

VILLAGE OF EGG HARBOR, WISCONSIN

**FINANCIAL STATEMENT AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2020



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INDEPENDENT AUDITORS' REPORT

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, 2020, 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 auditor considers 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1.D., during 2020, the Village adopted new accounting guidance, Statement No. 84, *Fiduciary Activities*. As a result, the Village established a custodial fund for taxes and special charges collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are not modified with respect to this matter.

As described in Note 4.C., during 2020, the Village recorded a prior period adjustment to decrease cash and investments and fund balance/net position by \$90,569 in the governmental activities and capital projects fund financial statements for funds that were transferred to a non-profit entity in a prior year. Additionally, the Village recorded a prior period adjustment to decrease long-term obligations by \$101,156 in the business-type activities and proprietary fund financial statements and increase the long-term obligations in the governmental activities financial statements by the same amount to properly allocate long-term debt repayments. Our opinion is not modified with respect to this matter.

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 55 and 56 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 June 17, 2021, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 17, 2021

BASIC FINANCIAL STATEMENTS

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Investments	\$ 1,654,952	\$ 1,494,106	\$ 3,149,058
Receivables:			
Taxes and Special Charges	1,451,011	-	1,451,011
Accounts	14,629	180,841	195,470
Special Assessments	-	66,208	66,208
Due from Other Governments	19	-	19
Inventories and Prepaid Items	32,443	7,847	40,290
Restricted Assets:			
Cash and Investments	-	686,348	686,348
Net Pension Asset	57,220	38,468	95,688
Capital Assets, Nondepreciable	5,561,642	442,789	6,004,431
Capital Assets, Depreciable	14,963,334	3,511,532	18,474,866
Total Assets	23,735,250	6,428,139	30,163,389
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Amounts	137,166	92,216	229,382
Other Postemployment Related Amounts	6,866	4,616	11,482
Total Deferred Outflows of Resources	144,032	96,832	240,864
LIABILITIES			
Accounts Payable	207,160	10,902	218,062
Accrued and Other Current Liabilities	21,317	-	21,317
Accrued Interest Payable	58,543	-	58,543
Special Deposits	170,682	-	170,682
Long-Term Obligations:			
Due within One Year	791,151	-	791,151
Due in More than One Year	8,167,817	-	8,167,817
Net Other Postemployment Benefits	17,707	11,904	29,611
Total Liabilities	9,434,377	22,806	9,457,183
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Subsequent Year	1,593,183	-	1,593,183
Pension Related Amounts	171,517	115,310	286,827
Other Postemployment Related Amounts	9,750	6,555	16,305
Total Deferred Inflows of Resources	1,774,450	121,865	1,896,315
NET POSITION			
Net Investment in Capital Assets	11,917,357	3,954,321	15,871,678
Restricted			
Pension Benefits	57,220	38,468	95,688
Equipment Replacement	-	686,348	686,348
Unrestricted	695,878	1,701,163	2,397,041
Total Net Position	\$ 12,670,455	\$ 6,380,300	\$ 19,050,755

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 544,038	\$ 48,286	\$ -	\$ -
Public Safety	145,649	-	13,232	-
Public Works	405,205	-	-	-
Health and Human Services	5,722	-	-	-
Culture and Recreation	1,065,273	526,509	44,000	22,525
Conservation and Development	93,256	-	-	-
Interest and Fiscal Charges	214,333	-	-	-
Total Governmental Activities	<u>2,473,476</u>	<u>574,795</u>	<u>57,232</u>	<u>22,525</u>
BUSINESS-TYPE ACTIVITIES				
Sewer Utility	<u>846,553</u>	<u>908,553</u>	<u>-</u>	<u>27,000</u>
Total	<u>\$ 3,320,029</u>	<u>\$ 1,483,348</u>	<u>\$ 57,232</u>	<u>\$ 49,525</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, as Originally Stated

Prior Period Adjustment

Net Position - January 1, restated

NET POSITION - DECEMBER 31

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals
\$ (495,752)	\$ -	\$ (495,752)
(132,417)	-	(132,417)
(405,205)	-	(405,205)
(5,722)	-	(5,722)
(472,239)	-	(472,239)
(93,256)	-	(93,256)
(214,333)	-	(214,333)
<u>(1,818,924)</u>	<u>-</u>	<u>(1,818,924)</u>
-	89,000	89,000
<u>(1,818,924)</u>	89,000	<u>(1,729,924)</u>
624,460	-	624,460
800,036	-	800,036
115,606	-	115,606
66,214	-	66,214
12,240	5,955	18,195
167,489	135,315	302,804
<u>1,786,045</u>	<u>141,270</u>	<u>1,927,315</u>
(32,879)	230,270	197,391
12,895,059	6,048,874	18,943,933
<u>(191,725)</u>	<u>101,156</u>	<u>(90,569)</u>
<u>12,703,334</u>	<u>6,150,030</u>	<u>18,853,364</u>
<u>\$ 12,670,455</u>	<u>\$ 6,380,300</u>	<u>\$ 19,050,755</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	General	Marina	Capital Projects	Debt Service	Other Governmental Funds	Totals
ASSETS						
Cash and Investments	\$ 337,958	\$ 193,157	\$ 745,783	\$ 127,856	\$ 250,198	\$ 1,654,952
Receivables:						
Taxes and Special Charges	573,761	-	68,307	808,943	-	1,451,011
Accounts	7,075	-	-	-	7,554	14,629
Due from Other Funds	79,101	-	-	-	-	79,101
Due from Other Governments	19	-	-	-	-	19
Inventories and Prepaid Items	8,315	24,128	-	-	-	32,443
Total Assets	<u>\$ 1,006,229</u>	<u>\$ 217,285</u>	<u>\$ 814,090</u>	<u>\$ 936,799</u>	<u>\$ 257,752</u>	<u>\$ 3,232,155</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 14,296	\$ 27,926	\$ 142,648	\$ -	\$ 22,290	\$ 207,160
Accrued and Other Current Liabilities	18,902	-	-	-	2,415	21,317
Due to Other Funds	-	-	-	-	79,101	79,101
Special Deposits	4,176	72,031	-	-	94,475	170,682
Total Liabilities	<u>37,374</u>	<u>99,957</u>	<u>142,648</u>	<u>-</u>	<u>198,281</u>	<u>478,260</u>
DEFERRED INFLOWS OF RESOURCES						
Property Taxes Levied for Subsequent Year	629,979	-	75,000	888,204	-	1,593,183
FUND BALANCES						
Nonspendable	8,315	24,128	-	-	-	32,443
Restricted	-	-	596,442	48,595	-	645,037
Assigned	-	93,200	-	-	173,854	267,054
Unassigned	330,561	-	-	-	(114,383)	216,178
Total Fund Balances	<u>338,876</u>	<u>117,328</u>	<u>596,442</u>	<u>48,595</u>	<u>59,471</u>	<u>1,160,712</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,006,229</u>	<u>\$ 217,285</u>	<u>\$ 814,090</u>	<u>\$ 936,799</u>	<u>\$ 257,752</u>	<u>\$ 3,232,155</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances as Shown on Previous Page	\$ 1,160,712
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.	20,524,976
Long-term assets are not considered available; therefore, are not reported in the funds.	
Net Pension Asset	57,220
Deferred outflows and inflows of resources represent a consumption or acquisition of net position that applies to a future period and, therefore are not reported in the funds.	
Deferred Outflows Related to Pensions	137,166
Deferred Inflows Related to Pensions	(171,517)
Deferred Outflows Related to Other Postemployment Benefits	6,866
Deferred Inflows Related to Other Postemployment Benefits	(9,750)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and Notes Payable	(8,808,590)
Discount on Debt	6,696
Premium on Debt	(157,074)
Net Other Postemployment Benefit	(17,707)
Accrued Interest on Long-Term Obligations	<u>(58,543)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4)	<u><u>\$ 12,670,455</u></u>

