

TOWN OF EAGLE

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2021

TOWN OF EAGLE

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Eagle

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Eagle, ("the Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
Fund Financial Statements	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on the Fund Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note A to the financial statements, management has not recorded general assets in governmental activities that were acquired prior to January 1, 2021 and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general assets be capitalized and depreciated, which would increase the assets and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, net position and expenses of the governmental activities has not been determined.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 32 – 35 and the Wisconsin Retirement System schedules on page 36, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Sitzberger & Company, LLC

Sitzberger & Company, LLC
Lake Geneva, Wisconsin
September 28, 2022

TOWN OF EAGLE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and investments	\$ 1,300,873
Taxes receivable	505,765
Accounts receivable (net of allowance of \$38,855)	19,175
Prepaid expenses	1,325
Non-current Assets:	
Restricted cash - impact fees	103,561
Net pension asset	154,359
Capital Assets:	
Capital assets, net of accumulated depreciation	156,873
TOTAL ASSETS	2,241,931
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows related to pension	246,641
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	126,219
Accrued payroll and related liabilities	11,015
Road bonds and customer deposits	28,537
Long-term debt, due within one year	222,822
Accrued interest payable	6,314
Non-current liabilities :	
Long-term debt, due in more than one year	56,628
TOTAL LIABILITIES	451,535
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Property taxes	1,286,709
Deferred inflows related to pension	337,918
TOTAL DEFERRED INFLOWS	1,624,627
 <u>NET POSITION</u>	
Invested in capital assets	(122,577)
Restricted	103,561
Unrestricted	431,426
TOTAL NET POSITION	\$ 412,410

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF EAGLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
<u>GOVERNMENTAL ACTIVITIES</u>				
General government	\$ 321,297	\$ 101,257	\$ 230,592	\$ 10,552
Public safety	229,053	-	32,617	(196,436)
Public works	534,116	310,574	125,914	(97,628)
Health and human services	10,218	7,847	-	(2,371)
Culture and recreation	196,266	-	-	(196,266)
Conservation and development	61,699	-	-	(61,699)
Interest and fiscal charges	9,730	-	-	(9,730)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 1,362,379</u>	<u>\$ 419,678</u>	<u>\$ 389,123</u>	<u>(553,578)</u>
<u>GENERAL REVENUES</u>				
Property taxes levied for general purposes				953,140
Intergovernmental revenues not restricted to specific programs				62,067
Interest income				1,311
Miscellaneous				15,952
TOTAL GENERAL REVENUES				<u>1,032,470</u>
CHANGE IN NET POSITION				478,892
NET POSITION - BEGINNING OF YEAR				336,293
Adjustment due to change in accounting principle				(402,775)
NET POSITION - BEGINNING OF YEAR, AS RESTAT				<u>(66,482)</u>
NET POSITION - END OF YEAR				<u>\$ 412,410</u>

The accompanying notes to financial statements are an integral part of these statements.

**TOWN OF EAGLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General Fund
<u>ASSETS</u>	
<u>Current:</u>	
Cash and investments	\$ 1,300,873
Taxes receivable	505,765
Accounts receivables (net of allowance of \$38,855)	19,175
Prepaid expenses	1,325
<u>Noncurrent:</u>	
Restricted cash and investments	103,561
TOTAL ASSETS	1,930,699
 <u>LIABILITIES</u>	
Accounts payable	126,219
Accrued payroll and related liabilities	11,015
Road bonds and customer deposits	28,537
TOTAL LIABILITIES	165,771
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred revenue	1,286,709
 <u>FUND BALANCES</u>	
Nonspendable	1,325
Restricted	103,561
Unassigned	373,333
TOTAL FUND BALANCES	478,219
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 1,930,699

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF EAGLE
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

