

Village of Egg Harbor, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



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Village of Egg Harbor, Wisconsin

DECEMBER 31, 2019

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Village of Egg Harbor, Wisconsin

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ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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Independent auditors' report

To the Village Board
Village of Egg Harbor, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY 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; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Village's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions and other postemployment benefits on pages 45 and 46 be presented to supplement the basic financial statements. Such information, although not 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 opinions on the basic financial statements are not affected by this missing information.

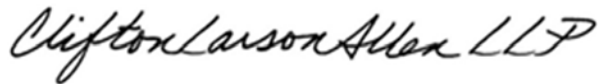
Other Information

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.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020, 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 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 the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Green Bay, Wisconsin

May 11, 2020

BASIC FINANCIAL STATEMENTS

Village of Egg Harbor, Wisconsin

STATEMENT OF NET POSITION DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,462,627	\$ 857,530	\$ 4,320,157
Receivables			
Taxes and special charges	988,944	-	988,944
Accounts	11,574	179,704	191,278
Special assessments	-	403,335	403,335
Inventories and prepaid items	37,682	12,794	50,476
Restricted assets			
Cash and investments	-	629,043	629,043
Capital assets, nondepreciable	4,916,914	259,281	5,176,195
Capital assets, depreciable	14,615,591	3,884,050	18,499,641
Total assets	<u>24,033,332</u>	<u>6,225,737</u>	<u>30,259,069</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	172,352	116,015	288,367
Other postemployment related amounts	1,647	1,102	2,749
Total deferred outflows of resources	<u>173,999</u>	<u>117,117</u>	<u>291,116</u>
LIABILITIES			
Accounts payable	78,797	6,048	84,845
Accrued and other current liabilities	19,083	-	19,083
Accrued interest payable	53,504	968	54,472
Special deposits	144,881	-	144,881
Long-term obligations			
Due within one year	622,341	8,127	630,468
Due in more than one year	8,795,975	163,029	8,959,004
Net pension liability	63,486	42,448	105,934
Other postemployment benefits	13,806	9,231	23,037
Total liabilities	<u>9,791,873</u>	<u>229,851</u>	<u>10,021,724</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	1,424,487	-	1,424,487
Pension related amounts	87,403	58,439	145,842
Other postemployment related amounts	8,509	5,690	14,199
Total deferred inflows of resources	<u>1,520,399</u>	<u>64,129</u>	<u>1,584,528</u>
NET POSITION			
Net investment in capital assets	12,234,189	3,972,175	16,206,364
Restricted	-	629,043	629,043
Unrestricted	660,870	1,447,656	2,108,526
Total net position	<u>\$ 12,895,059</u>	<u>\$ 6,048,874</u>	<u>\$ 18,943,933</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 585,156	\$ 44,491	\$ -	\$ -
Public safety	155,441	75	13,017	-
Public works	348,611	-	-	-
Health and human services	4,322	-	-	-
Culture and recreation	1,122,369	574,977	68,924	200
Conservation and development	38,992	-	-	-
Interest and fiscal charges	275,156	-	-	-
Total governmental activities	<u>2,530,047</u>	<u>619,543</u>	<u>81,941</u>	<u>200</u>
BUSINESS-TYPE ACTIVITIES				
Sewer utility	<u>874,715</u>	<u>924,956</u>	<u>-</u>	<u>1,800</u>
Total	<u>\$ 3,404,762</u>	<u>\$ 1,544,499</u>	<u>\$ 81,941</u>	<u>\$ 2,000</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Other taxes

Federal and state grants and other contributions
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - January 1

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals
\$ (540,665)	\$ -	\$ (540,665)
(142,349)	-	(142,349)
(348,611)	-	(348,611)
(4,322)	-	(4,322)
(478,268)	-	(478,268)
(38,992)	-	(38,992)
(275,156)	-	(275,156)
(1,828,363)	-	(1,828,363)
-	52,041	52,041
(1,828,363)	52,041	(1,776,322)
617,690	-	617,690
681,949	-	681,949
136,528	-	136,528
57,558	-	57,558
28,994	15,082	44,076
75,369	11,847	87,216
1,598,088	26,929	1,625,017
(230,275)	78,970	(151,305)
13,125,334	5,969,904	19,095,238
\$ 12,895,059	\$ 6,048,874	\$ 18,943,933

Village of Egg Harbor, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	General	Marina	Capital Projects	Debt Service	Other Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 588,536	\$ 159,692	\$ 2,226,266	\$ 226,593	\$ 261,540	\$ 3,462,627
Receivables						
Taxes and special charges	433,523	-	52,068	503,353	-	988,944
Accounts	10,025	-	-	-	1,549	11,574
Due from other funds	79,101	-	-	-	-	79,101
Inventories and prepaid items	8,626	20,521	-	-	8,535	37,682
Total assets	\$ 1,119,811	\$ 180,213	\$ 2,278,334	\$ 729,946	\$ 271,624	\$ 4,579,928
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 6,802	\$ 18,980	\$ 35,487	\$ -	\$ 17,528	\$ 78,797
Accrued and other current liabilities	16,803	-	-	-	2,280	19,083
Due to other funds	-	-	-	-	79,101	79,101
Special deposits	4,176	74,174	-	-	66,531	144,881
Total liabilities	27,781	93,154	35,487	-	165,440	321,862
Deferred inflows of resources						
Property taxes levied for subsequent year	624,451	-	75,000	725,036	-	1,424,487
Fund balances						
Nonspendable	8,626	20,521	-	-	8,535	37,682
Restricted	-	-	2,167,847	4,910	-	2,172,757
Assigned	-	66,538	-	-	251,412	317,950
Unassigned	458,953	-	-	-	(153,763)	305,190
Total fund balances	467,579	87,059	2,167,847	4,910	106,184	2,833,579
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,119,811	\$ 180,213	\$ 2,278,334	\$ 729,946	\$ 271,624	\$ 4,579,928

