4,165	19,500	-15,335	21%	2,244	186%	
670162 Training Wages	31,105	100,000	-68,895	31%	41,658	75%	
224100 Payroll Expenses	65,085		65,085	over		over	
670164 Holiday Pay			0				
670171 On Call Hours Wages	42,926	156,029	-113,103	28%	63,359	68%	
670173 Paramedic POP	69,192	157,034	-87,842	44%	117,472	59%	
670175 Paid on Premise Wages	6,929		6,929	over	32,365	21%	
673100 Fringe Benefits							
673101 Social Security	59,337		59,337	over	67,797	88%	
673103 FICA		183,982	-183,982	0%	41,570	0%	
673105 WRS	70,413	211,956	-141,543	33%	200,907	35%	
673201 Health Insurance	44,510	149,913	-105,403	30%	52,146	85%	
673203 Life Insurance	660	2,253	-1,593	29%	1,269	52%	
Totals	\$1,386,901	\$3,573,788		39%	\$1,501,252	92%	



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 10, 2024
SUBJECT: 2023 Year-in-Review

Background

Reviewing data from previous years can provide valuable insights into various aspects of the fire department operations, such as response times, types of incidents, seasonal variations, and resource allocation needs. By identifying trends, SOFD can better plan for future emergencies, optimize our resources, and enhance our overall effectiveness in serving the community.

Analysis

Fire Chief David Bialk will present the SOFD Board a review of 2023. His report will cover key subject areas including capital equipment, finances, and staffing. He will also update the Board on other noteworthy accomplishments, developments, and initiatives currently underway.

Fiscal Impact

None

Recommendation

None

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 10, 2024
SUBJECT: Handbook Update

Background

As part of the Southern Ozaukee Fire Department’s (SOFD) 2024 Workplan, an Employee Handbook is being developed. Currently, SOFD has been using the City of Mequon’s Personnel Code, Employee Handbook, and the expired Collective Bargaining Agreement between the City of Mequon and Mequon Fire and EMS Association until the new handbook can be drafted.

Analysis

At this time the handbook has been given to the fire department’s labor attorney for comment and review.

Fiscal Impact

None

Recommendation

None

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 1, 2024
SUBJECT: Thank You to the Thiensville Fire Department Corporation

Background

The Thiensville Volunteer Fire Department Corporation has historically been a fundraising arm for the Thiensville Fire Department. When the Thiensville and Mequon Fire Departments merged, the Thiensville Fire Corporation decided to become a philanthropic organization for the community at-large. At that time, they also indicated they would entertain requests for donations from the Southern Ozaukee Fire Department. Battalion Chief Lemke reached out to the corporation in November of 2023 and made a request for some new dive equipment for the SOFD Dive Team. The SOFD Board voted to accept this donation at the May 2024 meeting.

Analysis

The corporation agreed to donate equipment totaling \$5,570, which included a drysuit specifically sized for female divers. In the past, female divers had to use larger men's drysuits. Also included was a new regulator, a new buoyancy control device, and three new SCUBA tanks.

Fiscal Impact

No fiscal impact.

Recommendation

Staff recommends issuing an official "Thank You" to the Thiensville Fire Department Corporation.



Southern Ozaukee Fire and
Emergency Medical Services Department
11300 N. Buntrock Avenue
Mequon, WI 53092
(262) 242-2530
(262) 242-5042 Fax

Dear Thiensville Volunteer Fire Department Corporation,

Thank you for the donation of dive equipment to the Southern Ozaukee Fire Department Dive Team. Whether it's navigating zero visibility in the Milwaukee River, exploring the depths of Lake Michigan, or venturing beneath the ice, our divers need quality equipment to handle any situation with confidence and safety. Your generous donation of a drysuit, buoyancy control device, regulator, and three tanks is invaluable to our divers' safety and effectiveness underwater. With these essential pieces of equipment, our divers can now operate with enhanced safety measures and confidence, allowing them to focus on their mission objectives without compromising their well-being. Your support directly contributes to our ability to conduct underwater operations efficiently and safety. We are incredibly grateful for your contribution and commitment to our team's success.

Our female divers are especially appreciative for the appropriately sized drysuit. A properly sized drysuit is crucial to ensure comfort, mobility, and safety while diving.

SOFD Diver Sarah Baker says "I am so grateful to have dive gear that fits our female divers. As we continue to grow our team, it is nice to have a variety of size options."


Your donation enables our divers to continue their lifesaving work on the waterways of Mequon, Thiensville, and all of Ozaukee County.



Sincerely,



Chief David Bialk



Battalion Chief Rick Lemke
Dive Team Lead

FOR IMMEDIATE RELEASE

The Southern Ozaukee Fire and Emergency Medical Services Department Receives Generous Donation from the Thiensville Volunteer Fire Dept Corporation to Support the SOFD Dive Rescue Team.