FUND BALANCE - GOVERNMENTAL FUNDS		\$ 478,219
Total net position reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those consist of:		
Capital assets		
Accumulated depreciation	158,388	
	<u>(1,515)</u>	156,873
The Town's proportionate share of the net pension asset at the WRS is reported on the statement of net position, but is not reported in the governmental funds		
		154,359
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	246,641	
Deferred inflows related to pensions	<u>(337,918)</u>	(91,277)
Long-term debt and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term debt and related items at year end consist of:		
Long-term debt	(279,450)	
Accrued interest payable	<u>(6,314)</u>	(285,764)
NET POSITION OF GOVERNMENTAL FUNDS		<u><u>\$ 412,410</u></u>

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF EAGLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund
<u>REVENUES</u>	
Taxes	\$ 953,140
Intergovernmental	420,833
Licenses, permits, fees	105,833
Public charges for services	313,845
Miscellaneous	85,399
TOTAL REVENUES	1,879,050
<u>EXPENDITURES</u>	
General government	330,637
Public safety	246,096
Public works	539,840
Health and human services	10,118
Culture, recreation and education	196,266
Conservation and development	61,699
Capital outlay	158,388
Debt service	
Principal	181,156
Interest	12,924
TOTAL EXPENDITURES	1,737,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	141,926
FUND BALANCES - BEGINNING OF YEAR	336,293
FUND BALANCES - END OF YEAR	\$ 478,219

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF EAGLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 141,926

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts are as follows:

Depreciation expense	(1,515)	
Capital outlays	158,388	
	158,388	156,873

In the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the annual amount of financial resources used.

Pension expense (revenue)	3,496	
Pension contributions	28,248	
	28,248	31,744

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Face value of direct borrowings	(36,000)	
Principal payments on direct borrowings	181,155	
	181,155	145,155

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 governmental funds.

Changes in interest accrued on long-term debt		3,194
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 478,892

**TOWN OF EAGLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Custodial Funds	
	Tax Collection Fund	Rec Department Fund
<u>ASSETS</u>		
Cash and investments	\$ 3,269,650	\$ 42,391
Taxes receivable	2,441,232	-
TOTAL ASSETS	5,710,882	42,391
<u>LIABILITIES</u>		
Due to other governments	5,710,882	319
<u>NET POSITION</u>	\$ -	\$ 42,072

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021**

	Custodial Funds	
	Tax Collection Fund	Rec Department Fund
<u>ADDITIONS</u>		
Collection of property taxes	6,297,843	-
Culture, recreation and education revenue	-	46,522
<u>DEDUCTIONS</u>		
Distribution to other governmental units	6,297,843	-
Culture, recreation and education expense	-	33,483
CHANGE IN NET POSITION	-	13,039
NET POSITION - BEGINNING OF YEAR	-	29,033
NET POSITION - END OF YEAR	\$ -	\$ 42,072

The accompanying notes to financial statements are an integral part of these statements.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies

The basic financial statements of the Town of Eagle (the “Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governmental 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 Town are described below.

Financial Reporting Entity

This report includes all of the funds of the Town. The reporting entity for the Town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the Town. The primary government is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met. (1) the economic resources received or held by the separate organization are entirely, or almost entirely, for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or had the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes and intergovernmental revenues.

The Town has no business-type activities.

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. The Town does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, net position/fund balance, revenues, and expenditures/expenses.

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

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Major Funds

The Town reports the following major governmental fund:

General Fund – The general fund is the Town’s primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Non-Major Funds

The Town currently has no non-major governmental funds.

Additionally, the Town reports the following fund type:

Fiduciary Funds –Custodial funds are used to account for assets held by the Town in a purely custodial capacity. The Town’s custodial tax collection fund is used for recording assets collected for other taxing jurisdictions. The Town’s custodial Rec Department fund is used for recording the resources of the Eagle Recreation Department, which is an independent shared Village and Town Department. Since by definition these assets are held for the benefit of third parties and cannot be used to address activities or obligations of the government, these funds are not included in the preparation of the government-wide statements.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Town reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Fiduciary (agency) funds allow the accrual basis of accounting, and do not have a measurement focus.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Investments

For the purpose of the statement of net position and for the statement of cash flows, the Town considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of Town funds is restricted by state statutes. Permitted investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin.
- Bonds or securities of any county, drainage district, technical college district, city, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government and its agencies.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those measurements that GASB Statements require or permit in the statement of net position at the end of each reporting period.