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page \$ 2,833,579

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. 19,532,505

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Deferred outflows related to pensions	172,352
Deferred inflows related to pensions	(87,403)
Deferred outflows related to other postemployment benefits	1,647
Deferred inflows related to other postemployment benefits	(8,509)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(9,255,519)
Discount on debt	7,652
Premium on debt	(170,449)
Net pension liability	(63,486)
Other postemployment benefit	(13,806)
Accrued interest on long-term obligations	(53,504)

Net position of governmental activities as reported on the statement of net position (see page 4) \$ 12,895,059

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	General	Marina	Capital Projects	Debt Service	Other Governmental Funds	Totals
REVENUES						
Taxes	\$ 617,782	\$ -	\$ 75,000	\$ 606,949	\$ 136,436	\$ 1,436,167
Intergovernmental	69,525	-	-	-	1,050	70,575
Licenses and permits	44,491	-	-	-	-	44,491
Fines and forfeits	75	-	-	-	-	75
Public charges for services	6,237	475,877	-	-	98,129	580,243
Miscellaneous	61,606	2,799	200	-	103,616	168,221
Total revenues	799,716	478,676	75,200	606,949	339,231	2,299,772
EXPENDITURES						
Current						
General government	363,162	-	39,495	-	253	402,910
Public safety	10,265	-	-	-	109,187	119,452
Public works	258,390	-	37,369	-	-	295,759
Health and human services	1,402	-	-	-	2,835	4,237
Culture and recreation	63,565	361,806	32,244	-	360,689	818,304
Conservation and development	12,722	-	-	-	25,000	37,722
Debt service						
Principal	-	-	-	1,651,546	-	1,651,546
Interest and fiscal charges	-	-	-	304,591	-	304,591
Capital outlay	-	16,099	166,547	-	-	182,646
Total expenditures	709,506	377,905	275,655	1,956,137	497,964	3,817,167
Excess of revenues over (under) expenditures	90,210	100,771	(200,455)	(1,349,188)	(158,733)	(1,517,395)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	2,120,000	1,183,845	-	3,303,845
Premium on debt issued	-	-	-	107,242	-	107,242
Transfers in	-	-	-	110,369	176,743	287,112
Transfers out	(176,743)	(110,369)	-	-	-	(287,112)
Total other financing sources (uses)	(176,743)	(110,369)	2,120,000	1,401,456	176,743	3,411,087
Net change in fund balances	(86,533)	(9,598)	1,919,545	52,268	18,010	1,893,692
Fund balances- January 1	554,112	96,657	248,302	(47,358)	88,174	939,887
Fund balances - December 31	<u>\$ 467,579</u>	<u>\$ 87,059</u>	<u>\$ 2,167,847</u>	<u>\$ 4,910</u>	<u>\$ 106,184</u>	<u>\$ 2,833,579</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page \$ 1,893,692

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	259,854
Depreciation expense reported in the statement of activities	(627,012)

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.

Long-term debt issued	(3,303,845)
Premium on debt issued	(107,242)
Principal repaid	1,651,546

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	(4,267)
Amortization of premiums and discounts	33,702
Net pension liability (asset)	(116,123)
Deferred outflows of resources related to pensions	73,738
Deferred inflows of resources related to pensions	16,234
Other postemployment benefits	7,119
Deferred outflows of resources related to other postemployment benefits	(616)
Deferred inflows of resources related to other postemployment benefits	(7,055)

Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6) \$ (230,275)

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 617,700	\$ 617,700	\$ 617,782	\$ 82
Intergovernmental	66,714	66,714	69,525	2,811
Licenses and permits	43,499	43,499	44,491	992
Fines and forfeits	-	-	75	75
Public charges for services	5,600	5,600	6,237	637
Miscellaneous	29,200	29,200	61,606	32,406
Total revenues	<u>762,713</u>	<u>762,713</u>	<u>799,716</u>	<u>37,003</u>
EXPENDITURES				
Current				
General government	338,808	338,808	363,162	(24,354)
Public safety	18,000	18,000	10,265	7,735
Public works	304,835	304,835	258,390	46,445
Health and human services	1,575	1,575	1,402	173
Culture and recreation	98,531	98,531	63,565	34,966
Conservation and development	8,688	8,688	12,722	(4,034)
Total expenditures	<u>770,437</u>	<u>770,437</u>	<u>709,506</u>	<u>60,931</u>
Excess of revenues over (under) expenditures	<u>(7,724)</u>	<u>(7,724)</u>	<u>90,210</u>	<u>97,934</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	35,000	35,000	-	(35,000)
Transfers out	(109,743)	(109,743)	(176,743)	(67,000)
Total other financing sources (uses)	<u>(74,743)</u>	<u>(74,743)</u>	<u>(176,743)</u>	<u>(102,000)</u>
Net change in fund balance	<u>(82,467)</u>	<u>(82,467)</u>	<u>(86,533)</u>	<u>(4,066)</u>
Fund balance - January 1	<u>554,112</u>	<u>554,112</u>	<u>554,112</u>	<u>-</u>
Fund balance - December 31	<u>\$ 471,645</u>	<u>\$ 471,645</u>	<u>\$ 467,579</u>	<u>\$ (4,066)</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - MARINA FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public charges for services	\$ 461,750	\$ 461,750	\$ 475,877	\$ 14,127
Miscellaneous	250	250	2,799	2,549
Total revenues	<u>462,000</u>	<u>462,000</u>	<u>478,676</u>	<u>16,676</u>
EXPENDITURES				
Current				
Culture and recreation	333,953	333,953	361,806	(27,853)
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>16,099</u>	<u>1,901</u>
Total expenditures	<u>351,953</u>	<u>351,953</u>	<u>377,905</u>	<u>(25,952)</u>
Excess of revenues over expenditures	110,047	110,047	100,771	(9,276)
OTHER FINANCING USES				
Transfers out	<u>(110,047)</u>	<u>(110,047)</u>	<u>(110,369)</u>	<u>(322)</u>
Net change in fund balance	-	-	(9,598)	(9,598)
Fund balance - January 1	<u>96,657</u>	<u>96,657</u>	<u>96,657</u>	<u>-</u>
Fund balance - December 31	<u>\$ 96,657</u>	<u>\$ 96,657</u>	<u>\$ 87,059</u>	<u>\$ (9,598)</u>

