

VILLAGE OF EGG HARBOR, WISCONSIN

**FINANCIAL STATEMENT AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2022



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**VILLAGE OF EGG HARBOR, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF ACTIVITIES	7
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	9
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS	10
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	11
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	13
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – MARINA FUND	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – PAVILION/LIBRARY FUND	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – ROOM TAX AND RESTRICTED DONATION FUND	16
STATEMENT OF NET POSITION – PROPRIETARY FUND – SEWER UTILITY	17
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND – SEWER UTILITY	18
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – SEWER UTILITY	19
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND – CUSTODIAL	21
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND – CUSTODIAL	22
NOTES TO BASIC FINANCIAL STATEMENTS	23

**VILLAGE OF EGG HARBOR, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	60
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	60
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET) – LOCAL RETIREE LIFE INSURANCE FUND	61
SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND	61
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	62

SUPPLEMENTARY INFORMATION

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES	65
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES	66
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – JOINT OPERATIONS FUND	67
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND	68

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	70
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SCHEDULE OF FINDINGS AND RESPONSES	72
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INDEPENDENT AUDITORS' REPORT

Village Board
Village of Egg Harbor, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, marina fund, pavilion/library fund, and room tax and restricted donation fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under 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 Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1.H. to the financial statements, effective January 1, 2022, the Village adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources for the lease with a term greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits 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's 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 opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Village Board
Village of Egg Harbor, Wisconsin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 11, 2023

BASIC FINANCIAL STATEMENTS

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 2,981,802	\$ 2,323,640	\$ 5,305,442
Receivables:			
Taxes and Special Charges	771,982	-	771,982
Accounts	25,180	217,976	243,156
Special Assessments	-	38,240	38,240
Leases	224,049	-	224,049
Pledges	80,000	-	80,000
Inventories and Prepaid Items	54,876	14,716	69,592
Restricted Assets:			
Cash and Investments	-	574,689	574,689
Net Pension Asset	162,696	93,521	256,217
Capital Assets, Nondepreciable	6,580,013	496,518	7,076,531
Capital Assets, Depreciable	18,173,883	5,581,855	23,755,738
Total Assets	<u>29,054,481</u>	<u>9,341,155</u>	<u>38,395,636</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	317,084	182,252	499,336
Other Postemployment Related Amounts	17,097	9,803	26,900
Total Deferred Outflows of Resources	<u>334,181</u>	<u>192,055</u>	<u>526,236</u>
LIABILITIES			
Accounts Payable	174,197	14,656	188,853
Accrued and Other Current Liabilities	29,298	-	29,298
Accrued Interest Payable	77,640	4,582	82,222
Special Deposits	198,181	-	198,181
Long-Term Obligations:			
Due within One Year	1,162,858	85,057	1,247,915
Due in More than One Year	11,158,878	1,766,324	12,925,202
Net Other Postemployment Benefits	36,719	21,055	57,774
Total Liabilities	<u>12,837,771</u>	<u>1,891,674</u>	<u>14,729,445</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	1,182,831	-	1,182,831
Leases	224,049	-	224,049
Pension Related Amounts	383,558	220,478	604,036
Other Postemployment Related Amounts	8,350	4,788	13,138
Total Deferred Inflows of Resources	<u>1,798,788</u>	<u>225,266</u>	<u>2,024,054</u>
NET POSITION			
Net Investment in Capital Assets	12,321,489	4,222,227	16,543,716
Restricted:			
Pension Benefits	162,696	93,521	256,217
Special Projects	354,357	-	354,357
Debt Service	234,674	-	234,674
Future Capital Projects	961,350	-	961,350
Equipment Replacement	-	574,689	574,689
Unrestricted	717,537	2,525,833	3,243,370
Total Net Position	<u>\$ 14,752,103</u>	<u>\$ 7,416,270</u>	<u>\$ 22,168,373</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 373,332	\$ 113,907	\$ -	\$ -
Public Safety	250,857	-	13,656	-
Public Works	507,758	-	-	1,000,000
Health and Human Services	6,237	-	-	-
Culture and Recreation	1,510,262	797,220	233,820	-
Conservation and Development	83,635	-	-	-
Interest and Fiscal Charges	295,861	-	-	-
Total Governmental Activities	<u>3,027,942</u>	<u>911,127</u>	<u>247,476</u>	<u>1,000,000</u>
BUSINESS-TYPE ACTIVITIES				
Sewer Utility	<u>1,059,056</u>	<u>1,040,676</u>	<u>-</u>	<u>60,025</u>
Total	<u>\$ 4,086,998</u>	<u>\$ 1,951,803</u>	<u>\$ 247,476</u>	<u>\$ 1,060,025</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Totals
GOVERNMENTAL ACTIVITIES			
General Government	\$ (259,425)	\$ -	\$ (259,425)
Public Safety	(237,201)	-	(237,201)
Public Works	492,242	-	492,242
Health and Human Services	(6,237)	-	(6,237)
Culture and Recreation	(479,222)	-	(479,222)
Conservation and Development	(83,635)	-	(83,635)
Interest and Fiscal Charges	(295,861)	-	(295,861)
Total Governmental Activities	(869,339)	-	(869,339)
BUSINESS-TYPE ACTIVITIES			
Sewer Utility	-	41,645	41,645
Total	(869,339)	41,645	(827,694)
GENERAL REVENUES			
Taxes:			
Property Taxes, Levied for General Purposes	639,793	-	639,793
Property Taxes, Levied for Specific Purposes	1,297,292	-	1,297,292
Other Taxes	264,801	-	264,801
Federal and State Grants and Other Contributions not Restricted to Specific Functions	82,205	-	82,205
Interest and Investment Earnings	49,617	8,417	58,034
Miscellaneous	284,079	8,514	292,593
Transfers	(10,572)	10,572	-
Total General Revenues	2,607,215	27,503	2,634,718
CHANGE IN NET POSITION	1,737,876	69,148	1,807,024
Net Position - January 1	13,014,227	7,347,122	20,361,349
NET POSITION - DECEMBER 31	<u>\$ 14,752,103</u>	<u>\$ 7,416,270</u>	<u>\$ 22,168,373</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	Special Revenue					Special Revenue		Totals
	General	Marina	Pavilion/ Library	Room Tax and Restricted Donations	Capital Projects	Debt Service	Nonmajor Fund Joint Operations	
ASSETS								
Cash and Investments	\$ 727,102	\$ 350,246	\$ 227,559	\$ 253,932	\$ 989,148	\$ 429,239	\$ 4,576	\$ 2,981,802
Receivables:								
Taxes and Special Charges	425,014	-	78,319	-	48,949	219,700	-	771,982
Accounts	3,653	-	1,102	20,425	-	-	-	25,180
Leases	224,049	-	-	-	-	-	-	224,049
Pledges	-	-	-	80,000	-	-	-	80,000
Due from Other Funds	143,036	-	-	-	-	-	-	143,036
Inventories and Prepaid Items	17,932	33,518	1,260	2,166	-	-	-	54,876
Total Assets	<u>\$ 1,540,786</u>	<u>\$ 383,764</u>	<u>\$ 308,240</u>	<u>\$ 356,523</u>	<u>\$ 1,038,097</u>	<u>\$ 648,939</u>	<u>\$ 4,576</u>	<u>\$ 4,280,925</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ 38,660	\$ 15,711	\$ 3,748	\$ -	\$ 112,418	\$ -	\$ 3,660	\$ 174,197
Accrued and Other Current Liabilities	27,494	-	-	-	-	-	1,804	29,298
Due to Other Funds	-	63,935	79,101	-	-	-	-	143,036
Special Deposits	4,376	96,097	97,708	-	-	-	-	198,181
Total Liabilities	70,530	175,743	180,557	-	112,418	-	5,464	544,712
DEFERRED INFLOWS OF RESOURCES								
Property Taxes Levied for Subsequent Year	651,206	-	120,000	-	75,000	336,625	-	1,182,831
Leases Receivable	224,049	-	-	-	-	-	-	224,049
Pledges Receivable	-	-	-	80,000	-	-	-	80,000
Total Deferred Inflows of Resources	875,255	-	120,000	80,000	75,000	336,625	-	1,486,880
FUND BALANCES								
Nonspendable	17,932	33,518	1,260	2,166	-	-	-	54,876
Restricted	-	-	-	274,357	850,679	312,314	-	1,437,350
Committed	-	174,503	6,423	-	-	-	-	180,926
Unassigned	577,069	-	-	-	-	-	(888)	576,181
Total Fund Balances	595,001	208,021	7,683	276,523	850,679	312,314	(888)	2,249,333
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,540,786</u>	<u>\$ 383,764</u>	<u>\$ 308,240</u>	<u>\$ 356,523</u>	<u>\$ 1,038,097</u>	<u>\$ 648,939</u>	<u>\$ 4,576</u>	<u>\$ 4,280,925</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	2022
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Total Fund Balances as Shown on Previous Page	\$ 2,249,333
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	24,753,896
Long-term assets are not considered available; therefore, are not reported in the funds.	
Net Pension Asset	162,696
Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period and, therefore are not reported in the funds.	
Deferred Inflows Related to Pledges	80,000
Deferred Outflows Related to Pensions	317,084
Deferred Inflows Related to Pensions	(383,558)
Deferred Outflows Related to Other Postemployment Benefits	17,097
Deferred Inflows Related to Other Postemployment Benefits	(8,350)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(11,910,653)
Discount on Debt	4,784
Premium on Debt	(415,867)
Net Other Postemployment Benefit	(36,719)
Accrued Interest on Long-Term Obligations	(77,640)
Net Position of Governmental Activities as Reported on the Statement of Net Position	\$ 14,752,103

