

# Village of Allouez, Wisconsin

## ANNUAL FINANCIAL REPORT

December 31, 2020



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CONSULTING

# Village of Allouez, Wisconsin

DECEMBER 31, 2020

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## Independent auditors' report

To the Village Board  
Village of Allouez, 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 Allouez, 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 detailed 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 MATTER**

As described in Note 4.E., to the financial statements, the Village recorded prior period adjustments of \$552,945 in the business-type activities, \$278,835 in the water fund, \$219,422 in the sewer fund and \$54,688 in the stormwater fund to record unbilled revenues as of December 31, 2019. As a result, the Village restated the January 1, 2020 net position amounts in the business-type activities and water, sewer and stormwater funds for the user charge billings at December 31, 2019 not previously recorded. Our opinions are 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 53 through 54 be presented to supplement the basic financial statements. Such 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. 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 for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Allouez, Wisconsin's basic financial statements. The general fund detailed budgetary comparison schedules and the combining nonmajor fund financial statements for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The general fund detailed budgetary comparison schedules and the combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audits of the basic financial statements for the year ended December 31, 2020, 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 general fund detailed budgetary comparison schedules and the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 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.

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

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin

May 3, 2021

BASIC FINANCIAL STATEMENTS

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# Village of Allouez, Wisconsin

## STATEMENT OF NET POSITION DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 6,840,557	\$ 991,407	\$ 7,831,964
Receivables			
Taxes and special charges	6,485,859	176,364	6,662,223
Delinquent taxes	3,421	-	3,421
Accounts, net	153,443	1,138,709	1,292,152
Special assessments	40,885	19,628	60,513
Loans	95,532	-	95,532
Grant	330,345	-	330,345
Other	6,995	286,113	293,108
Due from other governments	96,468	-	96,468
Inventories and prepaid items	34,201	91,786	125,987
Restricted assets			
Cash and investments	1,040,141	400,948	1,441,089
Net pension asset	306,616	100,403	407,019
Capital assets, nondepreciable	3,840,081	1,332,878	5,172,959
Capital assets, depreciable	16,406,835	32,164,824	48,571,659
Total assets	<u>35,681,379</u>	<u>36,703,060</u>	<u>72,384,439</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	713,137	232,433	945,570
Other postemployment related amounts	59,117	19,361	78,478
Total deferred outflows of resources	<u>772,254</u>	<u>251,794</u>	<u>1,024,048</u>
<b>LIABILITIES</b>			
Accounts payable	437,201	1,321,560	1,758,761
Accrued and other current liabilities	50,455	-	50,455
Accrued interest payable	72,975	86,510	159,485
Special deposits	37,330	-	37,330
Long-term obligations			
Due within one year	1,145,813	1,364,436	2,510,249
Due in more than one year	10,654,458	12,880,952	23,535,410
Other postemployment benefits	138,621	45,397	184,018
Total liabilities	<u>12,536,853</u>	<u>15,698,855</u>	<u>28,235,708</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes levied for subsequent year	7,503,132	-	7,503,132
Pension related amounts	922,720	302,149	1,224,869
Other postemployment related amounts	22,810	7,470	30,280
Total deferred inflows of resources	<u>8,448,662</u>	<u>309,619</u>	<u>8,758,281</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,805,295	18,813,231	27,618,526
Restricted	751,270	478,244	1,229,514
Unrestricted	5,911,553	1,654,905	7,566,458
Total net position	<u>\$ 15,468,118</u>	<u>\$ 20,946,380</u>	<u>\$ 36,414,498</u>

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

# Village of Allouez, Wisconsin

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 1,756,073	\$ 80,718	\$ 243,361	\$ -
Public safety	3,069,160	124,609	43,669	-
Public works	3,163,853	19,746	539,747	72,286
Health and human services	5,930	-	-	-
Culture, recreation and forestry	878,574	59,342	37,721	57,074
Conservation and development	323,306	5,046	-	-
Interest and fiscal charges	280,217	-	-	-
Total governmental activities	9,477,113	289,461	864,498	129,360
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water utility	3,246,922	3,746,390	-	-
Sanitary sewer utility	2,662,937	2,752,439	-	-
Storm water utility	729,314	681,000	-	132,108
Total business-type activities	6,639,173	7,179,829	-	132,108
<b>Total</b>	<b>\$ 16,116,286</b>	<b>\$ 7,469,290</b>	<b>\$ 864,498</b>	<b>\$ 261,468</b>

### General revenues

#### Taxes

Property taxes

Tax increments

Sales tax

Other taxes

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

Interest and investment earnings

Miscellaneous

Gain on disposal of assets

Transfers

Total general revenues and transfers

### Change in net position

Net position - January 1, restated

Net position - December 31

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

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
\$ (1,431,994)	\$ -	\$ (1,431,994)
(2,900,882)	-	(2,900,882)
(2,532,074)	-	(2,532,074)
(5,930)	-	(5,930)
(724,437)	-	(724,437)
(318,260)	-	(318,260)
(280,217)	-	(280,217)
(8,193,794)	-	(8,193,794)
-	499,468	499,468
-	89,502	89,502
-	83,794	83,794
-	672,764	672,764
(8,193,794)	672,764	(7,521,030)
6,505,595	-	6,505,595
692,949	-	692,949
976	-	976
144,978	-	144,978
671,506	-	671,506
32,006	6,139	38,145
369,686	-	369,686
20,611	-	20,611
305,086	(305,086)	-
8,743,393	(298,947)	8,444,446
549,599	373,817	923,416
14,918,519	20,572,563	35,491,082
\$ 15,468,118	\$ 20,946,380	\$ 36,414,498

# Village of Allouez, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 1</u>	<u>Capital Facilities and Equipment</u>
<b>ASSETS</b>				
Cash and investments	\$ 4,172,518	\$ -	\$ -	\$ 185,186
Restricted cash and investments	-	286,148	519,267	194,636
Receivables				
Taxes and special charges	4,560,068	1,160,699	700,216	-
Delinquent taxes	3,421	-	-	-
Accounts, net	93,614	-	56,484	-
Special assessments	40,885	-	-	-
Loans	92,144	-	3,388	-
Grant	51,808	-	250,000	-
Other	220	-	-	-
Due from other governments	-	-	-	-
Prepaid items	33,928	-	-	-
	<u>33,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,048,606</u>	<u>\$ 1,446,847</u>	<u>\$ 1,529,355</u>	<u>\$ 379,822</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 304,319	\$ -	\$ 28,081	\$ 54,784
Accrued and other current liabilities	50,455	-	-	-
Special deposits	23,103	-	14,227	-
	<u>377,877</u>	<u>-</u>	<u>42,308</u>	<u>54,784</u>
Deferred inflows of resources				
Property taxes and special charges levied for subsequent year	5,276,839	1,341,815	809,478	-
Grant receivable	51,808	-	250,000	-
Loans receivable	92,144	-	3,388	-
	<u>5,420,791</u>	<u>1,341,815</u>	<u>1,062,866</u>	<u>-</u>
Fund balances				
Nonspendable	37,349	-	-	-
Restricted	-	105,032	424,181	194,636
Committed	-	-	-	130,402
Assigned	332,763	-	-	-
Unassigned	2,879,826	-	-	-
	<u>3,249,938</u>	<u>105,032</u>	<u>424,181</u>	<u>325,038</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,048,606</u>	<u>\$ 1,446,847</u>	<u>\$ 1,529,355</u>	<u>\$ 379,822</u>

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

<b>Other Governmental Funds</b>		<b>Totals</b>	
\$	195,728	\$	4,553,432
	40,090		1,040,141
	64,876		6,485,859
	-		3,421
	-		150,098
	-		40,885
	-		95,532
	28,537		330,345
	-		220
	96,468		96,468
	-		33,928
<u>\$</u>	<u>425,699</u>	<u>\$</u>	<u>12,830,329</u>
\$	36,451	\$	423,635
	-		50,455
	-		37,330
	36,451		511,420
	75,000		7,503,132
	28,537		330,345
	-		95,532
	103,537		7,929,009
	96,468		133,817
	18,840		742,689
	170,403		300,805
	-		332,763
	-		2,879,826
	285,711		4,389,900
<u>\$</u>	<u>425,699</u>	<u>\$</u>	<u>12,830,329</u>