Village of Egg Harbor, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUND DECEMBER 31, 2019

	<u>Sewer Utility</u>
ASSETS	
Current assets	
Cash and investments	\$ 857,530
Receivables	
Customer accounts	177,524
Special assessments	403,335
Other	2,180
Inventories and prepaid items	12,794
Total current assets	<u>1,453,363</u>
Noncurrent assets	
Restricted assets	
Cash and investments	<u>629,043</u>
Capital assets	
Nondepreciable	259,281
Depreciable	3,884,050
Total capital assets	<u>4,143,331</u>
Total assets	<u>6,225,737</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	116,015
Other postemployment related amounts	<u>1,102</u>
Total deferred outflows of resources	<u>117,117</u>
LIABILITIES	
Current liabilities	
Accounts payable	6,048
Current portion of long-term debt	8,127
Accrued interest payable	<u>968</u>
Total current liabilities	<u>15,143</u>
Long-term obligations, less current portion	
General obligation debt	163,029
Net pension liability	42,448
Other postemployment benefits	9,231
Total long-term liabilities	<u>214,708</u>
Total liabilities	<u>229,851</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	58,439
Other postemployment related amounts	<u>5,690</u>
Total deferred inflows of resources	<u>64,129</u>
NET POSITION	
Net investment in capital assets	3,972,175
Restricted	629,043
Unrestricted	<u>1,447,656</u>
Total net position	<u>\$ 6,048,874</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Sewer Utility</u>
OPERATING REVENUES	
Charges for services	\$ 924,956
Total operating revenues	<u>924,956</u>
OPERATING EXPENSES	
Operation and maintenance	495,185
Depreciation	<u>371,142</u>
Total operating expenses	<u>866,327</u>
Operating income	<u>58,629</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	15,082
Interest and fiscal charges	(2,830)
Other	<u>6,289</u>
Total nonoperating revenues (expenses)	<u>18,541</u>
Income before contributions	77,170
Capital contributions	<u>1,800</u>
Change in net position	78,970
Net position - January 1	<u>5,969,904</u>
Net position - December 31	<u>\$ 6,048,874</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 911,872
Cash paid for employee wages and benefits	16,845
Cash paid to suppliers	(502,409)
Net cash provided by operating activities	<u>426,308</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(74,746)
Capital contributions	12,773
Proceeds from debt	171,155
Principal paid on long-term debt	(220,418)
Interest paid on long-term debt	(3,964)
Other revenues	6,289
Net cash used by capital and related financing activities	<u>(108,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>15,082</u>
Change in cash and investments	332,479
Cash and investments - January 1	<u>1,154,094</u>
Cash and investments - December 31	<u>\$ 1,486,573</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 58,629
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	371,141
Change in WRS asset/liability	63,878
Change in WRS deferred outflows of resources	(48,287)
Change in WRS deferred inflows of resources	(12,565)
Change in OPEB Liability	9,231
Change in OPEB deferred outflows of resources	(1,102)
Change in OPEB deferred inflows of resources	5,690
Change in operating assets and liabilities	
Accounts receivables	(13,084)
Inventories and prepaid items	(4,937)
Accounts payable	(2,286)
Net cash provided by operating activities	<u>\$ 426,308</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents in current assets	\$ 857,530
Cash and cash equivalents in restricted assets	<u>629,043</u>
Total cash and investments	<u>\$ 1,486,573</u>
Noncash capital and related financing activities	
None	

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2019

	<u>Tax Collection</u>
ASSETS	
Cash and investments	\$ 935,593
Receivables	
Taxes and special charges	<u>2,124,362</u>
Total assets	<u>\$ 3,059,955</u>
LIABILITIES	
Due to other governments	<u>\$ 3,059,955</u>

The notes to the basic financial statements are an integral part of this statement.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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 standards established in GASB Statement No. 61.

B. JOINTLY GOVERNED ORGANIZATION

The Village is a participant with all other Door County municipalities in a jointly governed organization to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2019, the Village received \$136,436 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.