See accompanying Notes to Basic Financial Statements.

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	Special Revenue					Special Revenue		Totals
	General	Marina	Pavilion/ Library	Room Tax and Restricted Donations	Capital Projects	Debt Service	Nonmajor Fund: Joint Operations	
REVENUES								
Taxes	\$ 639,793	\$ -	\$ 120,000	\$ 264,801	\$ 75,000	\$ 1,102,292	\$ -	\$ 2,201,886
Intergovernmental	95,111	-	-	-	1,000,000	-	750	1,095,861
Licenses and Permits	106,730	-	-	-	-	-	-	106,730
Public Charges for Services	3,323	635,029	164,255	1,476	-	-	900	804,983
Intergovernmental Charges for Services	7,177	-	-	-	-	-	-	7,177
Miscellaneous	90,264	3,238	81,505	269,077	33,528	-	2,141	479,753
Total Revenues	942,398	638,267	365,760	535,354	1,108,528	1,102,292	3,791	4,696,390
EXPENDITURES								
Current:								
General Government	346,848	-	-	-	-	-	-	346,848
Public Safety	44,855	-	-	-	-	-	162,546	207,401
Public Works	282,970	-	-	-	69,657	-	-	352,627
Health and Human Services	2,184	-	-	-	-	-	3,968	6,152
Culture and Recreation	62,198	479,168	302,767	151,682	10,106	-	810	1,006,731
Conservation and Development	53,580	-	-	28,785	-	-	-	82,365
Debt Service:								
Principal	-	-	-	-	-	1,183,473	-	1,183,473
Interest and Fiscal Charges	11,872	-	-	-	-	342,777	-	354,649
Capital Outlay	-	-	-	-	2,899,803	-	-	2,899,803
Total Expenditures	804,507	479,168	302,767	180,467	2,979,566	1,526,250	167,324	6,440,049
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	137,891	159,099	62,993	354,887	(1,871,038)	(423,958)	(163,533)	(1,743,659)
OTHER FINANCING SOURCES (USES)								
Transfers In	222,930	-	-	-	-	374,667	116,112	713,709
Transfers Out	(116,817)	(84,663)	-	(222,930)	(299,871)	-	-	(724,281)
Total Other Financing Sources (Uses)	106,113	(84,663)	-	(222,930)	(299,871)	374,667	116,112	(10,572)
NET CHANGE IN FUND BALANCES	244,004	74,436	62,993	131,957	(2,170,909)	(49,291)	(47,421)	(1,754,231)
Fund Balances- January 1	350,997	133,585	(55,310)	144,566	3,021,588	361,605	46,533	4,003,564
FUND BALANCES - DECEMBER 31	<u>\$ 595,001</u>	<u>\$ 208,021</u>	<u>\$ 7,683</u>	<u>\$ 276,523</u>	<u>\$ 850,679</u>	<u>\$ 312,314</u>	<u>\$ (888)</u>	<u>\$ 2,249,333</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022**

	2022
RECONCILIATION TO THE STATEMENT OF ACTIVITIES	
Net Change in Fund Balances as Shown on Previous Page	\$ (1,754,231)
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 Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Assets Reported as Capital Outlay in Governmental Fund Statements	2,895,804
Depreciation Expense Reported in the Statement of Activities	(723,502)
Net Book Value of Disposals	(33,509)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	80,000
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	
Principal Repaid	1,183,474
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Accrued Interest on Long-Term Debt	24,644
Amortization of Premiums and Discounts	34,143
Net Pension Asset	41,337
Deferred Outflows of Resources Related to Pensions	112,135
Deferred Inflows of Resources Related to Pensions	(117,745)
Net Other Postemployment Benefits	(10,459)
Deferred Outflows of Resources Related to Other Postemployment Benefits	5,169
Deferred Inflows of Resources Related to Other Postemployment Benefits	616
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 1,737,876