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2020

	General	Marina	Capital Projects	Debt Service	Other Governmental Funds	Totals
REVENUES						
Taxes	\$ 624,550	\$ -	\$ 75,000	\$ 725,036	\$ 115,516	\$ 1,540,102
Intergovernmental	77,673	-	22,525	-	1,773	101,971
Licenses and Permits	42,123	-	-	-	-	42,123
Public Charges for Services	8,339	490,409	-	-	35,778	534,526
Intergovernmental Charges for Services	6,163	-	-	-	-	6,163
Miscellaneous	43,409	1,700	-	-	170,603	215,712
Total Revenues	<u>802,257</u>	<u>492,109</u>	<u>97,525</u>	<u>725,036</u>	<u>323,670</u>	<u>2,440,597</u>
EXPENDITURES						
Current:						
General Government	417,729	-	11,895	-	-	429,624
Public Safety	14,800	-	-	-	103,513	118,313
Public Works	241,355	-	84,943	-	-	326,298
Health and Human Services	2,127	-	-	-	3,510	5,637
Culture and Recreation	90,876	369,150	750,300	-	335,447	1,545,773
Conservation and Development	61,986	-	-	-	30,000	91,986
Debt Service:						
Principal	-	-	-	548,085	-	548,085
Interest and Fiscal Charges	-	-	-	221,713	-	221,713
Capital Outlay	-	4,243	731,223	-	-	735,466
Total Expenditures	<u>828,873</u>	<u>373,393</u>	<u>1,578,361</u>	<u>769,798</u>	<u>472,470</u>	<u>4,022,895</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(26,616)	118,716	(1,480,836)	(44,762)	(148,800)	(1,582,298)

See accompanying Notes to Basic Financial Statements.

VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
GENERAL FUND
YEARS ENDED DECEMBER 31, 2020

	General	Marina	Capital Projects	Debt Service	Other Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)						
Transfers In	78,774	-	-	88,447	269,564	436,785
Transfers Out	(180,861)	(88,447)	-	-	(167,477)	(436,785)
Total Other Financing Sources (Uses)	(102,087)	(88,447)	-	88,447	102,087	-
NET CHANGE IN FUND BALANCES	(128,703)	30,269	(1,480,836)	43,685	(46,713)	(1,582,298)
Fund Balances - January 1, as Originally Stated	467,579	87,059	2,167,847	4,910	106,184	2,833,579
Prior Period Adjustment	-	-	(90,569)	-	-	(90,569)
Fund Balances- January 1, Restated	467,579	87,059	2,077,278	4,910	106,184	2,743,010
FUND BALANCES - DECEMBER 31	<u>\$ 338,876</u>	<u>\$ 117,328</u>	<u>\$ 596,442</u>	<u>\$ 48,595</u>	<u>\$ 59,471</u>	<u>\$ 1,160,712</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 2020**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances as Shown on Previous Page \$ (1,582,298)

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	1,633,233
Depreciation Expense Reported in the Statement of Activities	(640,762)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal Repaid	548,085
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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	(5,039)
Amortization of Premiums and Discounts	12,419
Net Pension Liability (Asset)	120,706
Deferred Outflows of Resources Related to Pensions	(35,186)
Deferred Inflows of Resources Related to Pensions	(84,114)
Net Other Postemployment Benefits	(3,901)
Deferred Outflows of Resources Related to Other Postemployment Benefits	5,219
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>(1,241)</u>