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.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

Capital Projects Fund

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

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:

Agency Fund

The Village accounts for property taxes collected on behalf of other governments in an agency fund.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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 2018 tax roll are recognized as revenue in 2019.)

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, 2019

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:

<u>Assets</u>	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
	<u>Years</u>	
Land improvements	25 - 30	25 - 100
Buildings and improvements	25 - 50	25 - 50
Machinery and equipment	7 - 35	3 - 10
Infrastructure	15 - 50	-

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, 2019 are considered immaterial and not recorded.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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. 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, 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.

13. 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, 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.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. 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.

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.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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, 2019.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

B. 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, 2019 as follows:

<u>Funds</u>	<u>Excess Expenditures</u>
General Fund	
General Government	
Village board	\$ 100
Professional services	7,949
Legal and audit	14,361
Elections	1,349
Property and liability insurance	9,695
Public Works	
Street lighting	641
Recycling	265
Snow removal	6,442
Conservation and Development	
Engineering	885
Zoning administration	3,081
Planning commission	68
Marina Fund	
Culture and recreation	27,853
Room Tax Fund	
Culture and recreation	10,416
Pavillion/Library Fund	
Culture and recreation	62,966
Joint Operations Fund	
Public safety	3,774
Culture and recreation	118
Capital Projects Fund	
Culture and recreation	2,244
Capital outlay	166,547

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

C. DEFICIT FUND EQUITY

The following fund had deficit fund balance or net position as of December 31, 2019:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Pavilion/Library	\$ 145,228

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

D. 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 2019 and 2020 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 2019 budget was 1.03%. The actual limit for the Village for the 2020 budget was 0.97%. 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.

The carrying amount of the Village's cash and investments totaled \$5,884,793 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$	200
Deposits with financial institutions		4,902,486
Cash held with fiscal agent		319,131
Investments		
Wisconsin local government investment pool		<u>662,976</u>
	\$	<u>5,884,793</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position		
Cash and investments	\$	4,320,157
Restricted cash and investments		629,043
Fiduciary Fund Statement of Net Position		
Cash and investments		<u>935,593</u>
	\$	<u>5,884,793</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 no investments that are subject to fair value measurement.

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.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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.

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. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, 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, 2019, \$3,450,928 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized. A majority of the uninsured deposits are due to advance tax collections that will be remitted to other local governments in January 2020.

Investments

The Village has investments in the Wisconsin local government investment pool of \$662,976 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, 2019, 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. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$629,043 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Sewer utility		
Equipment replacement	<u>\$ 629,043</u>	To be used for the replacement of certain assets for capital projects

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 4,225,184	\$ -	\$ -	\$ 4,225,184
Construction in progress	462,373	229,357	-	691,730
Total capital assets, nondepreciable	<u>4,687,557</u>	<u>229,357</u>	-	<u>4,916,914</u>
Capital assets, depreciable:				
Land improvements	8,059,830	-	-	8,059,830
Buildings and improvements	9,431,414	-	-	9,431,414
Machinery and equipment	1,403,434	30,497	-	1,433,931
Infrastructure	4,638,899	-	-	4,638,899
Subtotals	<u>23,533,577</u>	<u>30,497</u>	-	<u>23,564,074</u>
Less accumulated depreciation for:				
Land improvements	2,431,257	272,882	-	2,704,139
Buildings and improvements	993,032	196,272	-	1,189,304
Machinery and equipment	936,451	65,329	-	1,001,780
Infrastructure	3,960,731	92,529	-	4,053,260
Subtotals	<u>8,321,471</u>	<u>627,012</u>	-	<u>8,948,483</u>
Total capital assets, depreciable, net	<u>15,212,106</u>	<u>(596,515)</u>	-	<u>14,615,591</u>
Governmental activities capital assets, net	<u>\$ 19,899,663</u>	<u>\$ (367,158)</u>	<u>\$ -</u>	19,532,505
Less: Capital related debt				(7,135,519)
Less: Debt premium				(170,449)
Add: Debt discount				<u>7,652</u>
Net investment in capital assets				<u>\$ 12,234,189</u>

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 183,823	\$ -	\$ -	\$ 183,823
Construction in progress	19,064	56,394	-	75,458
Total capital assets, nondepreciable:	<u>202,887</u>	<u>56,394</u>	<u>-</u>	<u>259,281</u>
Capital assets, depreciable:				
Buildings and improvements	2,819,259	-	-	2,819,259
Machinery and equipment	3,136,537	18,353	-	3,154,890
Infrastructure	5,204,224	-	-	5,204,224
Subtotals	11,160,020	18,353	-	11,178,373
Less accumulated depreciation for:				
Nonallocated	6,923,181	371,142	-	7,294,323
Total capital assets, depreciable, net	<u>4,236,839</u>	<u>(352,789)</u>	<u>-</u>	<u>3,884,050</u>
Business-type activities capital assets, net	<u>\$ 4,439,726</u>	<u>\$ (296,395)</u>	<u>\$ -</u>	4,143,331
Less: Capital related debt				<u>(171,156)</u>
Net investment in capital assets				<u>\$ 3,972,175</u>

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

Governmental activities	
General government	\$ 20,753
Public safety	50,992
Public works	116,365
Culture and recreation	437,547
Health and human services	85
Conservation and development	1,270
Total depreciation expense - governmental activities	<u>\$ 627,012</u>
Business-type activities	
Sewer utility	<u>\$ 371,142</u>