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 639,802	\$ 639,802	\$ 639,793	\$ (9)
Intergovernmental	81,188	81,188	95,111	13,923
Licenses and Permits	60,279	60,279	106,730	46,451
Public Charges for Services	5,500	5,500	3,323	(2,177)
Intergovernmental Charges for Services	13,586	13,586	7,177	(6,409)
Miscellaneous	27,400	27,400	90,264	62,864
Total Revenues	<u>827,755</u>	<u>827,755</u>	<u>942,398</u>	<u>114,643</u>
EXPENDITURES				
Current:				
General Government	402,396	402,396	358,720	43,676
Public Safety	17,500	17,500	44,855	(27,355)
Public Works	386,524	386,524	282,970	103,554
Health and Human Services	2,715	2,715	2,184	531
Culture and Recreation	23,500	23,500	62,198	(38,698)
Conservation and Development	35,850	35,850	53,580	(17,730)
Total Expenditures	<u>868,485</u>	<u>868,485</u>	<u>804,507</u>	<u>63,978</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,730)	(40,730)	137,891	178,621
OTHER FINANCING SOURCES (USES)				
Transfers In	222,930	222,930	222,930	-
Transfers Out	(119,246)	(119,246)	(116,817)	2,429
Total Other Financing Sources (Uses)	<u>103,684</u>	<u>103,684</u>	<u>106,113</u>	<u>2,429</u>
NET CHANGE IN FUND BALANCE	62,954	62,954	244,004	181,050
Fund Balance - January 1	<u>350,997</u>	<u>350,997</u>	<u>350,997</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 413,951</u>	<u>\$ 413,951</u>	<u>\$ 595,001</u>	<u>\$ 181,050</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MARINA FUND
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public Charges for Services	\$ 507,725	\$ 507,725	\$ 635,029	\$ 127,304
Miscellaneous	-	-	3,238	3,238
Total Revenues	<u>507,725</u>	<u>507,725</u>	<u>638,267</u>	<u>130,542</u>
EXPENDITURES				
Current:				
Culture and Recreation	418,062	418,062	479,168	(61,106)
Capital Outlay	5,000	5,000	-	5,000
Total Expenditures	<u>423,062</u>	<u>423,062</u>	<u>479,168</u>	<u>(56,106)</u>
EXCESS OF REVENUES OVER EXPENDITURES	84,663	84,663	159,099	74,436
OTHER FINANCING USES				
Transfers Out	<u>(84,663)</u>	<u>(84,663)</u>	<u>(84,663)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	74,436	74,436
Fund Balance - January 1	<u>133,585</u>	<u>133,585</u>	<u>133,585</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 133,585</u>	<u>\$ 133,585</u>	<u>\$ 208,021</u>	<u>\$ 74,436</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – PAVILION/LIBRARY FUND
YEAR ENDED DECEMBER 31, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Public Charges for Services	125,500	125,500	164,255	38,755
Miscellaneous	43,850	43,850	81,505	37,655
Total Revenues	<u>289,350</u>	<u>289,350</u>	<u>365,760</u>	<u>76,410</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>275,694</u>	<u>275,694</u>	<u>302,767</u>	<u>(27,073)</u>
NET CHANGE IN FUND BALANCE	13,656	13,656	62,993	49,337
Fund Balance - January 1	<u>(55,310)</u>	<u>(55,310)</u>	<u>(55,310)</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ (41,654)</u></u>	<u><u>\$ (41,654)</u></u>	<u><u>\$ 7,683</u></u>	<u><u>\$ 49,337</u></u>

See accompanying Notes to Basic Financial Statements.

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – ROOM TAX AND RESTRICTED DONATION FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 200,000	\$ 200,000	\$ 264,801	\$ 64,801
Public Charges for Services	-	-	1,476	1,476
Miscellaneous	101,600	101,600	269,077	167,477
Total Revenues	<u>301,600</u>	<u>301,600</u>	<u>535,354</u>	<u>233,754</u>
EXPENDITURES				
Current:				
Culture and Recreation	123,170	123,170	151,682	(28,512)
Conservation and Development	51,500	51,500	28,785	22,715
Total Expenditures	<u>174,670</u>	<u>174,670</u>	<u>180,467</u>	<u>(5,797)</u>
EXCESS OF REVENUES OVER EXPENDITURES	126,930	126,930	354,887	227,957
OTHER FINANCING USES				
Transfers Out	<u>(222,930)</u>	<u>(222,930)</u>	<u>(222,930)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(96,000)	(96,000)	131,957	227,957
Fund Balance - January 1	<u>144,566</u>	<u>144,566</u>	<u>144,566</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 48,566</u>	<u>\$ 48,566</u>	<u>\$ 276,523</u>	<u>\$ 227,957</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUND – SEWER UTILITY
DECEMBER 31, 2022**

ASSETS

Current Assets:	
Cash and Investments	\$ 2,323,640
Receivables:	
Customer Accounts	214,331
Special Assessments	38,240
Other	3,645
Inventories and Prepaid Items	14,716
Total Current Assets	2,594,572
Noncurrent Assets:	
Restricted Assets:	
Cash and Investments	574,689
Other Assets:	
Net Pension Asset	93,521
Capital Assets:	
Nondepreciable	496,518
Depreciable	5,581,855
Total Capital Assets	6,078,373
Total Assets	9,341,155

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Amounts	182,252
Other Postemployment Related Amounts	9,803
Total Deferred Outflows of Resources	192,055

LIABILITIES

Current Liabilities:	
Accounts Payable	14,656
Current Portion of Long-Term Debt	85,057
Accrued Interest Payable	4,582
Total Current Liabilities	104,295
Long-Term Obligations:	
General Obligation Debt	1,766,324
Net Other Postemployment Benefits	21,055
Total Long-Term Liabilities	1,787,379
Total Liabilities	1,891,674

DEFERRED INFLOWS OF RESOURCES

Pension Related Amounts	220,478
Other Postemployment Related Amounts	4,788
Total Deferred Inflows of Resources	225,266

NET POSITION

Net Investment in Capital Assets	4,222,227
Restricted for Pension Benefits	93,521
Restricted for Equipment Replacement	574,689
Unrestricted	2,525,833
Total Net Position	\$ 7,416,270