# Village of Allouez, Wisconsin

## BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

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### RECONCILIATION TO THE STATEMENT OF NET POSITION

Total fund balances as shown on previous page	\$ 4,389,900
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:	
Total capital assets reported in governmental activities	\$ 20,246,916
Less governmental activities capital assets reported in an internal service fund	<u>(1,614,079)</u>
	18,632,837
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	425,877
Net position of the internal service fund is reported in the statement of net position as governmental activities	3,898,049
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Deferred outflows related to pensions	662,108
Deferred inflows related to pensions	(857,204)
Deferred outflows related to other postemployment benefits	54,918
Deferred inflows related to other postemployment benefits	(21,190)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds and notes payable	(11,290,875)
Premium on debt	(296,478)
Compensated absences	(212,918)
Net pension asset (liability)	284,845
Other postemployment benefit	(128,776)
Accrued interest on long-term obligations	<u>(72,975)</u>
Net position of governmental activities as reported on the statement of net position (see page 4)	<u>\$ 15,468,118</u>

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

# Village of Allouez, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>TID No. 1</u>	<u>Capital Facilities and Equipment</u>
<b>REVENUES</b>				
Taxes	\$ 5,157,401	\$ 1,291,886	\$ 692,949	\$ -
Special assessments	4,828	-	-	-
Intergovernmental	1,428,609	-	54,130	28,145
Licenses and permits	236,713	-	-	-
Fines and forfeits	51,528	-	-	-
Public charges for services	122,965	-	5,046	-
Miscellaneous	343,179	-	70,994	20,477
	<u>7,345,223</u>	<u>1,291,886</u>	<u>823,119</u>	<u>48,622</u>
Total revenues				
<b>EXPENDITURES</b>				
Current				
General government	1,142,473	-	-	-
Public safety	3,044,193	-	-	-
Public works	2,475,589	-	-	-
Health and human services	5,930	-	-	-
Culture, recreation and forestry	700,006	-	-	-
Conservation and development	51,923	-	265,610	-
Debt service				
Principal	-	1,068,475	50,000	-
Interest and fiscal charges	-	298,107	23,625	-
Capital outlay	91,664	-	1,711,413	239,001
	<u>7,511,778</u>	<u>1,366,582</u>	<u>2,050,648</u>	<u>239,001</u>
Total expenditures				
Excess of revenues under expenditures	<u>(166,555)</u>	<u>(74,696)</u>	<u>(1,227,529)</u>	<u>(190,379)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	1,350,000	-
Transfers in	425,086	-	-	-
Transfers out	-	-	-	-
	<u>425,086</u>	<u>-</u>	<u>1,350,000</u>	<u>-</u>
Total other financing sources (uses)				
<b>Net change in fund balances</b>	258,531	(74,696)	122,471	(190,379)
<b>Fund balances - January 1</b>	<u>2,991,407</u>	<u>179,728</u>	<u>301,710</u>	<u>515,417</u>
<b>Fund balances - December 31</b>	<u>\$ 3,249,938</u>	<u>\$ 105,032</u>	<u>\$ 424,181</u>	<u>\$ 325,038</u>

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

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<b>Other Governmental Funds</b>	<b>Totals</b>
\$ 67,976	\$ 7,210,212
-	4,828
28,537	1,539,421
-	236,713
-	51,528
-	128,011
8,600	443,250
<u>105,113</u>	<u>9,613,963</u>
42,500	1,184,973
-	3,044,193
72,875	2,548,464
-	5,930
-	700,006
-	317,533
-	1,118,475
-	321,732
454,656	2,496,734
<u>570,031</u>	<u>11,738,040</u>
<u>(464,918)</u>	<u>(2,124,077)</u>
-	1,350,000
-	425,086
<u>(120,000)</u>	<u>(120,000)</u>
<u>(120,000)</u>	<u>1,655,086</u>
(584,918)	(468,991)
<u>870,629</u>	<u>4,858,891</u>
<u>\$ 285,711</u>	<u>\$ 4,389,900</u>

# Village of Allouez, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

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### RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net change in fund balances as shown on previous page	\$ (468,991)
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 expenditures in governmental fund statements	2,496,734
Items reported as capital outlay, but not capitalized	(39,864)
Depreciation expense reported in the statement of activities	(886,741)
Net book value of disposals	(348,013)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	72,731
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Long-term debt issued	(1,350,000)
Principal repaid	1,118,475
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	(1,687)
Amortization of premiums	43,202
Compensated absences	(16,003)
Net pension liability	321,024
Net pension asset	284,845
Deferred outflows of resources related to pensions	(227,219)
Deferred inflows of resources related to pensions	(411,272)
Other postemployment benefits	(53,374)
Deferred outflows of resources related to other postemployment benefits	42,118
Deferred inflows of resources related to other postemployment benefits	465
An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(26,831)</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 549,599</u>

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

# Village of Allouez, Wisconsin

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,151,529	\$ 5,151,529	\$ 5,157,401	\$ 5,872
Special assessments	1,500	1,500	4,828	3,328
Intergovernmental	1,171,864	1,171,864	1,428,609	256,745
Licenses and permits	216,360	216,360	236,713	20,353
Fines and forfeits	98,200	98,200	51,528	(46,672)
Public charges for services	193,675	193,675	122,965	(70,710)
Miscellaneous	158,051	158,051	343,179	185,128
Total revenues	<u>6,991,179</u>	<u>6,991,179</u>	<u>7,345,223</u>	<u>354,044</u>
<b>EXPENDITURES</b>				
Current				
General government	1,056,860	1,064,860	1,142,473	(77,613)
Public safety	3,122,157	3,122,157	3,044,193	77,964
Public works	2,362,721	2,387,721	2,475,589	(87,868)
Health and human services	6,800	6,800	5,930	870
Culture, recreation and forestry	765,611	765,611	700,006	65,605
Conservation and development	54,755	64,401	51,923	12,478
Capital outlay	32,275	83,101	91,664	(8,563)
Total expenditures	<u>7,401,179</u>	<u>7,494,651</u>	<u>7,511,778</u>	<u>(17,127)</u>
Excess of revenues over (under) expenditures	(410,000)	(503,472)	(166,555)	336,917
<b>OTHER FINANCING SOURCES</b>				
Transfers in	410,000	410,000	425,086	15,086
<b>Net change in fund balance</b>	-	(93,472)	258,531	352,003
<b>Fund balance - January 1</b>	<u>2,991,407</u>	<u>2,991,407</u>	<u>2,991,407</u>	-
<b>Fund balance - December 31</b>	<u>\$ 2,991,407</u>	<u>\$ 2,897,935</u>	<u>\$ 3,249,938</u>	<u>\$ 352,003</u>

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

# Village of Allouez, Wisconsin

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2020

	Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Storm Water Utility
<b>ASSETS</b>			
Current assets			
Cash and investments	\$ 634,152	\$ 4,994	\$ 352,261
Receivables			
Special charges	67,101	88,352	20,911
Customer accounts	577,874	450,041	110,794
Special assessments	-	3,120	16,508
Other	49,023	85,952	151,138
Inventories and prepaid items	87,311	-	4,475
Total current assets	1,415,461	632,459	656,087
Noncurrent assets			
Restricted assets			
Cash and investments	23,107	377,841	-
Other assets			
Net pension asset	59,694	14,665	26,044
Capital assets			
Nondepreciable	34,614	13,414	1,284,850
Depreciable	14,480,937	10,832,877	6,851,010
Total capital assets	14,515,551	10,846,291	8,135,860
Total assets	16,013,813	11,871,256	8,817,991
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	137,655	34,273	60,505
Other postemployment related amounts	11,513	2,825	5,023
Total deferred outflows of resources	149,168	37,098	65,528