D. 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, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental Funds		
General	\$ 79,101	\$ -
Pavilion/Library	<u>-</u>	<u>79,101</u>
Totals	<u>\$ 79,101</u>	<u>\$ 79,101</u>

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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Interfund transfers for the year ended December 31, 2019 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 176,743
Joint operations	106,743	-
Marina	-	110,369
Pavilion/Library	70,000	-
Debt service	110,369	-
	<u>\$ 287,112</u>	<u>\$ 287,112</u>

Interfund transfers were made for the following purposes:

To finance joint operations with Town of Egg Harbor	\$ 106,743
To finance library operations with management company	70,000
To finance debt service costs from Marina operations	110,369
	<u>\$ 287,112</u>

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2019:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 5,334,581	\$ 3,303,845	\$ 1,599,583	\$ 7,038,843	\$ 451,873
Notes from direct borrowings					
Notes	2,257,781	-	49,368	2,208,413	155,376
State trust fund loan	10,858	-	2,595	8,263	2,673
Total General Obligation Debt	7,603,220	3,303,845	1,651,546	9,255,519	609,922
Debt premium	97,865	107,242	34,658	170,449	13,375
Debt discount	(8,608)	-	(956)	(7,652)	(956)
Governmental activities					
Long-term obligations	<u>\$ 7,692,477</u>	<u>\$ 3,411,087</u>	<u>\$ 1,685,248</u>	<u>\$ 9,418,316</u>	<u>\$ 622,341</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 220,417	\$ 171,155	\$ 220,416	\$ 171,156	\$ 8,127
Business-type activities					
Long-term obligations	<u>\$ 220,417</u>	<u>\$ 171,155</u>	<u>\$ 220,416</u>	<u>\$ 171,156</u>	<u>\$ 8,127</u>

The Village's outstanding notes from direct borrowings related to governmental activities of \$2,208,413 contain a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

The Village's outstanding state trust fund loan of \$8,263 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

Total interest paid during the year on long-term debt totaled \$210,938.

Village of Egg Harbor, Wisconsin

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General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
State trust fund loan	4/26/12	3/15/22	3.00%	\$ 25,000	\$ 8,263
General obligation bonds	5/29/13	10/1/29	0.70 - 2.80%	4,185,000	3,735,000
Note from direct borrowing	3/1/17	3/1/27	2.15 - 3.00%	2,180,000	2,145,000
Note from direct borrowing	3/1/18	12/1/23	2.25%	77,781	63,412
General obligation bonds	10/24/19	4/1/39	2.00-3.00%	3,475,000	3,475,000
Total outstanding general obligation debt					<u>\$ 9,426,675</u>

Annual principal and interest maturities of the outstanding general obligation debt related to governmental activities of \$9,255,519 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities				Totals	
	G.O. Bonds		Direct Borrowings		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 451,873	\$ 158,257	\$ 158,049	\$ 58,404	\$ 609,922	\$ 216,661
2021	488,106	155,548	283,731	51,648	771,837	207,196
2022	502,612	146,088	294,432	42,846	797,044	188,934
2023	507,612	135,690	305,462	33,644	813,074	169,334
2024	535,888	123,978	295,000	24,512	830,888	148,490
2025-2029	2,931,730	406,889	880,002	30,749	3,811,732	437,638
2030-2034	770,103	137,971	-	-	770,103	137,971
2035-2039	850,919	50,834	-	-	850,919	50,834
	<u>\$ 7,038,843</u>	<u>\$ 1,315,255</u>	<u>\$ 2,216,676</u>	<u>\$ 241,803</u>	<u>\$ 9,255,519</u>	<u>\$ 1,557,058</u>

Annual principal and interest maturities of the outstanding general obligation debt related to business-type activities of \$171,156 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-type Activities	
	G.O. Bonds	
	Principal	Interest
2020	\$ 8,127	\$ 4,035
2021	6,895	4,094
2022	7,388	3,879
2023	7,388	3,658
2024	9,112	3,410
2025-2029	48,268	12,755
2030-2034	39,897	7,148
2035-2039	44,081	2,632
	<u>\$ 171,156</u>	<u>\$ 41,611</u>

Village of Egg Harbor, Wisconsin

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Annual principal and interest maturities of the outstanding general obligation debt related to governmental and business-type activities of \$9,426,675 on December 31, 2019 are summarized below:

Year Ended December 31,	Totals	
	Principal	Interest
2020	\$ 618,049	\$ 220,696
2021	778,732	211,290
2022	804,432	192,813
2023	820,462	172,992
2024	840,000	151,900
2025-2029	3,860,000	450,393
2030-2034	810,000	145,119
2035-2039	895,000	53,466
	<u>\$ 9,426,675</u>	<u>\$ 1,598,669</u>

Current Refunding

During 2019, the Village currently refunded a general obligation bond issue from 2010. The Village issued \$1,310,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 10 years by \$163,278 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$132,313.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2019 was \$9,817,925 as follows:

Equalized valuation of the Village	\$ 384,892,000
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	19,244,600
Total outstanding general obligation debt applicable to debt limitation	<u>9,426,675</u>
Legal margin for new debt	<u>\$ 9,817,925</u>

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

F. PENSION PLANS

Wisconsin Retirement System (WRS)

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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 occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit, based on a formula factor, 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 and 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

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2. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

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 teachers, executives and elected officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the year ending December 31, 2019, the WRS recognized \$30,606 in contributions from the Village.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Village reported a liability of \$105,934 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.00297763% which was an increase of 0.00000673% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$73,483.