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND – SEWER UTILITY
YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES	
Charges for Services	\$ 1,040,676
OPERATING EXPENSES	
Operation and Maintenance	560,879
Depreciation	471,581
Total Operating Expenses	<u>1,032,460</u>
OPERATING INCOME	8,216
NONOPERATING REVENUES (EXPENSES)	
Interest Income	8,417
Interest and Fiscal Charges	(26,596)
Other	8,514
Total Nonoperating Revenues (Expenses)	<u>(9,665)</u>
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(1,449)
Capital Contributions	60,025
Transfers In	10,572
Total Contributions and Transfers	<u>70,597</u>
CHANGE IN NET POSITION	69,148
Net Position - January 1	<u>7,347,122</u>
NET POSITION - DECEMBER 31	<u><u>\$ 7,416,270</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – SEWER UTILITY
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,009,830
Cash Paid for Employee Wages and Benefits	(268,785)
Cash Paid to Suppliers	<u>(321,164)</u>
Net Cash Provided by Operating Activities	419,881
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Revenue	8,514
Transfer In	<u>10,572</u>
Net Cash Provided by Noncapital Financing Activities	19,086
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(303,465)
Capital Contributions	75,215
Proceeds from Debt	228,483
Principal Paid on Long-Term Debt	(74,284)
Interest Paid on Long-Term Debt	<u>(26,220)</u>
Net Cash Used by Capital and Related Financing Activities	(100,271)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>8,417</u>
 CHANGE IN CASH AND INVESTMENTS	
	347,113
Cash and Investments - January 1	<u>2,551,216</u>
 CASH AND INVESTMENTS - DECEMBER 31	 <u><u>\$ 2,898,329</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND – SEWER UTILITY (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 8,216
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation	471,581
Change in Net Pension Asset/Liability	(18,603)
Change in Pension Deferred Outflows of Resources	(51,675)
Change in Pension Deferred Inflows of Resources	50,850
Change in Net OPEB Liability	4,844
Change in OPEB Deferred Outflows of Resources	(9,803)
Change in OPEB Deferred Inflows of Resources	4,788
Change in Operating Assets and Liabilities:	
Accounts Receivables	(30,846)
Inventories and Prepaid Items	(7,310)
Accounts Payable	(2,161)
Net Cash Provided by Operating Activities	<u>\$ 419,881</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE
STATEMENT OF NET POSITION**

Cash and Cash Equivalents in Current Assets	\$ 2,323,640
Cash and Cash Equivalents in Restricted Assets	574,689
Total Cash and Investments	<u>\$ 2,898,329</u>

**NONCASH CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital Related Accounts Payable	<u>\$ (126,114)</u>
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**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - CUSTODIAL
DECEMBER 31, 2022**

ASSETS

Cash and Investments	\$ 1,131,545
Receivables:	
Taxes and Special Charges	<u>2,126,167</u>
Total Assets	<u>3,257,712</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes Levied for Subsequent Year	<u>3,257,712</u>
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NET POSITION

Restricted for Others	<u><u>\$ -</u></u>
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See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - CUSTODIAL
YEAR ENDED DECEMBER 31, 2022**

ADDITIONS	
Taxes and Special Charges Collected	\$ 3,206,975
DEDUCTIONS	
Current:	
Payments to Other Districts	<u>3,206,975</u>
CHANGE IN NET POSITION	-
Net Position - January 1	<u>-</u>
NET POSITION - DECEMBER 31	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Jointly Governed Organization

The Village is a participant with other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting an 8% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 70% of the room tax collected to Destination Door County and 30% to the member municipalities. Member municipalities fund the operations of the Tourism Zone and are expected to be reimbursed for the funding payments from Destination Door County. During 2022, the Village received \$257,267 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

C. Joint Operations

The Village is a 50% partner with the Town of Egg Harbor in a joint operation to fund activities for a fire station located in the Village, a fire station located in the Town, a cemetery located in the Village, and a ball field located at the Village fire station. The Village includes their 50% share of financial responsibility in a separate fund in the financial statements. In accordance with a joint agreement, the Town Treasurer receives all operations funds on behalf of the joint operations and pays the costs and expenses of the joint operations. The Town and Village contribute equally to the joint operations by January 15, February 15, and August 15 of each year for the approved budgeted costs and expenses. Complete financial information for the Joint Operations can be obtained from the Town of Egg Harbor's office.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund

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

Marina Fund

This fund accounts for the operation of the marina. Significant revenues are public charges for services.

Pavilion/Library Fund

This fund accounts for the operation of the pavilion/library. Significant revenues are public charges for services.

Room Tax and Restricted Donations Fund

This fund accounts for room taxes and restricted donations. Significant revenues are taxes and miscellaneous revenues, including donations.

Capital Projects Fund

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt Service Fund

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

The Village reports the following major enterprise fund:

Sewer Utility Fund

This fund accounts for the operations of the Village's sanitary sewer utility.

Additionally, the Village reports the following fund type:

Custodial Fund

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

E. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Cash and Investments

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes and Special Charges/Receivable

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

In addition to its levy, the Village also levies taxes for the Gibraltar School District, Door County, and Northeast Wisconsin Technical College. Door County currently collects the Village's property taxes by agreement.

3. Accounts Receivable

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

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in enterprise funds are recognized when levied. (Installments placed on the 2021 tax roll are recognized as revenue in 2022.)

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

7. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual costs of \$5,000 or higher and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Assets	Governmental Activities	Business-Type Activities
	Years	
Land Improvements	25 - 30	25 - 100
Buildings and Improvements	25 - 50	25 - 50
Machinery and Equipment	7 - 35	3 - 10
Infrastructure	15 - 50	50

VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Amounts due at December 31, 2022 are considered immaterial and not recorded.

10. Deferred Outflows/Inflows of Resources

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

11. Long-Term Obligations

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

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

12. Leases - Lessor

The Village is a lessor for a noncancellable lease of a building. The Village recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Leases - Lessor (Continued)

At the commencement of a lease, the Village initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Village determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Village uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Village monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

13. Pensions

For purposes of measuring the 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 Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Fund Equity

Governmental Fund Financial Statements

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

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

Restricted fund balance – Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts that are constrained for specific purposes by action of the Village board. These constraints can only be removed or changed by the Village board using the same action that was used to create them.

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

Unassigned fund balance – Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

The Village has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

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

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

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

H. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow or resources.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Adoption of New Accounting Standards (Continued)

The Village adopted the requirement of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP AND COMPLIANCE

A. Budgets and Budgetary Accounting

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

1. During November, Village management in conjunction with the Village board, prepares a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the major governmental funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2022.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2022 as follows:

Funds	Excess Expenditures
General Fund:	
General Government:	
Village Board	\$ 201
Revaluation	1,000
Office Expenses	15,490
Public Safety:	
Building Inspections	27,763
Public Works:	
Street Maintenance	1,393
Street Lighting	2,326
Culture and Recreation:	
Community Center	1,818
Parks	37,380
Conservation and Development:	
Engineering	12,825
Zoning Administration	5,703
Marina Fund:	
Culture and Recreation	61,106
Room Tax and Restricted Donation Fund:	
Culture and Recreation	28,512
Pavillion/Library Fund:	
Culture and Recreation	27,073
Joint Operations Fund:	
Health and Human Services	1,595

The above excess expenditures were funded by positive revenue variances and fund balance of the respective funds.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

Deficit Fund Equity

The following funds had a deficit fund balance as of December 31, 2022:

Fund	Deficit Fund Balance
Joint Operations	\$ 888

B. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2022 and 2023 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2022 budget was 1.388%. The actual limit for the Village for the 2023 budget was 1.592%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and Investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the Village's cash and investments totaled \$7,011,676 on December 31, 2022 as summarized below:

Petty Cash and Cash on Hand	\$ 200
Deposits with Financial Institutions	5,877,885
Cash Held with Fiscal Agent	354,822
Investments:	
Ameritrade	255,976
Wisconsin Local Government Investment Pool	522,793
Total	<u>\$ 7,011,676</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 5,305,442
Restricted Cash and Investments	574,689
Fiduciary Fund Statement of Net Position:	
Cash and Investments	1,131,545
Total	<u>\$ 7,011,676</u>

Fair Value Measurements

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has \$88,976 in level 2 valued investments.