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 5 - 6)	<u><u>\$ (32,879)</u></u>
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**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEARS ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 624,460	\$ 624,460	\$ 624,550	\$ 90
Intergovernmental	64,322	64,322	77,673	13,351
Licenses and Permits	40,149	40,149	42,123	1,974
Fines and Forfeits	100	100	-	(100)
Public Charges for Services	5,500	5,500	8,339	2,839
Intergovernmental Charges for Services	10,000	10,000	6,163	(3,837)
Miscellaneous	33,063	33,063	43,409	10,346
Total Revenues	<u>777,594</u>	<u>777,594</u>	<u>802,257</u>	<u>24,663</u>
EXPENDITURES				
Current:				
General Government	406,750	406,750	417,729	(10,979)
Public Safety	2,500	2,500	14,800	(12,300)
Public Works	311,366	311,366	241,355	70,011
Health and Human Services	2,600	2,600	2,127	473
Culture and Recreation	105,842	105,842	90,876	14,966
Conservation and Development	9,688	9,688	61,986	(52,298)
Total Expenditures	<u>838,746</u>	<u>838,746</u>	<u>828,873</u>	<u>9,873</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(61,152)	(61,152)	(26,616)	34,536
OTHER FINANCING SOURCES (USES)				
Transfers In	78,774	78,774	78,774	-
Transfers Out	(195,361)	(195,361)	(180,861)	14,500
Total Other Financing Sources (Uses)	<u>(116,587)</u>	<u>(116,587)</u>	<u>(102,087)</u>	<u>14,500</u>
NET CHANGE IN FUND BALANCE	(177,739)	(177,739)	(128,703)	49,036
Fund Balance - January 1	<u>467,579</u>	<u>467,579</u>	<u>467,579</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u>\$ 289,840</u>	<u>\$ 289,840</u>	<u>\$ 338,876</u>	<u>\$ 49,036</u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – MARINA FUND
YEARS ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public Charges for Services	\$ 509,674	\$ 509,674	\$ 490,409	\$ (19,265)
Miscellaneous	275	275	1,700	1,425
Total Revenues	<u>509,949</u>	<u>509,949</u>	<u>492,109</u>	<u>(17,840)</u>
EXPENDITURES				
Current:				
Culture and Recreation	391,443	391,443	369,150	22,293
Capital Outlay	30,059	30,059	4,243	25,816
Total Expenditures	<u>421,502</u>	<u>421,502</u>	<u>373,393</u>	<u>48,109</u>
EXCESS OF REVENUES OVER EXPENDITURES	88,447	88,447	118,716	30,269
OTHER FINANCING USES				
Transfers Out	<u>(88,447)</u>	<u>(88,447)</u>	<u>(88,447)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	30,269	30,269
Fund Balance - January 1	<u>87,059</u>	<u>87,059</u>	<u>87,059</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 87,059</u></u>	<u><u>\$ 87,059</u></u>	<u><u>\$ 117,328</u></u>	<u><u>\$ 30,269</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>Sewer Utility</u>
ASSETS	
Current Assets:	
Cash and Investments	\$ 1,494,106
Receivables:	
Customer Accounts	179,956
Special Assessments	66,208
Other	885
Inventories and Prepaid Items	7,847
Total Current Assets	1,749,002
Noncurrent Assets:	
Restricted Assets:	
Cash and Investments	686,348
Other Assets:	
Net Pension Asset	38,468
Capital Assets:	
Nondepreciable	442,789
Depreciable	3,511,532
Total Capital Assets	3,954,321
Total Assets	6,428,139
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	92,216
Other Postemployment Related Amounts	4,616
Total Deferred Outflows of Resources	96,832
LIABILITIES	
Current Liabilities:	
Accounts Payable	10,902
Long-Term Obligations:	
Net Other Postemployment Benefits	11,904
Total Liabilities	22,806
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	115,310
Other Postemployment Related Amounts	6,555
Total Deferred Inflows of Resources	121,865
NET POSITION	
Net Investment in Capital Assets	3,954,321
Restricted for Pension Benefits	38,468
Restricted for Equipment Replacement	686,348
Unrestricted	1,701,163
Total Net Position	\$ 6,380,300

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>Sewer Utility</u>
OPERATING REVENUES	
Charges for Services	\$ 908,553
OPERATING EXPENSES	
Operation and Maintenance	474,035
Depreciation	372,518
Total Operating Expenses	846,553
OPERATING INCOME	62,000
NONOPERATING REVENUES (EXPENSES)	
Interest Income	5,955
Other	135,315
Total Nonoperating Revenues (Expenses)	141,270
INCOME BEFORE CONTRIBUTIONS	203,270
Capital Contributions	27,000
CHANGE IN NET POSITION	230,270
Net Position - January 1, as Originally Stated	6,048,874
Prior Period Adjustment	101,156
Net Position - January 1, restated	6,150,030
NET POSITION - DECEMBER 31	\$ 6,380,300

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 907,416
Cash Paid for Employee Wages and Benefits	(222)
Cash Paid to Suppliers	<u>(464,234)</u>
Net Cash Provided by Operating Activities	442,960
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Revenue	<u>135,315</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(183,508)
Capital Contributions	364,127
Principal Paid on Long-Term Debt	(70,000)
Interest Paid on Long-Term Debt	<u>(968)</u>
Net Cash Provided by Capital and Related Financing Activities	109,651
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>5,955</u>
CHANGE IN CASH AND INVESTMENTS	693,881
Cash and Investments - January 1	<u>1,486,573</u>
CASH AND INVESTMENTS - DECEMBER 31	<u><u>\$ 2,180,454</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 62,000
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	372,518
Change in Net Pension Asset/Liability	(80,916)
Change in Pension Deferred Outflows of Resources	24,901
Change in Pension Deferred Inflows of Resources	51,181
Change in Net OPEB Liability	2,673
Change in OPEB Deferred Outflows of Resources	(4,616)
Change in OPEB Deferred Inflows of Resources	6,555
Change in Operating Assets and Liabilities:	
Accounts Receivables	(1,137)
Inventories and Prepaid Items	4,947
Accounts Payable	4,854
Net Cash Provided by Operating Activities	<u><u>\$ 442,960</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents in Current Assets	\$ 1,494,106
Cash and Cash Equivalents in Restricted Assets	<u>686,348</u>
Total Cash and Investments	<u><u>\$ 2,180,454</u></u>

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ASSETS	
Cash and Investments	\$ 296,335
Receivables:	
Taxes and Special Charges	3,024,426
Total Assets	3,320,761
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Year	3,320,761
 NET POSITION	
Fiduciary Net Position	\$ -

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020**

	<u>Custodial Fund</u>
ADDITIONS	
Taxes and Special Charges Collected	\$ 3,059,955
DEDUCTIONS	
Current:	
Payments to Other Districts	3,059,955
CHANGE IN NET POSITION	-
Net Position - January 1	-
NET POSITION - DECEMBER 31	\$ -

See accompanying Notes to Basic Financial Statements.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Jointly Governed Organization

The Village is a participant with 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 2020, the Village received \$115,516 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay, Wisconsin.