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

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		<b>Governmental Activities - Internal Service Fund</b>	
<b>Totals</b>		<b>Equipment</b>	
\$	991,407	\$	2,287,125
	176,364		-
	1,138,709		3,345
	19,628		-
	286,113		6,775
	91,786		273
	<u>2,704,007</u>		<u>2,297,518</u>
	 400,948		 -
	<u>100,403</u>		<u>21,771</u>
	1,332,878		-
	<u>32,164,824</u>		<u>1,614,079</u>
	<u>33,497,702</u>		<u>1,614,079</u>
	<u>36,703,060</u>		<u>3,933,368</u>
	232,433		51,029
	<u>19,361</u>		<u>4,199</u>
	<u>251,794</u>		<u>55,228</u>

# Village of Allouez, Wisconsin

## STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2020

	Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Storm Water Utility
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 379,240	\$ 413,034	\$ 529,286
Accrued interest	33,413	29,770	23,327
Current portion of long-term debt	622,631	415,000	326,805
Total current liabilities	<u>1,035,284</u>	<u>857,804</u>	<u>879,418</u>
Long-term obligations, less current portion			
General obligation debt	3,034,312	3,536,000	3,022,543
Revenue bonds	2,960,001	-	-
Debt premium	116,885	101,378	85,176
Compensated absences	24,657	-	-
Other postemployment benefits	26,995	6,625	11,777
Total long-term liabilities	<u>6,162,850</u>	<u>3,644,003</u>	<u>3,119,496</u>
Total liabilities	<u>7,198,134</u>	<u>4,501,807</u>	<u>3,998,914</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	179,641	44,133	78,375
Other postemployment related amounts	4,442	1,090	1,938
Total deferred inflows of resources	<u>184,083</u>	<u>45,223</u>	<u>80,313</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,804,829	6,793,913	4,214,489
Restricted	59,694	392,506	26,044
Unrestricted	916,241	174,905	563,759
Total net position	<u>\$ 8,780,764</u>	<u>\$ 7,361,324</u>	<u>\$ 4,804,292</u>

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

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		<b>Governmental Activities - Internal Service Fund</b>	
<b>Totals</b>		<b>Equipment</b>	
\$	1,321,560	\$	13,566
	86,510		-
	<u>1,364,436</u>		<u>-</u>
	2,772,506		13,566
	9,592,855		-
	2,960,001		-
	303,439		-
	24,657		-
	<u>45,397</u>		<u>9,845</u>
	12,926,349		9,845
	<u>15,698,855</u>		<u>23,411</u>
	302,149		65,516
	<u>7,470</u>		<u>1,620</u>
	<u>309,619</u>		<u>67,136</u>
	18,813,231		1,614,079
	478,244		-
	<u>1,654,905</u>		<u>2,283,970</u>
<u>\$</u>	<u>20,946,380</u>	<u>\$</u>	<u>3,898,049</u>

# Village of Allouez, Wisconsin

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Storm Water Utility
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,586,340	\$ 2,752,439	\$ 681,000
Other	160,050	-	-
Total operating revenues	<u>3,746,390</u>	<u>2,752,439</u>	<u>681,000</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	2,736,461	2,324,942	403,006
Depreciation	<u>370,531</u>	<u>225,838</u>	<u>232,998</u>
Total operating expenses	<u>3,106,992</u>	<u>2,550,780</u>	<u>636,004</u>
Operating income (loss)	<u>639,398</u>	<u>201,659</u>	<u>44,996</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	53	5,032	1,054
Gain on disposal of capital assets	-	-	100
Interest and fiscal charges	<u>(144,399)</u>	<u>(112,157)</u>	<u>(93,410)</u>
Total nonoperating revenues (expenses)	<u>(144,346)</u>	<u>(107,125)</u>	<u>(92,256)</u>
Income (loss) before contributions and transfers	495,052	94,534	(47,260)
Capital contributions	4,469	-	132,108
Transfers out	<u>(305,086)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>	194,435	94,534	84,848
<b>Net position - January 1, restated</b>	<u>8,586,329</u>	<u>7,266,790</u>	<u>4,719,444</u>
<b>Net position - December 31</b>	<u>\$ 8,780,764</u>	<u>\$ 7,361,324</u>	<u>\$ 4,804,292</u>

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

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		<b>Governmental Activities - Internal Service Fund</b>	
<b>Totals</b>		<b>Equipment</b>	
\$	7,019,779	\$	732,240
	160,050		-
	<u>7,179,829</u>		<u>732,240</u>
	5,464,409		462,896
	829,367		323,590
	<u>6,293,776</u>		<u>786,486</u>
	886,053		(54,246)
	6,139		7,164
	100		20,251
	<u>(349,966)</u>		-
	<u>(343,727)</u>		<u>27,415</u>
	542,326		(26,831)
	136,577		-
	<u>(305,086)</u>		-
	373,817		(26,831)
	<u>20,572,563</u>		<u>3,924,880</u>
<u>\$</u>	<u>20,946,380</u>	<u>\$</u>	<u>3,898,049</u>

# Village of Allouez, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Storm Water Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 3,763,183	\$ 2,906,802	\$ 693,037
Cash received (paid for) joint meter depreciation	39,763	(39,763)	-
Cash paid for employee wages and benefits	(422,524)	(110,548)	(172,965)
Cash paid to suppliers	(2,297,400)	(2,172,765)	(193,434)
Net cash provided by operating activities	<u>1,083,022</u>	<u>583,726</u>	<u>326,638</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfer out	<u>(305,086)</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(62,654)	(185,676)	(160,083)
Cost of removals	2,870	-	-
Capital contributions	4,469	17,509	19,359
Sale of capital assets	1,122	-	100
Principal paid on long-term debt	(598,953)	(393,800)	(319,307)
Interest paid on long-term debt	<u>(168,879)</u>	<u>(132,947)</u>	<u>(111,178)</u>
Net cash used by capital and related financing activities	<u>(822,025)</u>	<u>(694,914)</u>	<u>(571,109)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<u>53</u>	<u>5,032</u>	<u>1,054</u>
<b>Change in cash and cash equivalents</b>	<u>(44,036)</u>	<u>(106,156)</u>	<u>(243,417)</u>
<b>Cash and cash equivalents - January 1</b>	<u>701,295</u>	<u>488,991</u>	<u>595,678</u>
<b>Cash and cash equivalents - December 31</b>	<u>\$ 657,259</u>	<u>\$ 382,835</u>	<u>\$ 352,261</u>

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

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		<b>Governmental Activities - Internal Service Fund</b>	
<b>Totals</b>		<b>Equipment</b>	
\$	7,363,022	\$	741,945
	-		-
	(706,037)		(150,769)
	(4,663,599)		(327,744)
	<u>1,993,386</u>		<u>263,432</u>
	 (305,086)		 -
	 (408,413)		 (434,204)
	2,870		-
	41,337		-
	1,222		20,251
	(1,312,060)		-
	(413,004)		-
	<u>(2,088,048)</u>		<u>(413,953)</u>
	 6,139		 7,164
	(393,609)		(143,357)
	<u>1,785,964</u>		<u>2,430,482</u>
\$	<u>1,392,355</u>	\$	<u>2,287,125</u>

# Village of Allouez, Wisconsin

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Enterprise Funds		
	Water Utility	Sanitary Sewer Utility	Storm Water Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 639,398	\$ 201,659	\$ 44,996
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	370,531	225,838	232,998
Depreciation charged to sanitary sewer utility	39,763	(39,763)	-
Change in pension related amounts			
Net pension asset	(59,694)	(14,665)	(26,044)
Deferred outflows - Pension related	75,129	16,910	21,445
Deferred inflows - Pension related	71,458	18,164	37,247
Net pension liability	(77,880)	(18,695)	(29,608)
Change in OPEB related amounts			
Deferred outflows - OPEB related	(8,408)	(2,080)	(3,843)
Other postemployment benefits	8,702	2,234	4,823
Deferred inflows - OPEB related	(811)	(171)	(59)
Change in operating assets and liabilities			
Accounts receivables	3,836	151,747	8,660
Taxes and special charges receivable	12,957	2,616	3,377
Inventories and prepaid items	(1,169)	-	(158)
Accounts payable	22,006	39,932	32,804
Compensated absences	(12,796)	-	-
Net cash provided by operating activities	<u>\$ 1,083,022</u>	<u>\$ 583,726</u>	<u>\$ 326,638</u>
Reconciliation of cash and cash equivalents to the statement of net position			
Cash and cash equivalents in current assets	\$ 634,152	\$ 4,994	\$ 352,261
Cash and cash equivalents in restricted assets	<u>23,107</u>	<u>377,841</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 657,259</u>	<u>\$ 382,835</u>	<u>\$ 352,261</u>
Noncash capital and related financing activities			
Capital related accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,847</u>