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. The state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2022, \$4,295,267 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village's investment policy requires a custody agreement for all securities managed by the Village's investment manager. The custody agreement must contain language that documents that all securities are held at a minimum of uninsured, but collateral held by the pledging financial institution trust department or agent not in the Village's name. Presented below is the actual rating as of the year-end for each investment type.

At December 31, 2022, the Village had investments in two issuers within the State and Municipal Bond investment type (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State and Municipal Bonds	\$ 88,976	\$ -	\$ -	\$ 88,976	\$ -
Wisconsin Local Government Investment Pool	522,793	522,793	-	-	-
Totals	\$ 611,769	\$ 522,793	\$ -	\$ 88,976	\$ -

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village's investment policy requires investment in shorter-term securities, money market mutual funds, or similar investment pools as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State and Municipal Bonds	\$ 88,976	\$ 88,976	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	522,793	522,793	-	-	-
Totals	<u>\$ 611,769</u>	<u>\$ 611,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$522,793 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. The Village's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2022 the Wisconsin local government investment pool had a weighted average maturity of 23 days.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Restricted Assets

Restricted assets on December 31, 2022 totaled \$574,689 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Sewer Utility:		
Equipment Replacement	<u>\$ 574,689</u>	To be used for the replacement of certain assets for capital projects.

C. Leases Receivable

Governmental Activities

The Village rents space to the U.S. Post Office under a long-term, noncancelable lease agreement with monthly installments ranging from \$1,800 to \$1,985. The lease expires in 2037 including renewal options.

During the year ended, December 31, 2022, in governmental activities the Village recognized \$12,368 and \$9,232 in lease revenue and interest revenue, respectively, pursuant to this agreement.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 4,964,188	\$ 133,160	\$ -	\$ 5,097,348
Construction in Progress	1,972,696	2,802,654	3,292,685	1,482,665
Total Capital Assets, Nondepreciable	<u>6,936,884</u>	<u>2,935,814</u>	<u>3,292,685</u>	<u>6,580,013</u>
Capital Assets, Depreciable:				
Land Improvements	8,985,515	23,315	34,839	8,973,991
Buildings and Improvements	9,438,304	-	-	9,438,304
Machinery and Equipment	1,427,978	93,150	-	1,521,128
Infrastructure	5,944,674	3,136,210	298,397	8,782,487
Subtotals	<u>25,796,471</u>	<u>3,252,675</u>	<u>333,236</u>	<u>28,715,910</u>
Less: Accumulated Depreciation for:				
Land Improvements	3,312,221	313,517	15,290	3,610,448
Buildings and Improvements	1,581,977	196,335	-	1,778,312
Machinery and Equipment	1,008,604	67,769	-	1,076,373
Infrastructure	4,215,450	145,881	284,437	4,076,894
Subtotals	<u>10,118,252</u>	<u>723,502</u>	<u>299,727</u>	<u>10,542,027</u>
Total Capital Assets, Depreciable, Net	<u>15,678,219</u>	<u>2,529,173</u>	<u>33,509</u>	<u>18,173,883</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,615,103</u>	<u>\$ 5,464,987</u>	<u>\$ 3,326,194</u>	24,753,896
Less: Capital Related Debt, net unspent bond proceeds				(11,910,653)
Less: Debt Premium				(415,867)
Add: Debt Discount				4,784
Less: Accounts Payable and Retainage Payable				<u>(110,671)</u>
Net Investment in Capital Assets				<u>\$ 12,321,489</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 313,823	\$ -	\$ -	\$ 313,823
Construction in Progress	5,344	177,351	-	182,695
Total Capital Assets, Nondepreciable:	319,167	177,351	-	496,518
Capital Assets, Depreciable:				
Buildings and Improvements	5,461,717	-	-	5,461,717
Machinery and Equipment	3,236,953	-	-	3,236,953
Infrastructure	5,204,224	-	-	5,204,224
Subtotals	13,902,894	-	-	13,902,894
Less: Accumulated Depreciation for:				
Nonallocated	7,849,458	471,581	-	8,321,039
Total Capital Assets, Depreciable, Net	6,053,436	(471,581)	-	5,581,855
Business-Type Activities Capital Assets, Net	\$ 6,372,603	\$ (294,230)	\$ -	6,078,373
Less: Capital Related Debt				(1,851,381)
Less: Accounts Payable and Retainage Payable				(4,765)
Net Investment in Capital Assets				\$ 4,222,227

Depreciation expense was charged to functions of the Village as follows:

Governmental Activities:	
General Government	\$ 20,993
Public Safety	39,456
Public Works	166,422
Culture and Recreation	495,276
Health and Human Services	85
Conservation and Development	1,270
Total Depreciation Expense - Governmental Activities	\$ 723,502
Business-Type Activities:	
Sewer Utility	\$ 471,581

E. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2022, are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance		
Operating Cash Deficits:		
Governmental Funds:		
General	\$ 143,036	\$ -
Marina	-	63,935
Pavilion/Library	-	79,101
	\$ 143,036	\$ 143,036

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers for the year ended December 31, 2022 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 222,930	\$ 116,817
Capital Projects	-	299,871
Joint Operations	116,112	-
Marina	-	84,663
Room Tax	-	222,930
Debt Service	374,667	-
Sewer Utility	10,572	-
Total	<u>\$ 724,281</u>	<u>\$ 724,281</u>

Interfund transfers were made for the following purposes:

To Finance Joint Operations with Town of Egg Harbor	\$ 116,112
To Finance Debt Services Costs from General Fund	41,004
To Finance Debt Services Costs from Capital Projects	249,000
To Finance Debt Service Costs from Marina Operations	84,663
To Move Room Tax to General Fund Per Resolution	222,930
To Move ARPA Funds to Sewer Utility	10,572
Total	<u>\$ 724,281</u>

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 11,269,999	\$ -	\$ 885,000	\$ 10,384,999	\$ 825,000
Notes from Direct Borrowings:					
Notes	1,821,291	-	295,637	1,525,654	309,749
State Trust Fund Loan	2,837	-	2,837	-	-
Total General Obligation Debt	<u>13,094,127</u>	<u>-</u>	<u>1,183,474</u>	<u>11,910,653</u>	<u>1,134,749</u>
Debt Premium	450,966	-	35,099	415,867	29,065
Debt Discount	(5,740)	-	(956)	(4,784)	(956)
Governmental Activities Long-Term Obligations	<u>\$ 13,539,353</u>	<u>\$ -</u>	<u>\$ 1,217,617</u>	<u>\$ 12,321,736</u>	<u>\$ 1,162,858</u>
Business-Type Activities:					
General Obligation Debt:					
Revenue Bonds	<u>\$ 1,697,182</u>	<u>\$ 228,483</u>	<u>\$ 74,284</u>	<u>\$ 1,851,381</u>	<u>\$ 85,057</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