C. Joint Operations

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

General Fund

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

Marina Fund

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

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Village reports the following major enterprise fund:

Sewer Utility Fund

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

Additionally, the Village reports the following fund type:

Custodial Fund

The custodial fund accounts for property taxes and special charges collected on behalf of other governments. These amounts were recorded in the general fund in prior years. Due to the implementation of GASB 84, *Fiduciary Activities*, they are now recorded in a custodial fund.

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash and Investments

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

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes and Special Charges/Receivable (Continued)

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 2019 tax roll are recognized as revenue in 2020.)

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.

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Prepaid Items

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

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

8. Capital Assets

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

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

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

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

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, 2020 are considered immaterial and not recorded.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

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

Government-Wide and Proprietary Fund Statements

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

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

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

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

G. Use of Estimates

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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, 2020.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

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, 2020 as follows:

Funds	Excess Expenditures
General Fund:	
General Government:	
Village Board	\$ 378
Professional Services	7,936
Legal and Audit	15,442
Property and Liability Insurance	9,530
Annexation Payments	164
Public Safety:	
Building Inspections	14,377
Conservation and Development	
Zoning Administration	23,146
Planning Commission	30,152
Pavillion/Library Fund:	
Culture and Recreation	77,190
Joint Operations Fund:	
Culture and Recreation	206
Capital Projects Fund:	
Culture and Recreation	711,300
Capital Outlay	731,223

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 2 STEWARDSHIP AND COMPLIANCE (CONTINUED)

C. Deficit Fund Equity

The following fund had deficit fund balance as of December 31, 2020:

Fund	Deficit Fund Balance
Pavilion/Library	\$ 114,383

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 2020 and 2021 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 2020 budget was 0.973%. The actual limit for the Village for the 2021 budget was 0.785%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The carrying amount of the Village's cash and investments totaled \$4,131,741 on December 31, 2020 as summarized below:

Petty Cash and Cash on Hand	\$ 200
Deposits with Financial Institutions	3,125,734
Cash Held with Fiscal Agent	285,359
Investments:	
Wisconsin Local Government Investment Pool	720,448
Total	<u>\$ 4,131,741</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 3,149,058
Restricted Cash and Investments	686,348
Fiduciary Fund Statement of Net Position:	
Cash and Investments	296,335
Total	<u>\$ 4,131,741</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.

Custodial Credit Risk

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. 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, 2020, \$1,722,577 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 2021.

Investments

The Village has investments in the Wisconsin local government investment pool of \$720,448 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, 2020, 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.

**VILLAGE OF EGG HARBOR, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Investments (Continued)

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.

B. Restricted Assets

Restricted assets on December 31, 2020 totaled \$686,348 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Sewer Utility:		
Equipment Replacement	<u>\$ 686,348</u>	To be used for the replacement of certain assets for capital projects.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 4,225,184	\$ -	\$ -	\$ 4,225,184
Construction in Progress	691,730	1,527,998	883,270	1,336,458
Total Capital Assets, Nondepreciable	<u>4,916,914</u>	<u>1,527,998</u>	<u>883,270</u>	<u>5,561,642</u>
Capital Assets, Depreciable:				
Land Improvements	8,059,830	876,380	-	8,936,210
Buildings and Improvements	9,431,414	6,890	-	9,438,304
Machinery and Equipment	1,433,931	105,235	-	1,539,166
Infrastructure	4,638,899	-	-	4,638,899
Subtotals	<u>23,564,074</u>	<u>988,505</u>	<u>-</u>	<u>24,552,579</u>
Less: Accumulated Depreciation for:				
Land Improvements	2,704,139	293,303	-	2,997,442
Buildings and Improvements	1,189,304	196,338	-	1,385,642
Machinery and Equipment	1,001,780	64,637	-	1,066,417
Infrastructure	4,053,260	86,484	-	4,139,744
Subtotals	<u>8,948,483</u>	<u>640,762</u>	<u>-</u>	<u>9,589,245</u>
Total Capital Assets, Depreciable, Net	<u>14,615,591</u>	<u>347,743</u>	<u>-</u>	<u>14,963,334</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,532,505</u>	<u>\$ 1,875,741</u>	<u>\$ 883,270</u>	20,524,976
Less: Capital Related Debt, net unspent bond proceeds				(8,321,823)
Less: Debt Premium				(157,074)
Add: Debt Discount				6,696
Less: Accounts Payable and Retainage Payable				<u>(135,418)</u>
Net Investment in Capital Assets				<u>\$ 11,917,357</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 183,823	\$ -	\$ -	\$ 183,823
Construction in Progress	75,458	183,508	-	258,966
Total Capital Assets, Nondepreciable:	259,281	183,508	-	442,789
Capital Assets, Depreciable:				
Buildings and Improvements	2,819,259	-	-	2,819,259
Machinery and Equipment	3,154,890	-	-	3,154,890
Infrastructure	5,204,224	-	-	5,204,224
Subtotals	11,178,373	-	-	11,178,373
Less: Accumulated Depreciation for:				
Nonallocated	7,294,323	372,518	-	7,666,841
Total Capital Assets, Depreciable, Net	3,884,050	(372,518)	-	3,511,532
Business-Type Activities Capital Assets, Net	\$ 4,143,331	\$ (189,010)	\$ -	\$ 3,954,321