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

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		<b>Governmental Activities - Internal Service Fund</b>	
<u>Totals</u>		<u>Equipment</u>	
\$ 886,053	\$	(54,246)	
829,367		323,590	
-		-	
(100,403)		(21,771)	
113,484		(3,775)	
126,869		42,988	
(126,183)		(16,218)	
(14,331)		(3,552)	
15,759		6,036	
(1,041)		526	
164,243		9,705	
18,950		-	
(1,327)		(8)	
94,742		(19,843)	
(12,796)		-	
<u>\$ 1,993,386</u>	<u>\$</u>	<u>263,432</u>	
\$ 991,407	\$	2,287,125	
400,948		-	
<u>\$ 1,392,355</u>	<u>\$</u>	<u>2,287,125</u>	
<u>\$ 483,847</u>	<u>\$</u>	<u>-</u>	

# Village of Allouez, Wisconsin

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2020

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 2,074,573</u>
<b>LIABILITIES</b>	
Due to other governments	<u>2,074,573</u>
<b>FIDUCIARY NET POSITION</b>	
Restricted - held for others	<u>\$ -</u>

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

# Village of Allouez, Wisconsin

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2020

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Taxes and special charges collected	<u>\$ 5,650,060</u>
<b>DEDUCTIONS</b>	
Payments to other taxing districts	<u>5,650,060</u>
<b>Change in fiduciary net position</b>	-
<b>Fiduciary net position - January 1</b>	<u>-</u>
<b>Fiduciary net position - December 31</b>	<u><u>\$ -</u></u>

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

# Village of Allouez, Wisconsin

NOTES BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Village of Allouez, 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 seven member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

### **B. 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 and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and 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.

#### **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.

#### **Tax Incremental District (TID) No. 1 Fund**

This fund is used to account for financial resources to be used for projects in the Village's Tax Incremental District No. 1.

#### **Capital Facilities and Equipment Capital Projects Fund**

This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types, TID No. 1 or the parks capital projects funds.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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The Village reports the following major enterprise funds:

### **Water Utility Fund**

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

### **Sanitary Sewer Utility Fund**

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

### **Storm Water Utility Fund**

This fund accounts for operations of the Village's storm water utility.

The Village also reports the following fiduciary fund:

### **Custodial Fund**

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

Additionally, the Village reports the following fund type:

- ▶ *Internal service fund* accounts for the purchase and operation of equipment provided to other departments of the Village, on a cost reimbursement basis.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

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

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

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

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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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.

### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE**

#### **1. Cash and Investments**

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

#### **2. Property Taxes and Special Charges Receivable**

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

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

#### **3. Accounts Receivable**

Governmental activities and general accounts receivable are recorded net of an allowance for uncollectible amounts of \$24,003.

#### **4. Loan Receivable**

The Village lent funds to the Allouez Buccaneers to construct a park shelter building. The Village recorded a loan receivable and expenditure when the loan was made and the funds disbursed. 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. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loan is repaid, revenue is recognized.

#### **5. 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 governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2020 tax roll are recognized as revenue in 2021.)

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### 6. 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.

### 7. 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.

### 8. Prepaid Items

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

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

### 9. Capital Assets

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

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	Business-type
	Activities	Activities
	Years	
Land improvements	30	-
Buildings and improvements	50 - 60	50 - 60
Machinery and equipment	5 - 25	5 - 25
Infrastructure	30 - 100	30 - 100

### 10. Compensated Absences

It is the Village’s policy to permit employees to accumulate earned but unused personal time off (PTO) and sick leave benefits in accordance with employee handbook policies. All PTO 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.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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### 11. **Deferred Outflows/Inflows of Resources**

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

### 12. **Long-term Obligations**

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

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

### 13. **Pensions**

For purposes of measuring the net pension liability, 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.

### 14. **Other Postemployment Benefits Other Than Pensions (OPEB)**

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

### 15. **Fund Equity**

#### ***Governmental Fund Financial Statements***

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

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Village management. The Village Board has authorized the Village Finance Director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

### ***Government-Wide and Proprietary Fund Statements***

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

### **E. 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 Allouez, Wisconsin

NOTES BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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## **NOTE 2: STEWARDSHIP AND COMPLIANCE**

### **A. BUDGETS AND BUDGETARY ACCOUNTING**

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

1. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with 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 governmental funds.
4. Expenditures may not exceed appropriations provided in budget accounts maintained for each functional area of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2020.

### **B. PROPERTY TAX LEVY LIMIT**

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 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 0.63%. The actual limit for the Village for the 2021 budget was 0.65%. 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 Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

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The carrying amount of the Village's cash and investments totaled \$11,347,626 on December 31, 2020 as summarized below:

Petty cash and cash on hand	\$	500
Deposits with financial institutions		9,940,658
Investments		1,406,468
		<u>\$ 11,347,626</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position		
Cash and investments	\$	7,831,964
Restricted cash and investments		1,441,089
Fiduciary fund statement of net position		
Cash and investments		2,074,573
		<u>\$ 11,347,626</u>

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.

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. 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, \$7,505,267 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits. The Village's financial institution collateralizes bank balances with collateral of \$11,656,339 as of December 31, 2020.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Wisconsin local government investment pool	\$ 1,406,468	\$ -	\$ -	\$ -	\$ 1,406,468

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village 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.

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wisconsin local government investment pool	\$ 1,406,468	\$ 1,406,468	\$ -	\$ -	\$ -

### Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin Local Government Investment Pool of \$1,406,468 at year-end. The (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.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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### B. RESTRICTED ASSETS

Restricted assets on December 31, 2020 totaled \$1,441,089 and consisted of cash and investments held for the following purposes:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
Governmental funds		
Debt service fund	\$ 286,148	Property taxes levied for the repayment of long-term debt
Special revenue fund		
Excess stadium district sales tax	40,090	Excess sales tax returned to the Village to be used for economic development or property tax relief
Capital projects funds		
TID No. 1	519,267	Tax increments collected and unused debt proceeds to be used for TID No. 1 project expenditures
Capital facilities and equipment	194,636	Unused debt proceeds to be used for capital project expenditures
Total governmental funds	<u>1,040,141</u>	
Enterprise funds		
Water utility	23,107	Unused debt proceeds to be used for water capital improvements
Sanitary sewer utility	377,841	Funds held for equipment replacement as required by the Wisconsin Department of Natural Resources
Total enterprise funds	<u>400,948</u>	
Total	<u>\$ 1,441,089</u>	

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### C. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 1,941,326	\$ 1,711,413	\$ 337,096	\$ 3,315,643
Construction in progress	1,533,481	498,302	1,507,345	524,438
Total capital assets, nondepreciable	<u>3,474,807</u>	<u>2,209,715</u>	<u>1,844,441</u>	<u>3,840,081</u>
Capital assets, depreciable:				
Land improvements	2,714,326	25,914	33,205	2,707,035
Buildings and improvements	6,575,980	-	32,485	6,543,495
Machinery and equipment	6,102,490	557,267	295,671	6,364,086
Infrastructure	12,341,638	1,605,523	-	13,947,161
Subtotals	<u>27,734,434</u>	<u>2,188,704</u>	<u>361,361</u>	<u>29,561,777</u>
Less accumulated depreciation for:				
Land improvements	1,261,397	109,859	31,545	1,339,711
Buildings and improvements	2,880,514	177,334	28,089	3,029,759
Machinery and equipment	4,179,437	388,859	290,810	4,277,486
Infrastructure	3,973,707	534,279	-	4,507,986
Subtotals	<u>12,295,055</u>	<u>1,210,331</u>	<u>350,444</u>	<u>13,154,942</u>
Total capital assets, depreciable, net	<u>15,439,379</u>	<u>978,373</u>	<u>10,917</u>	<u>16,406,835</u>
Governmental activities capital assets, net	<u>\$ 18,914,186</u>	<u>\$ 3,188,088</u>	<u>\$ 1,855,358</u>	20,246,916
Less: Capital related debt				11,057,865
Less: Debt premium				296,478
Less: Capital related accounts payable				<u>87,278</u>
Net investment in capital assets				<u>\$ 8,805,295</u>