At December 31, 2019, 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	\$ 82,506	\$ 145,842
Net differences between projected and actual earnings on pension plan investments	154,710	-
Changes in assumptions	17,856	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,689	-
Employer contributions subsequent to the measurement date	30,606	-
Total	<u>\$ 288,367</u>	<u>\$ 145,842</u>

\$30,606 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ 41,030
2021	10,801
2022	17,633
2023	42,455
Total	<u>\$ 111,919</u>

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2017
Measurement date of net pension liability (asset):	December 31, 2018
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

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

	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>			
Global equities	49%	8.1%	5.5%
Fixed income	24.5%	4.0%	1.5%
Inflation sensitive assets	15.5%	3.8%	1.3%
Real estate	9%	6.5%	3.9%
Private equity/debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	11%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Village of Egg Harbor, Wisconsin

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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 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase to Discount Rate (8.00%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 420,995	\$ 105,934	\$ (128,337)

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

6. Payables to the Pension Plan

At December 31, 2019, the Village reported a payable of \$9,660 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

Defined Contribution Benefit Pension

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

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, 2019, the Village contributed and recognized pension expense of \$4,230 to the plan.

G. OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

OPEB Plan Fiduciary Net Position

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Village of Egg Harbor, Wisconsin

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Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are listed below:

Life Insurance	
Employee Contribution Rates	
For the Year Ended December 31, 2018	
<u>Attained Age</u>	<u>Basic</u>
Under 30	0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$172 in contributions from the employer.

Village of Egg Harbor, Wisconsin

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

At December 31, 2019, the Village reported a liability of \$23,037 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Village's proportion was 0.00892800%, which was a decrease of 0.00272600% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$952.

At December 31, 2019, 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	\$ -	\$ 1,169
Net differences between projected and actual earnings on OPEB plan investments	551	-
Changes in assumptions	2,198	4,994
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	8,036
Total	<u>\$ 2,749</u>	<u>\$ 14,199</u>

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, 2019. 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>
2020	\$ 1,791
2021	1,791
2022	1,791
2023	1,868
2024	1,948
Thereafter	2,261
	<u>\$ 11,450</u>

Village of Egg Harbor, Wisconsin

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Actuarial assumptions. The total OPEB liability in the January 1, 2018 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, 2018
Measurement date of net OPEB liability (asset):	December 31, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The total OPEB liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1.0%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. 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. Based on these assumptions, 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 was 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 payments 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.

Sensitivity of the Village's proportionate share of net OPEB liability (asset) 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 4.22%, 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 (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Village's proportionate share of the net OPEB liability (asset)	\$ 32,722	\$ 23,037	\$ 15,529

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

Payable to the OPEB Plan

At December 31, 2019, the Village had no outstanding contribution to the Plan required for the year ended December 31, 2019.

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

H. 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, 2019, nonspendable fund balance was as follows:

General Fund		
Nonspendable		
Inventories and prepaid items	\$	8,626
Marina Fund		
Nonspendable		
Inventories and prepaid items		20,521
Pavilion/Library Fund		
Nonspendable		
Inventories and prepaid items		<u>8,535</u>
Total nonspendable fund balance	\$	<u><u>37,682</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, 2019, restricted fund balance was as follows:

Capital Projects Fund		
Restricted for		
Capital projects	\$	2,167,847
Debt Service Fund		
Restricted debt service		<u>4,910</u>
Total restricted fund balance	\$	<u><u>2,172,757</u></u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

Marina Fund		
Assigned for marina operations	\$	66,538
Room Tax Fund		
Assigned for room tax operations		178,477
Joint Operations Fund		
Assigned for joint operations		<u>72,935</u>
Total	\$	<u><u>317,950</u></u>

Village of Egg Harbor, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

Net Position

The Village reports restricted net position at December 31, 2019 as follows:

Business-type Activities	
Restricted for	
Sewer replacement fund	<u>\$ 629,043</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. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Egg Harbor, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

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%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

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%

See notes to required supplementary information.

Village of Egg Harbor, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

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	\$ 490,084	7.15%	44.81%
12/31/18	0.00892800%	23,037	463,635	4.97%	48.69%

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

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%

See notes to required supplementary information.

Village of Egg Harbor, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

A. PENSION

Wisconsin Retirement System

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experiences from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the total pension liability changed including the discount rate, long-term expected rate of return, post retirement adjustment, wage inflation rate, mortality, and separation rates.