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

Governmental Activities:	
General Government	\$ 22,656
Public Safety	42,085
Public Works	110,979
Culture and Recreation	463,687
Health and Human Services	85
Conservation and Development	1,270
Total Depreciation Expense - Governmental Activities	\$ 640,762
Business-Type Activities:	
Sewer Utility	\$ 372,518

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2020 are detailed below:

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

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
General	\$ 78,774	\$ 180,861
Joint Operations	82,147	-
Marina	-	88,447
Room Tax	-	167,477
Pavilion/Library	187,417	-
Debt Service	88,447	-
Total	\$ 436,785	\$ 436,785

Interfund transfers were made for the following purposes:

To Finance Joint Operations with Town of Egg Harbor	\$ 82,147
To Finance Library Operations with Management Company	187,417
To Finance Debt Service Costs from Marina Operations	88,447
To Move Room Tax to General Fund Per Resolution	78,774
Total	\$ 436,785

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2020:

	Beginning Balance (Restated)	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 7,139,999	\$ -	\$ 390,000	\$ 6,749,999	\$ 495,000
Notes from Direct Borrowings:					
Notes	2,208,413	-	155,412	2,053,001	280,978
State Trust Fund Loan	8,263	-	2,673	5,590	2,754
Total General Obligation Debt	<u>9,356,675</u>	<u>-</u>	<u>548,085</u>	<u>8,808,590</u>	<u>778,732</u>
Debt Premium	170,449	-	13,375	157,074	13,375
Debt Discount	<u>(7,652)</u>	<u>-</u>	<u>(956)</u>	<u>(6,696)</u>	<u>(956)</u>
Governmental Activities Long-Term Obligations	<u>\$ 9,519,472</u>	<u>\$ -</u>	<u>\$ 560,504</u>	<u>\$ 8,958,968</u>	<u>\$ 791,151</u>
Business-Type Activities:					
General Obligation Debt:					
Bonds	\$ 70,000	\$ -	\$ 70,000	\$ -	\$ -
Business-Type Activities Long-Term Obligations	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ -</u>	<u>\$ -</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

The Village's outstanding notes from direct borrowings related to governmental activities of \$2,053,001 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 \$5,590 are subject to a statutory provision that in an event of late or nonpayment, a 1% 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 \$222,681.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/20
State Trust Fund Loan	4/26/12	3/15/22	3.00%	\$ 25,000	\$ 5,590
General Obligation Bonds	5/29/13	10/1/29	0.70 - 2.80%	4,185,000	3,440,000
Note from Direct Borrowing	3/1/17	3/1/27	2.15 - 3.00%	2,180,000	2,005,000
Note from Direct Borrowing	3/1/18	12/1/23	2.25%	77,781	48,000
General Obligation Bonds	10/24/19	4/1/39	2.00-3.00%	3,475,000	3,310,000
Total Outstanding General Obligation Debt					<u>\$ 8,808,590</u>

Annual principal and interest maturities of the general obligation and direct borrowing outstanding debt as of December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities				Totals	
	G.O. Bonds		Direct Borrowings			
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 495,000	\$ 159,643	\$ 283,732	\$ 51,648	\$ 778,732	\$ 211,291
2022	510,000	149,968	294,432	42,846	804,432	192,814
2023	515,000	139,348	305,426	33,644	820,426	172,992
2024	545,000	127,388	295,000	24,512	840,000	151,900
2025	560,000	114,203	295,000	16,916	855,000	131,119
2026-2030	2,579,999	340,907	585,001	13,833	3,165,000	354,740
2031-2035	820,000	128,500	-	-	820,000	128,500
2036-2039	725,000	34,620	-	-	725,000	34,620
Total	<u>\$ 6,749,999</u>	<u>\$ 1,194,577</u>	<u>\$ 2,058,591</u>	<u>\$ 183,399</u>	<u>\$ 8,808,590</u>	<u>\$ 1,377,976</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2020 was \$11,770,920 as follows:

Equalized Valuation of the Village	\$ 411,590,200
Statutory Limitation Percentage	<u>(x) 5%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	20,579,510
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>8,808,590</u>
Legal Margin for New Debt	<u><u>\$ 11,770,920</u></u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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 WRS Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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 and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016), are entitled to a retirement benefit, based on 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 an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

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>
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
2019	0.0	(10)

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, 2020, the WRS recognized \$39,115 in contributions from the Village.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

3. Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2020, the Village reported an asset of \$95,688 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village's proportion was 0.00296760%, which was a decrease of 0.00001003% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$37,522.

At December 31, 2020, 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	\$ 181,638	\$ 90,897
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	195,622
Changes in Assumptions	7,456	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,173	308
Employer Contributions Subsequent to the Measurement Date	39,115	-
Total	<u>\$ 229,382</u>	<u>\$ 286,827</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

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

\$39,115 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, 2021. 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>
2021	\$ (28,179)
2022	(21,371)
2023	3,368
2024	(50,378)
Total	<u>\$ (96,560)</u>

5. Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

5. Actuarial Assumptions (Continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Cash	(10.0)	0.9	n/a
Total Core Fund	100.0 %	7.5 %	4.6 %
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0 %	7.5 %	4.6 %
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0 %	7.8 %	4.9 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Wisconsin Retirement System (WRS) (Continued)

5. Actuarial Assumptions (Continued)

Single Discount Rate

A single discount rate of 7.0% was used to measure the total pension asset for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.0% 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 members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members.

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

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, 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%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 246,416	\$ (95,688)	\$ (351,451)

Pension Plan Fiduciary Net Position

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

6. Payables to the Pension Plan

At December 31, 2020, the Village reported a payable of \$9,410 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

Defined Contribution Benefit Pension

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

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

For the year ended December 31, 2020, the Village contributed \$12,537 to the plan, and the Village recognized pension expense of \$12,537.

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 members.

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>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.doc>.