# Village of Allouez, Wisconsin

NOTES BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 507,562	\$ -	\$ -	\$ 507,562
Construction in progress	188,814	636,502	-	825,316
Total capital assets, nondepreciable	<u>696,376</u>	<u>636,502</u>	<u>-</u>	<u>1,332,878</u>
Capital assets, depreciable:				
Buildings and improvements	624,072	-	-	624,072
Machinery and equipment	1,309,318	5,506	6,970	1,307,854
Infrastructure	46,759,035	205,178	27,472	46,936,741
Subtotals	<u>48,692,425</u>	<u>210,684</u>	<u>34,442</u>	<u>48,868,667</u>
Less accumulated depreciation for:				
Buildings and improvements	615,985	8,087	-	624,072
Machinery and equipment	837,161	49,903	6,771	880,293
Infrastructure	14,451,781	771,377	23,680	15,199,478
Subtotals	<u>15,904,927</u>	<u>829,367</u>	<u>30,451</u>	<u>16,703,843</u>
Total capital assets, depreciable, net	<u>32,787,498</u>	<u>(618,683)</u>	<u>3,991</u>	<u>32,164,824</u>
Business-type activities capital assets, net	<u>\$ 33,483,874</u>	<u>\$ 17,819</u>	<u>\$ 3,991</u>	33,497,702
Less: Capital related debt				13,894,185
Less: Debt premium				303,439
Less: Capital related accounts payable				<u>486,847</u>
Net investment in capital assets				<u>\$ 18,813,231</u>

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

Governmental activities	
General government	\$ 178,186
Public safety	20,842
Public works	537,622
Culture and recreation	150,091
Subtotal	<u>886,741</u>
Capital assets held by Village's internal service fund are charged to various functions based on their usage of the assets	
	323,590
Total depreciation expense - governmental activities	<u>\$ 1,210,331</u>
Business-type activities	
Water utility	\$ 370,531
Sanitary sewer utility	225,838
Storm water utility	232,998
Total depreciation expense - business-type activities	<u>\$ 829,367</u>

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### D. INTERFUND TRANSFERS

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

Funds	Transfer In	Transfer Out
Water utility	\$ -	\$ 305,086
General fund	425,086	-
Excess stadium district sales tax	-	120,000
	<u>\$ 425,086</u>	<u>\$ 425,086</u>

Interfund transfers were made for the following purposes:

Tax equivalent payment made by water utility to general fund	\$ 305,086
Apply excess stadium sales tax funds for property tax relief	120,000
	<u>\$ 425,086</u>

### E. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation debt					
Bonds	\$ 9,849,350	\$ -	\$ 1,073,475	\$ 8,775,875	\$ 1,100,813
Notes	1,210,000	-	45,000	1,165,000	45,000
Notes from direct borrowings					
State trust fund loans	-	1,350,000	-	1,350,000	-
Total general obligation debt	11,059,350	1,350,000	1,118,475	11,290,875	1,145,813
Debt premium	339,680	-	43,202	296,478	-
Compensated absences	196,915	16,003	-	212,918	-
Governmental activities long-term obligations	<u>\$ 11,595,945</u>	<u>\$ 1,366,003</u>	<u>\$ 1,161,677</u>	<u>\$ 11,800,271</u>	<u>\$ 1,145,813</u>
<b>Business-type activities:</b>					
General obligation debt					
Bonds	\$ 10,005,650	\$ -	\$ 966,525	\$ 9,039,125	\$ 1,009,188
Notes	1,360,000	-	105,000	1,255,000	110,000
Notes from direct borrowings					
Clean water fund loan	480,355	-	30,757	449,598	31,680
Total general obligation debt	11,846,005	-	1,102,282	10,743,723	1,150,868
Revenue bond direct borrowings					
Safe drinking water fund loans	3,383,347	-	209,778	3,173,569	213,568
Debt premium	345,110	-	41,671	303,439	-
Compensated absences	37,453	7,305	20,101	24,657	-
Business-type activities long-term obligations	<u>\$ 15,611,915</u>	<u>\$ 7,305</u>	<u>\$ 1,373,832</u>	<u>\$ 14,245,388</u>	<u>\$ 1,364,436</u>

The Village's outstanding state trust fund loans from direct borrowings of \$1,350,000 contain a provision that in an event of default, the Board of Commissioners of Public Lands may use any remedies available under the law and is required under Wisconsin Statute Section 24.70(6) to intercept any state payments that may be otherwise due by the Borrower.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

The Village's outstanding notes and bonds from direct borrowings related to business type activities of \$3,623,167 contain a provision that if the Village fails to repay the loans when due, the State Department of Administration shall recover amounts due by either adding a special charge to the tax roll, recovering amounts by deducting those amounts from any State payments due the Village or to appoint a receiver to collect user fees from the operation of the Village's storm water and water system.

Interest paid during the year on long-term debt totaled \$732,836.

For governmental activities, the other long-term liabilities are generally funded by the general fund.

### General Obligation Debt

General obligation debt totals \$22,034,598, consisting of bonded debt of \$20,235,000 and direct borrowings of \$1,799,598 as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/20</u>
Bonded debt					
General obligation bonds	05/10/11	04/01/31	2.50% - 4.00%	\$ 4,965,000	\$ 3,145,000
General obligation bonds	06/01/14	04/01/34	2.00% - 3.62%	4,000,000	3,050,000
General obligation refunding bonds	03/09/16	10/01/24	2.00%	9,115,000	6,215,000
General obligation promissory notes	05/25/17	04/01/27	3.00%	3,080,000	2,420,000
General obligation bonds	06/13/19	10/01/39	3.00%	5,595,000	5,405,000
Direct borrowings					
State trust fund notes	11/24/20	03/15/30	3.00%	1,350,000	1,350,000
Clean water fund loan	07/11/12	05/01/32	3.00%	658,483	449,598
Total outstanding general obligation debt					<u>\$ 22,034,598</u>

Annual principal and interest maturities of the outstanding general obligation bonded debt of \$20,235,000 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,145,813	\$ 269,388	\$ 1,119,188	\$ 285,323	\$ 2,265,001	\$ 554,711
2022	1,168,150	241,577	1,141,850	257,055	2,310,000	498,632
2023	1,195,487	212,986	1,164,512	228,045	2,359,999	441,031
2024	1,222,825	184,178	1,192,175	198,903	2,415,000	383,081
2025	767,163	157,691	657,837	173,916	1,425,000	331,607
2026-2030	2,834,237	463,821	2,680,763	576,494	5,515,000	1,040,315
2031-2035	1,187,200	141,241	1,587,800	221,359	2,775,000	362,600
2036-2039	420,000	25,200	750,000	45,600	1,170,000	70,800
	<u>\$ 9,940,875</u>	<u>\$ 1,696,082</u>	<u>\$ 10,294,125</u>	<u>\$ 1,986,695</u>	<u>\$ 20,235,000</u>	<u>\$ 3,682,777</u>