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

B. OTHER POSTEMPLOYMENT BENEFIT PLAN

Local retiree life insurance fund

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

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

SUPPLEMENTARY INFORMATION

Village of Egg Harbor, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Taxes				
Property tax	\$ 617,691	\$ 617,691	\$ 617,690	\$ (1)
Managed forest land taxes	9	9	92	83
Total taxes	617,700	617,700	617,782	82
Intergovernmental				
State				
Shared taxes	3,445	3,445	3,445	-
Exempt computer aid	294	294	347	53
Fire insurance	11,000	11,000	11,967	967
Transportation	51,975	51,975	51,662	(313)
Other state grants	-	-	2,104	2,104
Total intergovernmental	66,714	66,714	69,525	2,811
Licenses and permits				
Liquor licenses	8,100	8,100	7,070	(1,030)
Operator's licenses	1,200	1,200	1,085	(115)
Tobacco licenses	75	75	75	-
Dog licenses	40	40	16	(24)
Business licenses	7,150	7,150	11,225	4,075
Zoning administration	6,000	6,000	6,821	821
Cable franchise fees	7,434	7,434	8,808	1,374
Building inspections	13,000	13,000	8,791	(4,209)
Other licenses and permits	500	500	600	100
Total licenses and permits	43,499	43,499	44,491	992
Fines and forfeits				
Parking violations	-	-	75	75
Public charges for services				
Parks use fees	600	600	649	49
Park concessions	5,000	5,000	5,588	588
Total public charges for services	5,600	5,600	6,237	637
Miscellaneous				
Interest on investments	3,000	3,000	28,994	25,994
Donations	1,000	1,000	2,250	1,250
Recycling rebates	1,100	1,100	964	(136)
Community building rent	21,600	21,600	21,600	-
Sale of Village property	-	-	5	5
Insurance dividends	2,000	2,000	5,615	3,615
Miscellaneous	500	500	2,178	1,678
Total miscellaneous	29,200	29,200	61,606	32,406
Total revenues	\$ 762,713	\$ 762,713	\$ 799,716	\$ 37,003

Village of Egg Harbor, Wisconsin

GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General government				
Village board	\$ 15,501	\$ 15,501	\$ 15,601	\$ (100)
General administration	188,606	188,606	184,260	4,346
Financial administration	1,200	1,200	1,102	98
Revaluation	11,000	11,000	11,000	-
Professional services	8,000	8,000	15,949	(7,949)
Legal and audit	24,900	24,900	39,261	(14,361)
Elections	2,250	2,250	3,599	(1,349)
Property and liability insurance	17,700	17,700	27,395	(9,695)
Office expenses	69,651	69,651	64,995	4,656
Total general government	<u>338,808</u>	<u>338,808</u>	<u>363,162</u>	<u>(24,354)</u>
Public safety				
Building Inspection	15,500	15,500	8,238	7,262
Police protection	<u>2,500</u>	<u>2,500</u>	<u>2,027</u>	<u>473</u>
Total public safety	<u>18,000</u>	<u>18,000</u>	<u>10,265</u>	<u>7,735</u>
Public works				
General maintenance	200,622	200,622	171,175	29,447
Street maintenance	34,259	34,259	22,186	12,073
Street lighting	10,500	10,500	11,141	(641)
Recycling	15,954	15,954	16,219	(265)
Snow removal	30,500	30,500	36,942	(6,442)
Weed control	10,000	10,000	382	9,618
Sidewalks	<u>3,000</u>	<u>3,000</u>	<u>345</u>	<u>2,655</u>
Total public works	<u>304,835</u>	<u>304,835</u>	<u>258,390</u>	<u>46,445</u>
Health and human services				
Animal control	<u>1,575</u>	<u>1,575</u>	<u>1,402</u>	<u>173</u>
Culture and recreation				
Community center	11,673	11,673	8,325	3,348
Parks	86,208	86,208	55,136	31,072
Visitor's center	<u>650</u>	<u>650</u>	<u>104</u>	<u>546</u>
Total culture and recreation	<u>98,531</u>	<u>98,531</u>	<u>63,565</u>	<u>34,966</u>
Conservation and development				
Engineering	-	-	885	(885)
Zoning administration	6,000	6,000	9,081	(3,081)
Planning commission	<u>2,688</u>	<u>2,688</u>	<u>2,756</u>	<u>(68)</u>
Total conservation and development	<u>8,688</u>	<u>8,688</u>	<u>12,722</u>	<u>(4,034)</u>
Total expenditures	<u>\$ 770,437</u>	<u>\$ 770,437</u>	<u>\$ 709,506</u>	<u>\$ 60,931</u>

Village of Egg Harbor, Wisconsin

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	Special Revenue			Totals
	Room Tax Fund	Pavilion/ Library	Joint Operations	
ASSETS				
Cash and investments	\$ 178,526	\$ 3,493	\$ 79,521	\$ 261,540
Accounts receivable	-	1,549	-	1,549
Inventories and prepaid items	-	8,535	-	8,535
Total assets	<u>\$ 178,526</u>	<u>\$ 13,577</u>	<u>\$ 79,521</u>	<u>\$ 271,624</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 49	\$ 13,173	\$ 4,306	\$ 17,528
Accrued and other current liabilities	-	-	2,280	2,280
Due to other funds	-	79,101	-	79,101
Special deposits	-	66,531	-	66,531
Total liabilities	<u>49</u>	<u>158,805</u>	<u>6,586</u>	<u>165,440</u>
Fund balances				
Nonspendable	-	8,535	-	8,535
Assigned	178,477	-	72,935	251,412
Unassigned	-	(153,763)	-	(153,763)
Total fund balances	<u>178,477</u>	<u>(145,228)</u>	<u>72,935</u>	<u>106,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 178,526</u>	<u>\$ 13,577</u>	<u>\$ 79,521</u>	<u>\$ 271,624</u>