Mequon, Monday, July 1st, 2024 – SOFD, the combined Mequon and Thiensville Fire Department is thrilled to announce a significant donation from the Thiensville Volunteer Fire Department Corporation, the longtime charitable arm the Thiensville Fire Department.

This generous donation of dive equipment will be instrumental in advancing the water rescue capabilities of the SOFD Dive Team.

The donation includes the following items:

1 Drysuit. The drysuit is the protective layer that keeps divers warm in cold water and more importantly limits any contaminated water from contacting a diver's skin. Historically members on the dive team were males who were close to 6 feet tall, around 200 pounds and the dive team had suits that fit them. Recently the dive team added four female divers to the team. The dive teams' drysuits are simply too large for these divers. A new appropriately sized drysuit will be more comfortable and safer for our female divers.

1 Regulator. The regulator is the equipment that connects to the tank and allows divers to breathe. The new regulator will replace an older generation regulator, making the diver safer especially when diving below ice.

1 Buoyancy Control Device (BCD). The BCD is the vest a diver wears that can be inflated or deflated to allow a diver to go up or down in the water. The new BCD is replacing an older BCD.

3 SCUBA tanks. The three new tanks will replace three older tanks.

SOFD Diver Sarah Baker says “I am so grateful to have dive gear that fits our female divers. As we continue to grow our team, it is nice to have a variety of size options.”

For more information about the SOFD and its initiatives, please visit www.sofdwi.gov.

Contact Information:

Rick Lemke

Battalion Chief, Dive Team Lead

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Emergency Medical Services Department
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TO: SOFD Board
FROM: Fire Chief David L Bialk
DATE: July 10, 2024
SUBJECT: Strategic Plan Update

Background

One item in the Southern Ozaukee Fire Department’s (SOFD) 2024 Workplan includes the development of a strategic plan. On May 28, Fire Chief David Bialk met with Lynn Streeter and Doug Chimenti, both experienced in strategic planning, to discuss the process and create a timeline for SOFD’s strategic plan. On June 3, Lynn Streeter met with Administrator Jones while Chief Bialk met with Administrator Landisch-Hanson to discuss the outline for the planning process. On June 17, a working group consisting of Lynn Streeter, Doug Chimenti, Chief Bialk, Captain Deutsch, and Battalion Chiefs Schneider and Boettcher met to review the outline and develop a document for approval at the SOFD’s July 10 meeting.

Analysis

Southern Ozaukee Fire and Emergency Medical Services Department Strategic Plan Discussion Guide May - June 2024 v3

Project Background: The SOFD, formed in 2023, seeks to complete a five-year strategic plan. Critical to the process is the involvement of internal and external stakeholders, including members of the Board of Directors and the Department.

Key Assumptions: (to be validated)

- Our Mission, Vision and Values are foundational to our work
- Participants will need a solid understanding of our current state
- Participants will need to learn about future trends in fire and EMS services
- The SOFD will need to align with the strategic priorities of the municipalities we serve
- The SOFD will involve others, as needed, to ensure a comprehensive understanding of issues, and obtain engagement and future support.

Discussion Questions/Items

- Identification of a core working group as well as a broader Strategic Planning Committee. This participants will include members of the SOFD Board and the leadership of the SOFD. Senior staff from the municipalities we serve will be available for consultation as requested.
- Validation of the proposed timeline

- Awareness of the level of administrative support that will be needed
- Identification of retreat participants (estimated at 35-40): SOFD Board of Directors, representation from the municipalities we serve, SOFD members and others if appropriate.

Project Deliverables:

- Incorporate key learning into the process to ensure that participants are knowledgeable about current state and future trends
- Facilitate two focus groups with members of the SOFD to ensure voice and engagement
- Conduct external interviews, as needed beyond what was completed for the 2023 Mission, Vision and Values project. This will include members of the City of Mequon Future of the Fire Department Committee, elected officials from Mequon and Thiensville and others as identified.
- Conduct a facilitated strategic planning retreat (two half day sessions)
- Synthesize materials and develop a draft strategic plan to be presented to the SOFD Board of Directors for review and approval
- Create a process and tracking tool for ongoing monitoring of our strategic plan. Align with tools that are familiar to the municipalities we serve.

Proposed Timeline:

October 2024—Complete data gathering activities

November 2024—Complete the education and planning retreat

December 2024—Synthesis and document development

January 2025—Present to SOFD Board of Directors. Following approval by the SOFD Board, the Strategic Plan will be shared with the City of Mequon Common Council and the Village of Thiensville Board of Trustee

Fiscal Impact

There will be some fiscal impact because of the retreat.

Recommendation

Staff recommends moving forward with the strategic planning process.

Fire Chief David L Bialk

David L Bialk

Southern Ozaukee Fire Department