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.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
50% Post-Retirement Coverage	40% of Member Contribution
25% Post-Retirement Coverage	20% of Member Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2019 are listed below:

Life Insurance Member Contribution Rates Year Ended December 31, 2019	
Attained Age	Basic
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 \$160 in contributions from the employer.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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

At December 31, 2020, the Village reported a liability of \$29,611 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2019. 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, 2019, the Village's proportion was 0.006954%, which was a decrease of 0.001974% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$974.

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,326
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	558	-
Changes in Assumptions	10,924	3,257
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	11,722
Total	\$ 11,482	\$ 16,305

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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

The 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, 2021. 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>
2021	\$ (982)
2022	(982)
2023	(1,042)
2024	(1,104)
2025	(1,148)
Thereafter	435
Total	<u><u>\$ (4,823)</u></u>

Actuarial assumptions – The total OPEB liability in the January 1, 2019 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, 2019
Measurement Date of Net OPEB Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry age normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

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. Credit Bonds	Barclays Credit	45.0 %	2.12 %
U.S. Long Credit Bonds	Barclays Long Credit	5.0	2.90
U.S. Mortgages	Barclays MBS	50.0	1.53
Inflation			2.20
Long-term expected rate of return			4.25

The long-term expected rate of return decreased slightly from 5.00% in the prior year to 4.25% in the current year. This change was primarily based on the target asset allocation and capital market expectations. The expected inflation rate also decreased slightly from 2.30% in the prior year to 2.20% in the current year. 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.

Single discount rate – A single discount rate of 2.87% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 4.22% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 4.10% as of December 31, 2018 to 2.74% as of December 31, 2019. The Plan’s fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan’s fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan’s fiduciary net position is projected to be insufficient. The plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Local Retiree Life Insurance Fund (LRLIF) (Continued)

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Village's proportionate share of net OPEB liability (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 2.87%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
Village's Proportionate Share of the Net OPEB Liability (Asset)	\$ 40,889	\$ 29,611	\$ 21,032

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, 2020, the Village had no outstanding contribution to the plan required for the year ended December 31, 2020.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

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, 2020, nonspendable fund balance was as follows:

General Fund:		
Nonspendable:		
Inventories and Prepaid Items	\$	8,315
Marina Fund:		
Nonspendable:		
Inventories and Prepaid Items		<u>24,128</u>
Total Nonspendable Fund Balance	\$	<u><u>32,443</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, 2020, restricted fund balance was as follows:

Capital Projects Fund:		
Restricted for:		
Capital Projects	\$	596,442
Debt Service Fund:		
Restricted Debt Service		<u>48,595</u>
Total Restricted Fund Balance	\$	<u><u>645,037</u></u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2020, fund balance was assigned as follows:

Marina Fund:		
Assigned for Marina Operations	\$	93,200
Room Tax Fund:		
Assigned for Room Tax Operations		123,874
Joint Operations Fund:		
Assigned for Joint Operations		<u>49,980</u>
Total	\$	<u><u>267,054</u></u>

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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. Prior Period Adjustments

During 2020, the Village recorded a prior period adjustment to decrease cash and investments and fund balance/net position by \$90,569 in the governmental activities and capital projects fund financial statements for funds that were transferred to a non-profit entity in a prior year. Additionally, the Village recorded a prior period adjustment to decrease long-term obligations by \$101,156 in the business-type activities and proprietary fund financial statements and increase the long-term obligations in the governmental activities financial statements by the same amount to properly allocate long-term debt repayments.

NOTE 5 RISKS AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations and local communities. Specific to the Village, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimate as of June 17, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF EGG HARBOR, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

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

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

SCHEDULE OF CONTRIBUTIONS

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

See accompanying Notes to Required Supplementary Information.

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

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

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered-Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	0.01165400%	\$ 35,062	\$ 440,970	7.95%	44.81%
12/31/18	0.00892800%	23,037	463,635	4.97%	48.69%
12/31/19	0.00695400%	29,611	467,268	6.34%	37.58%

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/18	\$ 221	\$ 221	-	\$ 463,635	0.05%
12/31/19	136	136	-	467,268	0.03%
12/31/20	160	160	-	579,480	0.03%

See accompanying Notes to Required Supplementary Information.

**VILLAGE OF EGG HARBOR, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020**

A. PENSION

Wisconsin Retirement System

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town 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 10 fiscal years are presented.