The Town's investments consist of certificates of deposit ("CD's") which are valued at cost plus accrued interest and the local government investment pool ("LGIP") is valued at amortized cost.

The Town has not adopted a formal investment policy, but permit all investments allowed under the state statutes described above.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned, or to which the Village is otherwise entitled, but has not yet received.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Allowances for uncollectible accounts receivable are based upon management's estimate of uncollectible amounts.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Details of the Town's property tax calendar for the 2021 tax levy follows:

Lien and levy dates	December 2021
Real estate collection due dates:	
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property tax due in full	January 31, 2022
Final settlement with county	August 2022
Tax sale of 2020 delinquent real estate taxes	October 2024

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes collection. Therefore, management has determined that no allowance account is considered necessary.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements or other external parties. Current liabilities from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first.

Cash and equivalents of the Town's impact fees have been restricted by external parties for the following purpose:

Impact fees	\$103,561
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TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Capital Assets

Government-Wide Financial Statements – Capital assets are defined by the Town as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of maintenance and repairs that do not add to the value of the asset or extend the asset life are not capitalized. No interest was capitalized during the current year.

Prior to January 1, 2004, infrastructure assets of the Town’s governmental funds were not required to be capitalized. Upon implementation of GASB 34, the Town is required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation. Retroactive reporting of all major infrastructure assets is encouraged, but not required. The Town has chosen not to retroactively report infrastructure assets from prior to January 1, 2004. The Town has not tracked capital asset activity prior to January 1, 2021.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The Town does not have a written capital asset policy.

The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Est. Useful Life</u>
Buildings and improvements	50 Years
Infrastructure	30 Years
Other equipment	10 – 15 Years

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

Adoption of GASB Standards

The Town implemented provisions of *GASB No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. The Town has not fully implemented the capital asset requirements of the Statement. The Town has included only capital assets purchased after January 1, 2021. A full appraisal and determination of historical cost of capital assets purchased prior to 2021 needs to be completed before the Statement can be fully implemented. This exclusion of the entire statement results in the adverse opinion on the Statement of Activities and the Statement of Net Position in the independent auditors report. The Town also implemented GASB Statement No. 84, *Fiduciary Activities* as well as GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt and premiums on issuance are reported as other financing sources. Payments of principal and interest, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issue using the effective interest method, when applicable. The balance at year end for premiums is shown as a liability on the statement of net position, when applicable.

Claims and Judgements

Claims and judgments are recorded as liabilities if all of the conditions of GASB pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Deferred Outflows / Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report separate sections for deferred outflows and inflows of resources.

The separate financial statement elements, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources for pensions.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Town reports deferred inflows of resources related to property taxes, and pensions..

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

Government-Wide Statements

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

Net Investment in Capital Assets – consists of capital assets including restricted capital assets, net of accumulated depreciation, and any capital related deferred outflows of resources and reduced by the 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 – consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consist of net position which are available for appropriation and expenditure in future periods and are neither classified as restricted or as net investment in capital assets.

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

Governmental Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable.

Fund balance is further classified as restricted, committed, assigned and unassigned. The Town's fund balance classification policies and procedures are as follows:

Restricted Fund Balance – includes amounts that have constraints placed upon the use of resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Assigned Fund Balance – includes amounts that are constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Town Board.

Committed Fund Balance – includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Town Board, the Town's highest level of decision-making authority. This formal action is a Town board resolution.

Nonspendable Fund Balance – includes amounts that cannot be spent because they are not in a spendable form and cannot be converted to cash or because they are legally or contractually required to remain intact.

Unassigned Fund Balance – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports an unassigned fund balance amount.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note A - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances (continued)

Currently, the Town does not have an official policy regarding the fund balance classifications. Amounts noted as assigned were previously approved through Board action.

The Town applies resources in the following order when expense is incurred for purposes of which multiple fund balances are available: restricted, committed, assigned, unassigned.