The Village's outstanding notes from direct borrowings related to governmental activities of \$1,525,654 contains a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

Total interest paid during the year on long-term debt totaled \$341,177.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/22
General Obligation Bonds	5/29/13	10/1/29	0.70 - 2.80%	\$ 4,185,000	\$ 2,724,999
Note from Direct Borrowing	3/1/17	3/1/27	2.15 - 3.00%	2,180,000	1,465,000
Note from Direct Borrowing	3/1/18	12/1/23	2.25%	77,781	15,351
General Obligation Bonds	10/24/19	4/1/39	2.00 - 3.00%	3,475,000	3,020,000
General Obligation Bonds	8/12/21	4/1/41	2.00 - 5.00%	5,015,000	4,640,000
Note from Direct Borrowing	7/2/21	12/2/26	3.50%	49,305	45,303
Total Outstanding General Obligation Debt					<u>\$ 11,910,653</u>

Annual principal and interest maturities of the general obligation bonds and direct borrowing outstanding debt as of December 31, 2022 are detailed below:

Year Ended December 31,	Governmental Activities				Totals	
	G.O. Bonds		Direct Borrowings		Principal	Interest
	Principal	Interest	Principal	Interest		
2023	\$ 825,000	\$ 249,598	\$ 309,749	\$ 35,197	\$ 1,134,749	\$ 284,795
2024	735,000	225,138	299,552	25,911	1,034,552	251,049
2025	605,000	206,078	299,721	18,147	904,721	224,225
2026	635,000	189,478	326,632	11,413	961,632	200,891
2027	675,000	171,188	290,000	3,480	965,000	174,668
2028-2032	3,315,000	537,548	-	-	3,315,000	537,548
2033-2037	1,900,000	278,270	-	-	1,900,000	278,270
2038-2041	1,694,999	69,020	-	-	1,694,999	69,020
Total	<u>\$ 10,384,999</u>	<u>\$ 1,926,318</u>	<u>\$ 1,525,654</u>	<u>\$ 94,148</u>	<u>\$ 11,910,653</u>	<u>\$ 2,020,466</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Obligations (Continued)

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2022 was \$12,224,507 as follows:

Equalized Valuation of the Village	\$ 482,703,200
Statutory Limitation Percentage	(x) 5%
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	24,135,160
Total Outstanding General Obligation Debt Applicable to Debt Limitation	11,910,653
Legal Margin for New Debt	\$ 12,224,507

Revenue Bonds

Revenue bonds outstanding on December 31, 2022 totaled \$1,851,381 and was comprised of the following issue:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/22</u>
Clean Water Fund Program Revenue Bonds	07/28/21	05/01/41	1.485%	\$ 1,697,182	\$ 1,851,381

Principal and interest maturities of the outstanding revenue bond of \$1,851,381 on December 31, 2022 are detailed below:

<u>Year Ending December 31,</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 85,057	\$ 26,861	\$ 111,918
2024	86,320	25,589	111,909
2025	87,602	24,298	111,900
2026	88,903	22,987	111,890
2027	90,223	21,657	111,880
2028-2032	471,616	87,633	559,249
2033-2037	507,689	51,293	558,982
2038-2041	433,971	13,007	446,978
Total	\$ 1,851,381	\$ 273,325	\$ 2,124,706

Utility Revenues Pledged

The Village has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from sewer customer net revenues and are payable through 2041. The total principal and interest remaining to be paid on the bonds is \$2,124,706. Principal and interest paid for the current year and total customer net revenues were \$100,503 and \$483,825, respectively.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans

Wisconsin Retirement System (WRS)

1. Plan Description

The WRS is a cost-sharing, multiemployer, 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 1200 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, 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.

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.

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

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

2. 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 system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

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

3. Contributions

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

During the year ending December 31, 2022, the WRS recognized \$35,488 in contributions from the Village.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Executives, and Elected Officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

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

At December 31, 2022, the Village reported an asset of \$256,217 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.00317880%, which was an increase of 0.0003491% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension revenue of \$21,406.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 413,904	\$ 29,847
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	573,177
Changes in Assumptions	47,800	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	2,144	1,012
Employer Contributions Subsequent to the Measurement Date	35,488	-
Total	<u>\$ 499,336</u>	<u>\$ 604,036</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

4. Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

\$35,488 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension revenue as follows:

<u>Year Ended December 31,</u>	<u>Revenue</u>
2023	\$ (11,432)
2024	(68,997)
2025	(30,292)
2026	(29,467)
Total	<u>\$ (140,188)</u>

5. Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

5. Actuarial Assumptions (Continued)

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

Long-Term Expected Return on Plan Assets

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52 %	6.8 %	4.2 %
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Cash	(15)	0.9	N/A
Total Core Fund	100%	6.6 %	4.0 %
Variable Fund Asset Class:			
U.S. Equities	70 %	6.3 %	3.7 %
International Equities	30	7.2	4.6
Total Variable Fund	100%	6.8 %	4.2 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

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 is used, subject to an allowable range of up to 20%.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% from the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members 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.

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

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 181,804	\$ (256,217)	\$ (571,511)

Pension Plan Fiduciary Net Position

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

6. Payables to the Pension Plan

At December 31, 2022, the Village reported a payable of \$15,147 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2022.

Defined Contribution Benefit Pension

The Village contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by UBS Financial Services, Inc.

The Village determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2022, the Village contributed \$13,216 to the plan, and the Village recognized pension expense of \$13,216.

Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Village employees, is through the State of Wisconsin Public Employees Deferred Compensation Plan and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred compensation plan assets are placed in trust for the sole benefit of employees and beneficiaries participating in the Plan and therefore are not recorded on these financial statements. Contributions to this plan are entirely from employee voluntary contributions. The Village makes no employer contributions to this plan.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The Local Retiree Life Insurance Fund (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 members.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report, 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 also be found using the link above.

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

Contributions

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 year ended December 31, 2021 are listed below:

Life Insurance Member Contribution Rates Year Ended December 31, 2021		
<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

For the year ended December 31, 2022, the LRLIF recognized \$267 in contributions from the employer.