B. OTHER POSTEMPLOYMENT BENEFIT PLAN

Local Retiree Life Insurance Fund

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

SUPPLEMENTARY INFORMATION

**VILLAGE OF EGG HARBOR, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
Taxes:				
Property Tax	\$ 624,451	\$ 624,451	\$ 624,460	\$ 9
Managed Forest Land Taxes	9	9	90	81
Total Taxes	<u>624,460</u>	<u>624,460</u>	<u>624,550</u>	<u>90</u>
Intergovernmental:				
State:				
Shared Taxes	-	-	5,549	5,549
Exempt Computer Aid	347	347	347	-
Fire Insurance	12,000	12,000	12,182	182
Transportation	51,975	51,975	54,595	2,620
Other State Grants	-	-	5,000	5,000
Total Intergovernmental	<u>64,322</u>	<u>64,322</u>	<u>77,673</u>	<u>13,351</u>
Licenses and Permits:				
Liquor Licenses	7,500	7,500	3,940	(3,560)
Operator's Licenses	1,100	1,100	1,045	(55)
Tobacco Licenses	75	75	50	(25)
Dog Licenses	40	40	20	(20)
Business Licenses	6,000	6,000	2,975	(3,025)
Zoning Administration	6,500	6,500	8,181	1,681
Cable Franchise Fees	7,434	7,434	8,131	697
Building Inspections	11,000	11,000	17,781	6,781
Other Licenses and Permits	500	500	-	(500)
Total Licenses and Permits	<u>40,149</u>	<u>40,149</u>	<u>42,123</u>	<u>1,974</u>
Fines and Forfeits:				
Parking Violations	100	100	-	(100)
Public Charges for Services:				
Parks Use Fees	500	500	7	(493)
Park Concessions	5,000	5,000	8,332	3,332
Total Public Charges for Services	<u>5,500</u>	<u>5,500</u>	<u>8,339</u>	<u>2,839</u>
Intergovernmental Charges for Services:				
Fire and EMS Services	10,000	10,000	6,163	(3,837)
Miscellaneous:				
Interest on Investments	5,000	5,000	12,240	7,240
Donations	1,000	1,000	5,300	4,300
Recycling Rebates	963	963	1,115	152
Community Building Rent	21,600	21,600	19,788	(1,812)
Insurance Dividends	4,000	4,000	429	(3,571)
Miscellaneous	500	500	4,537	4,037
Total Miscellaneous	<u>33,063</u>	<u>33,063</u>	<u>43,409</u>	<u>10,346</u>
Total Revenues	<u>\$ 777,594</u>	<u>\$ 777,594</u>	<u>\$ 802,257</u>	<u>\$ 24,663</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES
YEAR ENDED DECEMBER 31, 2020**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General Government:				
Village Board	\$ 17,268	\$ 17,268	\$ 17,646	\$ (378)
General Administration	223,398	223,398	208,955	14,443
Financial Administration	1,300	1,300	1,227	73
Revaluation	11,000	11,000	11,000	-
Professional Services	16,000	16,000	23,936	(7,936)
Legal and Audit	35,000	35,000	50,442	(15,442)
Elections	3,580	3,580	3,477	103
Property and Liability Insurance	20,000	20,000	29,530	(9,530)
Annexation Payments	-	-	164	(164)
Office Expenses	79,204	79,204	71,352	7,852
Total General Government	<u>406,750</u>	<u>406,750</u>	<u>417,729</u>	<u>(10,979)</u>
Public Safety:				
Building Inspection	-	-	14,377	(14,377)
Police Protection	2,500	2,500	423	2,077
Total Public Safety	<u>2,500</u>	<u>2,500</u>	<u>14,800</u>	<u>(12,300)</u>
Public Works:				
General Maintenance	186,729	186,729	168,994	17,735
Street Maintenance	26,562	26,562	20,338	6,224
Street Lighting	12,500	12,500	8,049	4,451
Recycling	32,075	32,075	16,799	15,276
Snow Removal	40,500	40,500	25,819	14,681
Weed Control	10,000	10,000	1,356	8,644
Sidewalks	3,000	3,000	-	3,000
Total Public Works	<u>311,366</u>	<u>311,366</u>	<u>241,355</u>	<u>70,011</u>
Health and Human Services:				
Animal Control	2,600	2,600	2,127	473
Culture and Recreation:				
Community Center	10,375	10,375	6,847	3,528
Parks	93,467	93,467	83,944	9,523
Visitor's Center	2,000	2,000	85	1,915
Total Culture and Recreation	<u>105,842</u>	<u>105,842</u>	<u>90,876</u>	<u>14,966</u>
Conservation and Development:				
Engineering	1,000	1,000	-	1,000
Zoning Administration	6,000	6,000	29,146	(23,146)
Planning Commission	2,688	2,688	32,840	(30,152)
Total Conservation and Development	<u>9,688</u>	<u>9,688</u>	<u>61,986</u>	<u>(52,298)</u>
Total Expenditures	<u>\$ 838,746</u>	<u>\$ 838,746</u>	<u>\$ 828,873</u>	<u>\$ 9,873</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	Special Revenue			Totals
	Room Tax Fund	Pavilion/ Library	Joint Operations	
ASSETS				
Cash and Investments	\$ 123,973	\$ 67,963	\$ 58,262	\$ 250,198
Accounts Receivable	-	7,554	-	7,554
Total Assets	\$ 123,973	\$ 75,517	\$ 58,262	\$ 257,752
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 99	\$ 16,324	\$ 5,867	\$ 22,290
Accrued and Other Current Liabilities	-	-	2,415	2,415
Due to Other Funds	-	79,101	-	79,101
Special Deposits	-	94,475	-	94,475
Total Liabilities	99	189,900	8,282	198,281
FUND BALANCES				
Assigned	123,874	-	49,980	173,854
Unassigned	-	(114,383)	-	(114,383)
Total Fund Balances	123,874	(114,383)	49,980	59,471
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 123,973	\$ 75,517	\$ 58,262	\$ 257,752

**VILLAGE OF EGG HARBOR, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	Special Revenue			Totals
	Room Tax Fund	Pavilion/ Library	Joint Operations	
REVENUES				
Taxes	\$ 115,516	\$ -	\$ -	\$ 115,516
Intergovernmental	-	-	1,773	1,773
Public Charges for Services	4,680	30,198	900	35,778
Miscellaneous	44,440	125,809	354	170,603
Total Revenues	<u>164,636</u>	<u>156,007</u>	<u>3,027</u>	<u>323,670</u>
EXPENDITURES				
Current:				
Public Safety	-	-	103,513	103,513
Health and Human Services	-	-	3,510	3,510
Culture and Recreation	21,762	312,579	1,106	335,447
Conservation and Development	30,000	-	-	30,000
Total Expenditures	<u>51,762</u>	<u>312,579</u>	<u>108,129</u>	<u>472,470</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	112,874	(156,572)	(105,102)	(148,800)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	187,417	82,147	269,564
Transfers Out	(167,477)	-	-	(167,477)
Total Other Financing Sources (Uses)	<u>(167,477)</u>	<u>187,417</u>	<u>82,147</u>	<u>102,087</u>
NET CHANGE IN FUND BALANCES	(54,603)	30,845	(22,955)	(46,713)
Fund Balances - January 1	<u>178,477</u>	<u>(145,228)</u>	<u>72,935</u>	<u>106,184</u>
FUND BALANCES - DECEMBER 31	<u>\$ 123,874</u>	<u>\$ (114,383)</u>	<u>\$ 49,980</u>	<u>\$ 59,471</u>