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Annual principal and interest maturities of the outstanding general obligation debt from direct borrowings of \$1,799,598 on December 31, 2020 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ -	\$ -	\$ 31,680	\$ 13,013	\$ 31,680	\$ 13,013
2022	122,120	52,816	32,630	12,048	154,750	64,864
2023	138,100	36,836	33,609	11,055	171,709	47,891
2024	142,153	32,782	34,617	10,031	176,770	42,813
2025	146,508	28,429	35,656	8,977	182,164	37,406
2026-2030	801,119	73,562	194,980	27,933	996,099	101,495
2031-2032	-	-	86,426	2,612	86,426	2,612
	<u>\$ 1,350,000</u>	<u>\$ 224,425</u>	<u>\$ 449,598</u>	<u>\$ 85,669</u>	<u>\$ 1,799,598</u>	<u>\$ 310,094</u>

### Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2020 was \$33,180,307 as follows:

Equalized valuation of the Village	\$ 1,104,298,100
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	55,214,905
Outstanding general obligation debt applicable to debt limitation	22,034,598
Legal margin for new debt	<u>\$ 33,180,307</u>

### Revenue Bonds

Revenue bond direct borrowings outstanding on December 31, 2020 totaled \$3,173,569 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/19
Safe Drinking Water Fund revenue bonds	12/26/12	05/01/32	1.93%	\$ 2,420,215	\$ 1,629,001
Safe Drinking Water Fund revenue bonds	06/24/15	05/01/35	1.65%	1,887,966	1,544,568
Total outstanding revenue bonds					<u>\$ 3,173,569</u>

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Annual principal and interest maturities of the outstanding revenue bonds of \$3,173,569 on December 31, 2020 are detailed below:

Year Ended December 31,	Business-type Activities		
	Direct borrowings - revenue bonds		
	Principal	Interest	Total
2021	\$ 213,568	\$ 54,914	\$ 268,482
2022	217,427	51,020	268,447
2023	221,356	47,055	268,411
2024	225,357	43,017	268,374
2025	229,430	38,907	268,337
2026-2030	1,210,895	130,211	1,341,106
2031-2035	855,536	29,063	884,599
	<u>\$ 3,173,569</u>	<u>\$ 394,187</u>	<u>\$ 3,567,756</u>

### Utility Revenues Pledged

The Village has pledged future water utility customer revenues, net of specified operating expenses, to repay the water system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water customer net revenues and are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$3,567,756. Principal and interest paid for the current year and total customer net revenues were \$268,516 and \$1,009,982 respectively.

## F. PENSION PLAN

### 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone WRS 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, 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.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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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.

### 2. Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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 \$137,873 in contributions from the Village.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

#### 4. Pension 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 \$407,019 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 .01262286%, which was a decrease of .00040318% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$185,739.

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	\$ 772,613	\$ 386,641
Net differences between projected and actual earnings on pension plan investments	-	832,089
Changes in assumptions	31,717	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,367	6,139
Employer contributions subsequent to the measurement date	137,873	-
Total	<u>\$ 945,570</u>	<u>\$ 1,224,869</u>

\$137,873 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 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	\$ (122,402)
2022	(93,789)
2023	13,503
2024	(214,484)
Total	<u>\$ (417,172)</u>

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### 5. Actuarial Assumptions

The total pension liability in the December 31, 2019 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:	December 31, 2019
Actuarial cost method:	Entry Age Normal
Asset valuation method:	Fair Market 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
Postretirement adjustments*	1.9%

\* *No postretirement 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 postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>			
Global equities	49%	8%	5.1%
Fixed income	24.5%	4.9%	2.1%
Inflation sensitive assets	15.5%	4%	1.2%
Real estate	9%	6.3%	3.5%
Private equity/debt	8%	10.6%	7.6%
Multi-asset	4%	6.9%	4.0%
Total Core Fund	110%	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.5%	4.6%
International equities	30%	8.2%	5.3%
Total Variable Fund	100%	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 Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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

**Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate.** The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Village's proportionate share of the net pension liability (asset)	\$ 1,048,145	\$ (407,019)	\$ (1,494,921)

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

### 6. Payables to the Pension Plan

At December 31, 2020, the Village reported a payable of \$4,417 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

### G. OTHER POSTEMPLOYMENT BENEFITS

#### 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.do>

#### 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 Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

### Contributions

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

Employers are required to pay the following contributions based on member contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the 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% Postretirement coverage	40% of employee contribution
25% Postretirement coverage	20% of employee contribution

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

Life Insurance Employee Contribution Rates* For the Year Ended December 31, 2019		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

\*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$781 in contributions from the employer.

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

At December 31, 2020, the Village reported a liability of \$184,018 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 .04321500%, which was an increase of .001031% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized OPEB expense of \$20,564.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,244
Net differences between projected and actual earnings on OPEB plan investments	3,472	-
Changes in assumptions	67,885	20,241
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,121	1,795
Total	<u>\$ 78,478</u>	<u>\$ 30,280</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ 8,407
2021	8,407
2022	8,033
2023	7,647
2024	6,018
Thereafter	9,686
	<u>\$ 48,198</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 Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

**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%	2.12%
U.S. Long Credit Bonds	Barclays Long Credit	5%	2.90%
U.S. Mortgages	Barclays MBS	50%	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 members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**Sensitivity of the 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:

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

	<u>1% Decrease to Discount Rate (1.87%)</u>	<u>Current Discount Rate (2.87%)</u>	<u>1% Increase to Discount Rate (3.87%)</u>
Village's proportionate share of the net OPEB liability (asset)	\$ 254,098	\$ 184,018	\$ 130,701

**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 contributions outstanding to the Plan required for the year ended December 31, 2020.

## **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 balances were as follows:

General fund	
Nonspendable	
Prepaid items	\$ 33,928
Delinquent taxes	3,421
Total general fund nonspendable fund balance	<u>37,349</u>
Special Revenue fund	
Nonspendable	
Public bus service	96,468
Total nonspendable fund balance	<u>\$ 133,817</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 balances were as follows:

Special Revenue fund	
Restricted for	
Economic development or property tax relief	\$ 18,840
Debt service fund	
Restricted for	
Retirement of long-term debt	<u>105,032</u>
Capital Project funds	
Restricted for	
Capital improvements	194,636
Tax incremental district project plan expenditures	424,181
Total Capital Project restricted fund balance	<u>618,817</u>
Total restricted fund balance	<u>\$ 742,689</u>

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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### Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2020, governmental fund balance was committed as follows:

Special Revenue funds	
Committed for	
Public bus service	\$ 39,315
Compensated absences	94,401
Total Special Revenue fund committed fund balance	<u>133,716</u>
Capital Project fund	
Committed for	
Capital facilities and equipment	130,402
Park improvements	36,687
Total Capital Projects fund committed fund balance	<u>167,089</u>
Total Committed Fund balance	<u>\$ 300,805</u>

### Assigned Fund Balance

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

General Fund	
Emerald ash borer	\$ 27,843
HVAC	41,391
Parking lot	37,450
Future expenditures	26,079
Subsequent year's budget	200,000
Total	<u>\$ 332,763</u>

### Minimum General Fund Balance Policy

The Village has also adopted a minimum fund balance policy of 30% of subsequent year budgeted expenditures for the general fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2021 General Fund Expenditures	\$ 7,521,223
Minimum Fund Balance %	(x) 30%
Minimum Fund Balance Amount	<u>\$ 2,256,367</u>

The Village's unassigned general fund balance of \$2,879,826 is above the minimum fund balance amount.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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### Net Position

The Village reports restricted net position at December 31, 2020 as follows:

Governmental activities		
Restricted for		
Debt service	\$	40,007
Economic development or property tax relief		18,840
Tax incremental district project plan expenditures		385,807
Net pension asset		306,616
Total governmental activities restricted net position		<u>751,270</u>
Business-type activities		
Restricted for		
Sewer capital improvements		377,841
Net pension asset		100,403
Total business-type activities restricted net position		<u>478,244</u>
Total restricted net position	\$	<u>1,229,514</u>

### NOTE 4: OTHER INFORMATION

#### A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established a separate capital projects fund for Tax Incremental District (TID) No. 1 which was created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s District is still eligible to incur project costs.

As of December 31, 2020, the Village has unreimbursed project costs of \$1,971,139 to be recovered from future excess tax increments.