Village of Egg Harbor, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue			Totals
	Room Tax Fund	Pavilion/ Library	Joint Operations	
REVENUES				
Taxes	\$ 136,436	\$ -	\$ -	\$ 136,436
Intergovernmental	-	-	1,050	1,050
Public charges for services	12,500	84,954	675	98,129
Miscellaneous	69,198	33,733	685	103,616
Total revenues	218,134	118,687	2,410	339,231
EXPENDITURES				
Current				
General government	253	-	-	253
Public safety	-	-	109,187	109,187
Health and human services	-	-	2,835	2,835
Culture and recreation	112,270	247,255	1,164	360,689
Conservation and development	25,000	-	-	25,000
Total expenditures	137,523	247,255	113,186	497,964
Excess of revenues over (under) expenditures	80,611	(128,568)	(110,776)	(158,733)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	70,000	106,743	176,743
Net change in fund balances	80,611	(58,568)	(4,033)	18,010
Fund balances - January 1	97,866	(86,660)	76,968	88,174
Fund balances - December 31	\$ 178,477	\$ (145,228)	\$ 72,935	\$ 106,184

Village of Egg Harbor, Wisconsin

**ROOM TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 130,000	\$ 130,000	\$ 136,436	\$ 6,436
Public charges for services	-	-	12,500	12,500
Miscellaneous	30,300	30,300	69,198	38,898
Total revenues	160,300	160,300	218,134	57,834
EXPENDITURES				
Current				
General government	1,000	1,000	253	747
Culture and recreation	101,854	101,854	112,270	(10,416)
Conservation and development	25,000	25,000	25,000	-
Total expenditures	127,854	127,854	137,523	(9,669)
Excess of revenues over expenditures	32,446	32,446	80,611	48,165
OTHER FINANCING USES				
Transfers out	(33,483)	(33,483)	-	33,483
Net change in fund balance	(1,037)	(1,037)	80,611	81,648
Fund balance - January 1	97,866	97,866	97,866	-
Fund balance - December 31	<u>\$ 96,829</u>	<u>\$ 96,829</u>	<u>\$ 178,477</u>	<u>\$ 81,648</u>

Village of Egg Harbor, Wisconsin

PAVILION/LIBRARY FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public charges for services	\$ 106,090	\$ 106,090	\$ 84,954	\$ (21,136)
Miscellaneous	30,800	30,800	33,733	2,933
Total revenues	136,890	136,890	118,687	(18,203)
EXPENDITURES				
Current				
Culture and recreation	184,288	184,288	247,255	(62,967)
Excess of revenues under expenditures	(47,398)	(47,398)	(128,568)	(81,170)
OTHER FINANCING SOURCES				
Transfers in	-	-	70,000	70,000
Net change in fund balance	(47,398)	(47,398)	(58,568)	(11,170)
Fund balance - January 1	(86,660)	(86,660)	(86,660)	-
Fund balance - December 31	<u>\$ (134,058)</u>	<u>\$ (134,058)</u>	<u>\$ (145,228)</u>	<u>\$ (11,170)</u>

Village of Egg Harbor, Wisconsin

**JOINT OPERATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 1,050	\$ 1,050
Public charges for services	-	-	675	675
Miscellaneous	1,350	1,350	685	(665)
Total revenues	1,350	1,350	2,410	1,060
EXPENDITURES				
Current				
Public safety	105,414	105,414	109,187	(3,774)
Health and human services	3,834	3,834	2,835	999
Culture and recreation	1,046	1,046	1,164	(118)
Capital outlay	11,350	11,350	-	11,350
Total expenditures	121,643	121,643	113,186	8,457
Excess of revenues under expenditures	(120,293)	(120,293)	(110,776)	9,517
OTHER FINANCING SOURCES				
Transfers in	120,293	120,293	106,743	(13,550)
Net change in fund balance	-	-	(4,033)	(4,033)
Fund balance - January 1	76,968	76,968	76,968	-
Fund balance - December 31	<u>\$ 76,968</u>	<u>\$ 76,968</u>	<u>\$ 72,935</u>	<u>\$ (4,033)</u>

Village of Egg Harbor, Wisconsin

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Miscellaneous	-	-	200	200
Total revenues	75,000	75,000	75,200	200
EXPENDITURES				
Current				
General government	35,000	35,000	39,495	(4,495)
Public works	109,000	109,000	37,369	71,631
Culture and recreation	30,000	30,000	32,244	(2,244)
Capital outlay	-	-	166,547	(166,547)
Total expenditures	174,000	174,000	275,655	(101,655)
Excess of revenues under expenditures	(99,000)	(99,000)	(200,455)	(101,455)
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	2,120,000	2,120,000
Transfers out	(77,781)	(77,781)	-	77,781
Total other financing sources (uses)	(77,781)	(77,781)	2,120,000	2,197,781
Net change in fund balance	(176,781)	(176,781)	1,919,545	2,096,326
Fund balance - January 1	248,302	248,302	248,302	-
Fund balance - December 31	\$ 71,521	\$ 71,521	\$ 2,167,847	\$ 2,096,326

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR 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*

To the 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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 11, 2020.

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) to determine 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. 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 FINDING

The Village's response to the finding identified in our audit is 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 it.

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 result 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 compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin

May 11, 2020

Village of Egg Harbor, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

<u>FINDING NO.</u>	<u>CONTROL DEFICIENCIES</u>
2019-001	Preparation of Annual Financial Report Repeat of Finding 2018-001
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. For the same reasons, the Village contracts with us to compile the Wisconsin Municipal Report Form C.
Context:	While performing audit procedures, it was noted that management does not have internal controls in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.
Criteria:	The preparation and review of the annual financial report and Municipal 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 or other required State Financial report.
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.
Recommendation:	We recommend the Village continue reviewing the annual financial report. 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 and Municipal Financial Report.
Management Response:	The Village will continue to review and approve all adjustments and reports prior to recording and issuance.

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.