Note B - Cash and Investments

The Town's cash and investments at December 31, 2021 consisted of the following:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Custodial Risk:			
Demand Deposits	\$ 4,406,012	\$ -	\$ 4,406,012
Custodial, Interest and Credit Risk			
Certificate of Deposit	-	27,636	27,636
LGIP	-	282,827	282,827
Total cash and investments	<u>\$ 4,406,012</u>	<u>\$ 310,463</u>	<u>\$ 4,716,475</u>

The Town's cash and investments are reported in the financial statements as follows:

Per Statement of Net Position

Cash and Investments	\$ 1,300,873
Restricted Cash	103,561

Per Statement of Fiduciary Net Position

Cash and Investments	3,312,041
Total Cash and Investments	<u><u>\$ 4,716,475</u></u>

Deposits in local and area banks are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$250,000 per financial institution. Deposits in each local and area bank and in the Wisconsin Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage and other legal implications, recovery of material principal losses may be significant to individual government entities. Investments in the LGIP are covered under a surety bond issued by Financial Security Assurance, Inc. The fund insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by an FDIC, SDGF insurance, and income on the investments during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP 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 and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2021, the fair value of the Town's share of the LGIP's assets were substantially equal to the amount as reported in these statements.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note B - Cash and Investments (continued)

Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from [Http://www.doa.state.wi.us/Divisions/Budget-and-finance/LGIP](http://www.doa.state.wi.us/Divisions/Budget-and-finance/LGIP).

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

Custodial Risk

Custodial risk is the risk that, in the event of a financial institution failure, the Town's deposits may not be returned to the Town. The Town's carrying value for cash and investments was \$4,716,475 at December 31, 2021 and the bank's carrying value was \$3,493,479, of which \$932,827 was fully insured, and \$2,560,652 was uninsured and uncollateralized

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. As a means of limiting exposure to fair value losses arising from interest rates, the Town limits the maturity of any security in accordance with State Statutes. Information regarding the exposure of the Town's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Investment Maturities in Years		
	Fair Value	Less Than 1 Year	1 - 5 Years
Certificate of deposit	\$ 27,636	\$ 27,636	\$ -

Credit Risk:

Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment and rating by a nationally recognized rating organization. U.S. Government securities or obligations guaranteed by the U.S. government are not considered to have credit risk exposure. The Town does not hold any securities of this type.

Fair Value Measurements of Investments

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and is described as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 Significant inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 Significant unobservable inputs for an asset or liability.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note B - Cash and Investments (continued)

Fair Value Measurements of Investments (continued)

	Fair Value Measurement Using				Total
	Level 1	Level 2	Level 3	Exempt from Disclosure	
Certificates of Deposit	\$ 27,636	\$ -	\$ -	\$ -	\$ 27,636
Investment pools:					
LGIP	-	-	-	282,826	282,826
	\$ 27,636	\$ -	\$ -	\$ 282,826	\$ 310,462

Note C - Capital Assets

Capital asset activity in the governmental activities for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Additions	Removals	Balance 12/31/2021
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings and improvements	-	-	-	-
Equipment	-	-	-	-
Infrastructure	-	158,388	-	158,388
Total capital assets being depreciated	-	158,388	-	158,388
Less: accumulated depreciation	-	(1,515)	-	(1,515)
Net capital assets being depreciated	\$ -	\$ 156,873	\$ -	\$ 156,873

Depreciation expense was charged to functions as follows:

Public works	1,515
Total governmental activities depreciation expense	\$ 1,515

Note D - Receivables

All of the receivables on the balance sheet – governmental funds are expected to be collected within one year.