Unless terminated by the Village prior thereto, the TID has a statutory termination year of 2038.

#### B. WATER PURCHASE CONTRACT WITH CENTRAL BROWN COUNTY WATER AUTHORITY

The Village of Allouez is a Charter Member of the Central Brown County Water Authority with five other Brown County communities. The Authority was formed under Wisconsin Statutes in 1998 to provide a long-term solution to water quantity and quality concerns. In 2004, the Authority entered into a contract to purchase Lake Michigan water from the Village of Manitowoc. To provide funds to complete construction projects, the Authority issued \$136,625,000 of revenue bonds in June of 2005.

Each Charter Member has entered into a water sales contract under which they agree to purchase wholesale water from the Authority. Rates charged to each member are billed monthly and are based on (1) operation and maintenance costs, (2) fixed costs, including debt service on the revenue bonds and (3) required Security Fund deposits. During 2020, the Village paid the Authority \$1,987,791 in accordance with the water purchase contract.

The contract requires each Charter Member to purchase water through 2040 or when the revenue bonds are retired, whichever is sooner. The contract also requires the members to fund the revenue bond Security Fund to provide additional funds for Authority debt service if sufficient funds are not available from the monthly billings.

# Village of Allouez, Wisconsin

## NOTES BASIC FINANCIAL STATEMENTS DECEMBER 31, 2020

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### C. 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. Payment of premiums for these policies are recorded as expenses of the Town. Insurance settlements have not exceeded coverage in any of the past three years.

### D. 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 and the Village Attorney 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.

### E. PRIOR PERIOD ADJUSTMENTS

The Village had a prior period adjustments in the amount of \$552,945 to record unbilled utility revenues not previously recorded at December 31, 2019. Net Position at January 1, 2020 was adjusted for the effect of the restatement. The cumulative effect of this change for the water, sewer and stormwater funds and business-type activities is summarized below:

	<u>Water Utility</u>	<u>Sanitary Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Business-Type Activities</u>
Net position January 1, 2020, as originally stated	\$ 8,307,494	\$ 7,047,368	\$ 4,664,756	\$ 20,019,618
Prior period adjustment	278,835	219,422	54,688	552,945
Net Position January 1, 2020, as restated	<u>\$ 8,586,329</u>	<u>\$ 7,266,790</u>	<u>\$ 4,719,444</u>	<u>\$ 20,572,563</u>

### 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 estimated as of May 3, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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# Village of Allouez, Wisconsin

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

<u>Plan Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.01595205%	\$ (391,829)	\$ 1,752,012	22.36%	102.74%
12/31/15	0.01276118%	207,367	1,860,950	11.14%	98.20%
12/31/16	0.01302191%	107,332	1,946,043	5.52%	99.12%
12/31/17	0.01316939%	(391,014)	1,924,680	20.32%	102.93%
12/31/18	0.01302604%	463,425	1,950,398	23.76%	96.45%
12/31/19	0.01262286%	(407,019)	1,958,913	20.78%	102.96%

## SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 126,544	\$ 126,544	\$ -	\$ 1,860,950	6.80%
12/31/16	128,439	128,439	-	1,946,043	6.60%
12/31/17	130,879	130,879	-	1,924,680	6.80%
12/31/18	130,676	130,676	-	1,950,398	6.70%
12/31/19	128,308	128,308	-	1,958,913	6.55%
12/31/20	137,873	137,873	-	2,042,575	6.75%

See notes to required supplementary information.

# Village of Allouez, Wisconsin

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

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.04309900%	\$ 129,667	\$ 1,924,680	6.74%	44.81%
12/31/18	0.04218400%	108,849	1,950,398	5.58%	48.69%
12/31/19	0.04321500%	184,018	1,958,913	9.39%	37.58%

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

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 812	\$ 812	\$ -	\$ 1,950,398	0.04%
12/31/19	781	781	-	1,958,913	0.04%
12/31/20	846	846	-	2,042,575	0.04%

See notes to required supplementary information.

# Village of Allouez, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

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## **A. WISCONSIN RETIREMENT SYSTEM**

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

*Changes of assumptions.* 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 Pension Liability changed, including the discount rate, long-term expected rate of return, postretirement adjustment, wage inflation rate, mortality and separation rates.

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

## **B. LOCAL RETIREE LIFE INSURANCE FUND**

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

*Changes of assumptions.* 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, mortality and separation rates.

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

SUPPLEMENTARY INFORMATION

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# Village of Allouez, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes</b>				
General property	\$ 5,146,709	\$ 5,146,709	\$ 5,146,709	\$ -
Room tax	4,500	4,500	3,615	(885)
Interest on taxes	320	320	1,871	1,551
Other taxes	-	-	5,206	5,206
Total taxes	<u>5,151,529</u>	<u>5,151,529</u>	<u>5,157,401</u>	<u>5,872</u>
Special assessments	<u>1,500</u>	<u>1,500</u>	<u>4,828</u>	<u>3,328</u>
<b>Intergovernmental</b>				
Federal				
Routes to recovery	-	-	243,361	243,361
State				
State shared taxes	372,981	372,981	387,166	14,185
Expenditure restraint payment	100,846	100,846	100,846	-
Payment in lieu of taxes	400	400	376	(24)
Fire insurance	40,000	40,000	43,669	3,669
Exempt computer aid	11,312	11,312	11,312	-
Transportation	413,500	413,500	413,111	(389)
Park lands	43	43	43	-
Recycling	98,600	98,600	98,491	(109)
Municipal services	62,000	62,000	58,052	(3,948)
Other state aids	72,182	72,182	72,182	-
Total intergovernmental	<u>1,171,864</u>	<u>1,171,864</u>	<u>1,428,609</u>	<u>256,745</u>
<b>Licenses and permits</b>				
Licenses				
Liquor and malt beverages	9,250	9,250	6,808	(2,442)
Operators	1,960	1,960	1,780	(180)
Cigarette	700	700	800	100
Dog	2,500	2,500	1,750	(750)
Building contractors	-	-	480	480
Electrical contractors	-	-	40	40
Cable television	140,000	140,000	135,666	(4,334)
Permits				
Building	30,000	30,000	47,874	17,874
Electrical	7,500	7,500	8,103	603
Plumbing	5,200	5,200	6,486	1,286
HVAC	10,000	10,000	12,800	2,800
Street excavation	1,500	1,500	2,250	750
Zoning	2,200	2,200	5,830	3,630
Peddler/2nd hand	750	750	925	175
Other	4,800	4,800	5,121	321
Total licenses and permits	<u>216,360</u>	<u>216,360</u>	<u>236,713</u>	<u>20,353</u>
<b>Fines and forfeits</b>				
Court fines and penalties	90,000	90,000	46,448	(43,552)
Parking violations	7,000	7,000	3,427	(3,573)
False alarm penalties	1,200	1,200	1,653	453
Total fines and forfeits	<u>98,200</u>	<u>98,200</u>	<u>51,528</u>	<u>(46,672)</u>

# Village of Allouez, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public charges for services				
General government	10,000	10,000	11,445	1,445
Sale of maps, plats and codes	100	100	-	(100)
Ambulance	50,000	50,000	39,957	(10,043)
Public works	5,400	5,400	13,145	7,745
Weed control	2,500	2,500	221	(2,279)
Recreation	84,650	84,650	49,018	(35,632)
Parks	36,600	36,600	6,335	(30,265)
Engineering	1,250	1,250	150	(1,100)
Forestry	2,375	2,375	1,745	(630)
Publication fees	800	800	949	149
Total public charges for services	<u>193,675</u>	<u>193,675</u>	<u>122,965</u>	<u>(70,710)</u>
Miscellaneous				
Interest on investments	40,100	40,100	16,642	(23,458)
Facilities use charge/rental	68,450	68,450	68,450	-
Property sales	1,000	1,000	211,076	210,076
Property lease	1	1	-	(1)
Insurance recoveries and dividends	12,000	12,000	7,504	(4,496)
Donations	5,500	5,500	16,896	11,396
Other	31,000	31,000	22,611	(8,389)
Total miscellaneous	<u>158,051</u>	<u>158,051</u>	<u>343,179</u>	<u>185,128</u>
<b>Total revenues</b>	<u>\$ 6,991,179</u>	<u>\$ 6,991,179</u>	<u>\$ 7,345,223</u>	<u>\$ 354,044</u>