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

At December 31, 2022, the Village reported a liability of \$57,774 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.009775%, which was an increase of 0.002054% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized OPEB expense of \$6,531.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 2,940
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	752	-
Changes in Assumptions	17,455	2,800
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	8,693	7,398
Total	<u>\$ 26,900</u>	<u>\$ 13,138</u>

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The Village did not have contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2023	\$ 2,182
2024	2,095
2025	1,974
2026	3,634
2027	2,745
Thereafter	1,132
Total	<u>\$ 13,762</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial assumptions – The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2021
OPEB Liability (Asset):	December 31, 2021
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:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
US Intermediate Credit Bonds	Bloomberg US Interim Credit	45.0 %	1.68 %
US Long Credit Bonds	Bloomberg US Long Credit	5.0	1.82
US Mortgages	Bloomberg US MBS	50.0	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

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

Single discount rate – A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. 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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	1% Decrease to Discount Rate (1.17)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 78,378	\$ 57,774	\$ 42,270

Payable to the OPEB Plan

At December 31, 2022, the Village had no outstanding contribution to the plan required for the year ended December 31, 2022.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2022, nonspendable fund balance was as follows:

General Fund:	
Nonspendable:	
Inventories and Prepaid Items	\$ 17,932
Marina Fund:	
Nonspendable:	
Inventories and Prepaid Items	33,518
Pavilion/Library Fund:	
Nonspendable:	
Inventories and Prepaid Items	1,260
Room Tax and Restricted Donations Fund:	
Nonspendable:	
Inventories and Prepaid Items	<u>2,166</u>
Total Nonspendable Fund Balance	<u><u>\$ 54,876</u></u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2022, restricted fund balance was as follows:

Room Tax and Restricted Donations:	
Restricted for:	
Peg Egan Performance Arts Center	\$ 266,823
Capital Projects Fund:	
Restricted for:	
Capital Projects	850,679
Debt Service Fund:	
Restricted Debt Service	<u>312,314</u>
Total Restricted Fund Balance	<u><u>\$ 1,429,816</u></u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Committed Fund Balance

Portions of governmental fund balances are committed by Village Board action. At December 31, 2022, fund balance was committed as follows:

Marina Fund:		
Committed for Marina Operations	\$	174,503
Pavilion/Library Fund:		
Committed for Pavilion/Library Operations		<u>6,423</u>
Total	\$	<u>180,926</u>

NOTE 4 OTHER INFORMATION

A. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims have not exceeded coverage amounts in any of the last three fiscal years.

B. Contingencies

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast 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 the Village's financial position or results of operations.

C. Subsequent Events

On March 29, 2023, the Village Board approved issuance of Safe Drinking Water Fund revenue bonds in the amount of up to \$2,739,873 for the purpose of constructing improvements to the sewerage system of the municipality. The bonds, dated April 12, 2023, mature in installments due on May 1 of each the years 2024 through 2042, and bear interest at a rate of 2.145%.

On March 29, 2023, the Village Board approved issuance of in general obligation bonds in the amount of \$7,500,000 for the purpose of street improvement projects, equipment of the fire department and a parking lot project. The bonds, dated May 25, 2023, mature in installments due on April 1 of each of the years 2025 through 2043, and bear interest at rates ranging from 4% to 5%.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF EGG HARBOR, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT PERIODS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.00323978%	\$ (79,578)	\$ 440,087	18.08%	102.74%
12/31/15	0.00314179%	51,053	425,911	11.99%	98.20%
12/31/16	0.00303002%	24,975	425,750	5.87%	99.12%
12/31/17	0.00297090%	(88,209)	440,970	20.00%	102.93%
12/31/18	0.00297763%	105,934	463,635	22.85%	96.45%
12/31/19	0.00296760%	(95,688)	467,268	20.48%	102.96%
12/31/20	0.00314389%	(196,277)	579,479	33.87%	105.26%
12/31/21	0.00317880%	(256,217)	540,185	47.43%	106.02%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (Fiscal Year)	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 28,962	\$ 28,962	\$ -	\$ 425,911	6.80%
12/31/16	28,099	28,099	-	425,750	6.60%
12/31/17	29,986	29,986	-	440,970	6.80%
12/31/18	31,063	31,063	-	463,635	6.70%
12/31/19	30,606	30,606	-	467,268	6.55%
12/31/20	39,115	39,115	-	579,480	6.75%
12/31/21	36,430	36,430	-	540,185	6.74%
12/31/22	35,488	35,488	-	545,962	6.50%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF EGG HARBOR, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 MEASUREMENT PERIODS**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.01165400%	\$ 35,062	\$ 440,970	7.95%	44.81%
12/31/18	0.00892800%	23,037	463,635	4.97%	48.69%
12/31/19	0.00695400%	29,611	467,268	6.34%	37.58%
12/31/20	0.00772100%	42,471	473,000	8.98%	31.36%
12/31/21	0.00977500%	57,774	445,000	12.98%	29.57%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 221	\$ 221	\$ -	\$ 463,635	0.05%
12/31/19	136	136	-	467,268	0.03%
12/31/20	160	160	-	473,000	0.03%
12/31/21	205	205	-	445,000	0.05%
12/31/22	267	267	-	452,000	0.06%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 1 PENSION

Wisconsin Retirement System

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

Changes of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2019 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year ended 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 transition 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 transition from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Village is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT PLAN

Local Retiree Life Insurance Fund

Changes of benefit terms: There were no changes of benefit terms.

Changes of assumptions:

Based on a three-year experience study conducted in 2021 covering January 1, 2019 through December 31, 2020, the ETF Board adopted 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 transition 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 December 31, 2018 total OPEB liabilities, including the following:

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Village is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

SUPPLEMENTARY INFORMATION

**VILLAGE OF EGG HARBOR, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
Property Tax	\$ 639,793	\$ 639,793	\$ 639,793	\$ -
Managed Forest Land Taxes	9	9	-	(9)
Total Taxes	639,802	639,802	639,793	(9)
Intergovernmental:				
State:				
Shared Taxes	2,104	2,104	5,549	3,445
Exempt Computer Aid	347	347	347	-
Fire Insurance	13,000	13,000	12,906	(94)
Transportation	65,737	65,737	65,737	-
Other State Grants	-	-	10,572	10,572
Total Intergovernmental	81,188	81,188	95,111	13,923
Licenses and Permits:				
Liquor Licenses	7,500	7,500	7,782	282
Operator's Licenses	1,100	1,100	1,130	30
Tobacco Licenses	50	50	50	-
Dog Licenses	45	45	29	(16)
Business Licenses	9,000	9,000	14,417	5,417
Zoning Administration	15,000	15,000	35,115	20,115
Cable Franchise Fees	7,434	7,434	7,393	(41)
Building Inspections	20,000	20,000	40,164	20,164
Other Licenses and Permits	150	150	650	500
Total Licenses and Permits	60,279	60,279	106,730	46,451
Public Charges for Services:				
Parks Use Fees	500	500	630	130
Park Concessions	5,000	5,000	2,693	(2,307)
Total Public Charges for Services	5,500	5,500	3,323	(2,177)
Intergovernmental Charges for Services:				
Town Share of Recycling	13,586	13,586	7,177	(6,409)
Miscellaneous:				
Interest on Investments	2,000	2,000	49,617	47,617
Donations	1,000	1,000	13,118	12,118
Recycling Rebates	1,800	1,800	1,599	(201)
Community Building Rent	21,600	21,600	19,800	(1,800)
Insurance Dividends	1,000	1,000	1,240	240
Miscellaneous	-	-	4,890	4,890
Total Miscellaneous	27,400	27,400	90,264	62,864
Total Revenues	\$ 827,755	\$ 827,755	\$ 942,398	\$ 114,643