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – ROOM TAX FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 131,000	\$ 131,000	\$ 115,516	\$ (15,484)
Public Charges for Services	-	-	4,680	4,680
Miscellaneous	77,300	77,300	44,440	(32,860)
Total Revenues	<u>208,300</u>	<u>208,300</u>	<u>164,636</u>	<u>(43,664)</u>
EXPENDITURES				
Current:				
General Government	300	300	-	300
Culture and Recreation	115,450	115,450	21,762	93,688
Conservation and Development	35,000	35,000	30,000	5,000
Total Expenditures	<u>150,750</u>	<u>150,750</u>	<u>51,762</u>	<u>98,988</u>
EXCESS OF REVENUES OVER EXPENDITURES	57,550	57,550	112,874	55,324
OTHER FINANCING USES				
Transfers Out	<u>(78,774)</u>	<u>(78,774)</u>	<u>(167,477)</u>	<u>(88,703)</u>
NET CHANGE IN FUND BALANCE	(21,224)	(21,224)	(54,603)	(33,379)
Fund Balance - January 1	<u>178,477</u>	<u>178,477</u>	<u>178,477</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 157,253</u></u>	<u><u>\$ 157,253</u></u>	<u><u>\$ 123,874</u></u>	<u><u>\$ (33,379)</u></u>

VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – PAVILION/LIBRARY FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Public Charges for Services	\$ 112,295	\$ 112,295	\$ 30,198	\$ (82,097)
Miscellaneous	24,380	24,380	125,809	101,429
Total Revenues	<u>136,675</u>	<u>136,675</u>	<u>156,007</u>	<u>19,332</u>
EXPENDITURES				
Current:				
Culture and Recreation	<u>235,389</u>	<u>235,389</u>	<u>312,579</u>	<u>(77,190)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(98,714)	(98,714)	(156,572)	(57,858)
OTHER FINANCING SOURCES				
Transfers In	<u>98,714</u>	<u>98,714</u>	<u>187,417</u>	<u>88,703</u>
NET CHANGE IN FUND BALANCE	-	-	30,845	30,845
Fund Balance - January 1	<u>(145,228)</u>	<u>(145,228)</u>	<u>(145,228)</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ (145,228)</u></u>	<u><u>\$ (145,228)</u></u>	<u><u>\$ (114,383)</u></u>	<u><u>\$ 30,845</u></u>

VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – JOINT OPERATIONS FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 1,773	\$ (13,227)
Public Charges for Services	-	-	900	900
Miscellaneous	500	500	354	(146)
Total Revenues	<u>15,500</u>	<u>15,500</u>	<u>3,027</u>	<u>(12,473)</u>
EXPENDITURES				
Current:				
Public Safety	117,664	117,664	103,513	14,151
Health and Human Services	4,084	4,084	3,510	574
Culture and Recreation	900	900	1,106	(206)
Total Expenditures	<u>122,647</u>	<u>122,647</u>	<u>108,129</u>	<u>14,518</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(107,147)	(107,147)	(105,102)	2,045
OTHER FINANCING SOURCES				
Transfers In	<u>82,147</u>	<u>82,147</u>	<u>82,147</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(25,000)	(25,000)	(22,955)	2,045
Fund Balance - January 1	<u>72,935</u>	<u>72,935</u>	<u>72,935</u>	<u>-</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 47,935</u></u>	<u><u>\$ 47,935</u></u>	<u><u>\$ 49,980</u></u>	<u><u>\$ 2,045</u></u>

VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Intergovernmental	-	-	22,525	22,525
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>97,525</u>	<u>22,525</u>
EXPENDITURES				
Current:				
General Government	35,700	35,700	11,895	23,805
Public Works	100,000	100,000	84,943	15,057
Culture and Recreation	39,000	39,000	750,300	(711,300)
Capital Outlay	-	-	731,223	(731,223)
Total Expenditures	<u>174,700</u>	<u>174,700</u>	<u>1,578,361</u>	<u>(1,403,661)</u>
NET CHANGE IN FUND BALANCE	<u>(99,700)</u>	<u>(99,700)</u>	<u>(1,480,836)</u>	<u>(1,381,136)</u>
Fund Balance - January 1, as Originally Stated	2,167,847	2,167,847	2,167,847	-
Prior Period Adjustment	-	-	(90,569)	(90,569)
Fund Balance- January 1, Restated	<u>2,167,847</u>	<u>2,167,847</u>	<u>2,077,278</u>	<u>(90,569)</u>
FUND BALANCE - DECEMBER 31	<u><u>\$ 2,068,147</u></u>	<u><u>\$ 2,068,147</u></u>	<u><u>\$ 596,442</u></u>	<u><u>\$ (1,471,705)</u></u>

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



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

Village Board
Village of Egg Harbor, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Egg Harbor, Wisconsin, (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon which includes an emphasis of matters paragraph as indicated on page 2 dated June 17, 2021.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2020-001 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village of Egg Harbor, Wisconsin's Response to Findings

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



CliftonLarsonAllen LLP

Green Bay, Wisconsin
June 17, 2021

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of Auditors’ Results

Finding No.	Control Deficiencies
2020-001	Preparation of Annual Financial Report Repeat of Finding 2019-001
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:	The Village engages CliftonLarsonAllen, LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the Village’s internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village has implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village’s activities and operations.
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.

**VILLAGE OF EGG HARBOR, WISCONSIN
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
YEAR ENDED DECEMBER 31, 2020**

FINDING NO.	FINANCIAL STATEMENT FINDINGS
2020-002	Adjustments to the City's Financial Records
Type of Finding:	Material Weakness in Internal Control over Financial Reporting.
Condition:	As part of our audit, we proposed adjusting journal entries that were material to the Village's financial statements.
Context:	While performing audit procedures, it was noted that management does not have sufficient controls in place related to year end closing procedures.
Criteria:	Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.
Cause:	While Village staff maintains financial records which accurately report revenues and expenditures throughout the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop.
Effect:	Year-end financial records prepared by the Village may contain material misstatements.
Recommendation:	We recommend the Village designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.
Management Response:	There is no disagreement with the audit finding.

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, 2020.