# Village of Allouez, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
General government				
Village board and committees	\$ 58,547	\$ 58,547	\$ 58,312	\$ 235
Municipal court	49,175	49,175	44,884	4,291
Legal counsel	46,500	46,500	19,987	26,513
Administrator	111,444	111,444	109,998	1,446
General administration	287,929	287,929	297,079	(9,150)
Clerk-treasurer	102,790	102,790	116,041	(13,251)
Elections	39,560	47,560	58,317	(10,757)
Internal accounting	98,571	98,571	97,914	657
Auditing and accounting services	10,065	10,065	7,065	3,000
Assessor	26,650	26,650	25,972	678
Village hall	84,061	84,061	78,779	5,282
Community Center building	14,218	14,218	5,049	9,169
Insurance	111,350	111,350	108,859	2,491
Tax refunds	-	-	2,547	(2,547)
Contingency	15,000	15,000	108,385	(93,385)
Other	1,000	1,000	3,285	(2,285)
Total general government	<u>1,056,860</u>	<u>1,064,860</u>	<u>1,142,473</u>	<u>(77,613)</u>
Public safety				
Police department	1,005,341	1,005,341	1,001,208	4,133
School patrol	62,519	62,519	24,726	37,793
Fire department	1,945,435	1,945,435	1,896,272	49,163
Building inspection	76,584	76,584	91,299	(14,715)
Code enforcement	29,110	29,110	26,648	2,462
Other services	3,168	3,168	4,040	(872)
Total public safety	<u>3,122,157</u>	<u>3,122,157</u>	<u>3,044,193</u>	<u>77,964</u>
Public works				
Engineering	73,808	73,808	55,526	18,282
Administration	75,292	75,292	81,909	(6,617)
Training	3,877	3,877	4,486	(609)
Street repairs	137,007	137,007	158,784	(21,777)
Snow and ice control	187,905	187,905	158,563	29,342
Signs and markings	43,067	43,067	33,791	9,276
Tree and brush control	138,993	138,993	119,902	19,091
Curb and gutter	10,000	10,000	16,370	(6,370)
Street reconstruction	501,000	526,000	560,640	(34,640)
Street lighting	190,000	190,000	177,757	12,243
Sidewalks	10,000	10,000	17,058	(7,058)
Weed control	13,639	13,639	4,809	8,830
Leaf collection	112,031	112,031	109,739	2,292
Yard waste collection	56,846	56,846	91,587	(34,741)
Sharps collection	300	300	304	(4)

# Village of Allouez, Wisconsin

## GENERAL FUND DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget		Actual	Variance Final Budget - Positive (Negative)
	Original	Final		
Public works (continued)				
Recycling - curbside	135,654	135,654	135,252	402
Garbage collection	280,749	280,749	348,276	(67,527)
Refuse collection	111,072	111,072	131,624	(20,552)
Landfill	220,000	220,000	218,874	1,126
LeBrun farm	61,481	61,481	50,338	11,143
Total public works	<u>2,362,721</u>	<u>2,387,721</u>	<u>2,475,589</u>	<u>(87,868)</u>
Health and human services				
Animal control	<u>6,800</u>	<u>6,800</u>	<u>5,930</u>	<u>870</u>
Culture, recreation and forestry				
Administration	177,789	177,789	187,828	(10,039)
Recreation programs	78,601	78,601	47,037	31,564
Parks	405,197	405,197	355,464	49,733
Forestry	<u>104,024</u>	<u>104,024</u>	<u>109,677</u>	<u>(5,653)</u>
Total culture, recreation and forestry	<u>765,611</u>	<u>765,611</u>	<u>700,006</u>	<u>65,605</u>
Conservation and development				
Economic development	<u>54,755</u>	<u>64,401</u>	<u>51,923</u>	<u>12,478</u>
Capital outlay	<u>32,275</u>	<u>83,101</u>	<u>91,664</u>	<u>(8,563)</u>
<b>Total expenditures</b>	<u><u>\$ 7,401,179</u></u>	<u><u>\$ 7,494,651</u></u>	<u><u>\$ 7,511,778</u></u>	<u><u>\$ (17,127)</u></u>

# Village of Allouez, Wisconsin

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	<b>Special Revenue</b>		
	<b>Public Bus Service</b>	<b>Compensated Absences</b>	<b>Excess Stadium District Sales Tax</b>
<b>ASSETS</b>			
Cash and investments	\$ 54,756	\$ 95,751	\$ -
Restricted cash and investments	-	-	40,090
Receivables			
Taxes	56,226	8,650	-
Grant	-	-	-
Due from other governments	96,468	-	-
	<u>96,468</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 207,450</u>	<u>\$ 104,401</u>	<u>\$ 40,090</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 6,667	\$ -	\$ 21,250
Deferred inflows of resources			
Property taxes levied for subsequent year	65,000	10,000	-
Grant receivable	-	-	-
	<u>65,000</u>	<u>10,000</u>	<u>-</u>
Total deferred inflows of resources	<u>65,000</u>	<u>10,000</u>	<u>-</u>
Fund balances			
Nonspendable	96,468	-	-
Restricted	-	-	18,840
Committed	39,315	94,401	-
	<u>135,783</u>	<u>94,401</u>	<u>18,840</u>
Total fund balances	<u>135,783</u>	<u>94,401</u>	<u>18,840</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 207,450</u>	<u>\$ 104,401</u>	<u>\$ 40,090</u>

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<b>Capital Projects Parks Capital Improvement</b>	<b>Totals</b>
\$ 45,221	\$ 195,728
-	40,090
-	64,876
28,537	28,537
-	96,468
<u>\$ 73,758</u>	<u>\$ 425,699</u>

<u>\$ 8,534</u>	<u>\$ 36,451</u>
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-	75,000
<u>28,537</u>	<u>28,537</u>

<u>28,537</u>	<u>103,537</u>
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-	96,468
-	18,840
<u>36,687</u>	<u>170,403</u>

<u>36,687</u>	<u>285,711</u>
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<u>\$ 73,758</u>	<u>\$ 425,699</u>
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# Village of Allouez, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Special Revenue		
	Public Bus Service	Compensated Absences	Excess Stadium District Sales Tax
<b>REVENUES</b>			
Taxes	\$ 57,000	\$ 10,000	\$ 976
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>57,000</u>	<u>10,000</u>	<u>976</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	42,500
Public works	72,875	-	-
Capital outlay	-	-	-
Total expenditures	<u>72,875</u>	<u>-</u>	<u>42,500</u>
Excess of revenues over (under) expenditures	<u>(15,875)</u>	<u>10,000</u>	<u>(41,524)</u>
<b>OTHER FINANCING USES</b>			
Transfers out	-	-	(120,000)
<b>Net change in fund balances</b>	(15,875)	10,000	(161,524)
<b>Fund balances - January 1</b>	<u>151,658</u>	<u>84,401</u>	<u>180,364</u>
<b>Fund balances - December 31</b>	<u>\$ 135,783</u>	<u>\$ 94,401</u>	<u>\$ 18,840</u>

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<b>Capital Projects</b>	
<b>Parks Capital Improvement</b>	<b>Totals</b>
\$ -	\$ 67,976
28,537	28,537
8,600	8,600
<u>37,137</u>	<u>105,113</u>
-	42,500
-	72,875
454,656	454,656
<u>454,656</u>	<u>570,031</u>
<u>(417,519)</u>	<u>(464,918)</u>
<u>-</u>	<u>(120,000)</u>
(417,519)	(584,918)
454,206	870,629
<u>\$ 36,687</u>	<u>\$ 285,711</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS

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## Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Village Board  
Village of Allouez, 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 Allouez, 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 dated May 3, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

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

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

**CliftonLarsonAllen LLP**

Green Bay, Wisconsin

May 3, 2021