**VILLAGE OF EGG HARBOR, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Village Board	\$ 17,377	\$ 17,377	\$ 17,578	\$ (201)
General Administration	198,992	198,992	168,982	30,010
Financial Administration	4,900	4,900	3,671	1,229
Revaluation	11,000	11,000	12,000	(1,000)
Professional Services	10,000	10,000	9,461	539
Legal and Audit	60,000	60,000	31,838	28,162
Elections	3,000	3,000	2,923	77
Property and Liability Insurance	27,500	27,500	27,150	350
Office Expenses	69,627	69,627	85,117	(15,490)
Total General Government	<u>402,396</u>	<u>402,396</u>	<u>358,720</u>	<u>43,676</u>
Public Safety:				
Building Inspection	15,000	15,000	42,763	(27,763)
Police Protection	2,500	2,500	2,092	408
Total Public Safety	<u>17,500</u>	<u>17,500</u>	<u>44,855</u>	<u>(27,355)</u>
Public Works:				
General Maintenance	282,301	282,301	210,368	71,933
Street Maintenance	12,050	12,050	13,443	(1,393)
Street Lighting	12,500	12,500	14,826	(2,326)
Recycling	27,173	27,173	20,513	6,660
Snow Removal	40,500	40,500	22,480	18,020
Weed Control	7,000	7,000	1,340	5,660
Sidewalks	5,000	5,000	-	5,000
Total Public Works	<u>386,524</u>	<u>386,524</u>	<u>282,970</u>	<u>103,554</u>
Health and Human Services:				
Animal Control	2,715	2,715	2,184	531
Culture and Recreation:				
Community Center	1,500	1,500	3,318	(1,818)
Parks	21,500	21,500	58,880	(37,380)
Visitor's Center	500	500	-	500
Total Culture and Recreation	<u>23,500</u>	<u>23,500</u>	<u>62,198</u>	<u>(38,698)</u>
Conservation and Development:				
Engineering	-	-	12,825	(12,825)
Zoning Administration	30,000	30,000	35,703	(5,703)
Planning Commission	5,850	5,850	5,052	798
Total Conservation and Development	<u>35,850</u>	<u>35,850</u>	<u>53,580</u>	<u>(17,730)</u>
Total Expenditures	<u>\$ 868,485</u>	<u>\$ 868,485</u>	<u>\$ 804,507</u>	<u>\$ 63,978</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – JOINT OPERATIONS FUND
YEAR ENDED DECEMBER 31, 2022**

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 750	\$ 750
Public Charges for Services	-	-	900	900
Miscellaneous	2,714	2,714	2,141	(573)
Total Revenues	<u>2,714</u>	<u>2,714</u>	<u>3,791</u>	<u>1,077</u>
EXPENDITURES				
Current:				
Public Safety	175,053	175,053	162,546	12,507
Health and Human Services	2,373	2,373	3,968	(1,595)
Culture and Recreation	900	900	810	90
Total Expenditures	<u>178,326</u>	<u>178,326</u>	<u>167,324</u>	<u>11,002</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(175,612)	(175,612)	(163,533)	12,079
OTHER FINANCING SOURCES				
Transfers In	<u>133,112</u>	<u>133,112</u>	<u>116,112</u>	<u>(17,000)</u>
NET CHANGE IN FUND BALANCE	(42,500)	(42,500)	(47,421)	(4,921)
Fund Balance - January 1	<u>46,533</u>	<u>46,533</u>	<u>46,533</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 4,033</u></u>	<u><u>\$ 4,033</u></u>	<u><u>\$ (888)</u></u>	<u><u>\$ (4,921)</u></u>

VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2022

	Budget		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Intergovernmental	-	-	1,000,000	1,000,000
Miscellaneous	-	-	33,528	33,528
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>1,108,528</u>	<u>1,033,528</u>
EXPENDITURES				
Current:				
Public Works	115,000	115,000	69,657	45,343
Culture and Recreation	310,000	310,000	10,106	299,894
Capital Outlay	<u>7,386,850</u>	<u>7,386,850</u>	<u>2,899,803</u>	<u>4,487,047</u>
Total Expenditures	<u>7,811,850</u>	<u>7,811,850</u>	<u>2,979,566</u>	<u>4,832,284</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(7,736,850)	(7,736,850)	(1,871,038)	5,865,812
OTHER FINANCING SOURCES (USES)				
Long-Term Debt Issued	6,196,300	6,196,300	-	(6,196,300)
Transfers Out	<u>(249,000)</u>	<u>(249,000)</u>	<u>(299,871)</u>	<u>(50,871)</u>
Total Other Financing Sources (Uses)	<u>5,947,300</u>	<u>5,947,300</u>	<u>(299,871)</u>	<u>(6,247,171)</u>
NET CHANGE IN FUND BALANCE	(1,789,550)	(1,789,550)	(2,170,909)	(381,359)
Fund Balance - January 1	<u>3,021,588</u>	<u>3,021,588</u>	<u>3,021,588</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 1,232,038</u>	<u>\$ 1,232,038</u>	<u>\$ 850,679</u>	<u>\$ (381,359)</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Village Board
Village of Egg Harbor, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Egg Harbor, Wisconsin, (the Village) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

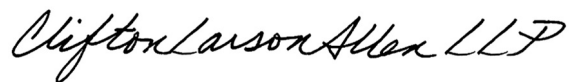
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Egg Harbor, Wisconsin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
August 11, 2023

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Finding No.	Control Deficiencies
2022-001	Preparation of Annual Financial Report
Type of Finding:	Significant Deficiency in Internal Control Over Financial Reporting
Condition:	Current Village staff maintains accounting records which reflect the Village’s financial transactions; however, preparing the Village’s annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the Village’s internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Repeat Finding:	Yes; 2021-001
Recommendation:	We recommend the Village continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village’s activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village’s annual financial report.
Management Response:	The Village will continue to review and approve all adjustments and annual financial report prior to recording and issuance, respectively.

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results (Continued)

Finding No.	Control Deficiencies
2022-002	Adjustments to the Village’s Financial Records
Type of Finding:	Material Weakness in Internal Control Over Financial Reporting
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Village’s financial statements.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Repeat Finding:	Yes; 2021-002
Recommendation:	We recommend the Village designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management Response:	Management will thoroughly review the year-end adjusting and closing entries and will work with CLA to identify opportunities to reduce number and significance of year-end adjusting and closing entries.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.