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not available and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* and *deferred inflows of resources* reported in the governmental funds were as follows:

	Unearned
Property taxes	\$ 1,286,709

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note E - Long-Term Debt

General Obligation Debt

General obligation notes and bonds payable are backed by the full faith and credit of the Town. Governmental funds general obligation debt will be retired by future property tax levies.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Principal	Balance 12/31/2021
2016 State Trust Fund Loan	10/27/16	03/15/22	3.00%	260,000	55,733
2020 State Trust Fund Loan	03/15/20	03/15/22	3.00%	150,000	76,278
2021 State Trust Fund Loan	09/23/21	03/15/22	2.50%	36,000	36,000
Direct borrowing	08/18/18	03/15/23	2.75%	135,000	57,211
Direct borrowing	04/13/18	04/13/23	2.75%	130,000	54,228
Total general obligation debt - governmental activities					\$ 279,450

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
2017 STFL	\$ 109,842	\$ -	\$ 54,109	\$ 55,733	\$ 55,733
2020 STFL	150,000	-	73,722	76,278	76,278
2021 STFL	-	36,000	-	36,000	36,000
Direct borrowing	84,578	-	27,367	57,211	28,130
Direct borrowing	80,186	-	25,958	54,228	26,681
Total governmental activities	\$ 424,606	\$ 36,000	\$ 181,156	\$ 279,450	\$ 222,822

The annual debt service to maturity for general obligation long-term debt as of December 31, 2021, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2022	\$ 222,822	\$ 8,585
2023	56,628	1,579
	\$ 279,450	\$ 10,164

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note E - Long-Term Debt (continued)

Margin of Indebtedness

Section 67.03 of the Wisconsin Statutes restricts the Town's general obligation debt to 5% of the equalized value of all property in the Town. This amount is compared below with the outstanding debt, if any of the Town on December 31, 2021

Equalized Value - 2021	\$ 572,304,300
Debt Limit	
5% of Equalized Value	28,615,215
Outstanding General Obligation Debt - December 31, 2021	(279,450)
Margin of Indebtedness	\$ 28,335,765

In February of 2022, the Town Board approved the issuance of a general obligation note in the amount of \$192,500. The proceeds will be used to finance the budget shortfall. The note carries an interest rate of 2.5% per annum from the date of the making of the loan to the 15th day of March. The loan will be paid in one annual installment and is payable within 1 year from the 15th day of March preceding the date the loan is made or upon maturity. The note is not included in the schedules above.

Note F – Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position at December 31, 2021 consists of the following:

Net investment in capital assets:

Land	\$ -
Other capital assets, net of accumulated depreciation	156,873
Less: Long-term debt outstanding	(279,450)
	\$(122,577)

Restricted:

Impact fees	103,561
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Unrestricted	431,426
Total Governmental Activities Net Position	\$ 412,410

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note F – Net Position and Fund Balances (continued)

Governmental Fund Financial Statements

Governmental fund balances consist of the following:

Nonsendable	\$	1,325
Restricted		103,561
Unassigned		373,333
		\$ 478,219

Note G - Employee Retirement Plans – Wisconsin Retirement System (“WRS”)

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

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

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

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

Final average earnings is the average of the participant's three highest annual 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.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note G - Employee Retirement Plans – Wisconsin Retirement System (“WRS”) (continued)

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

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
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)
2020	1.7	21

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 reporting period, the WRS recognized \$28,248 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note G - Employee Retirement Plans – Wisconsin Retirement System (“WRS”) (continued)

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

At December 31, 2021, the Town reported a liability (asset) of (\$154,359) for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town’s proportion of the net pension asset was based on the Town’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Town’s proportion was 0.00247247%, which was an increase of 0.00016304% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Town recognized pension expense (revenue) of \$(15,233).

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 223,405	\$ 48,121
Net differences between projected and actual earnings on pension plan investments	-	289,797
Changes in assumptions	3,501	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,269	-
Employer contributions subsequent to measurement date	16,466	-
	\$ 246,641	\$ 337,918

The amount of \$16,466 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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:

Year Ended December 31,	Deferred Outflow of Resources	Deferred Outflow of Resources
2021	\$ 144,500	\$ 171,793
2022	122,432	129,002
2023	54,082	105,787
2024	22,260	44,436

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note G - Employee Retirement Plans – Wisconsin Retirement System (“WRS”) (continued)

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.00%
Discount Rate:	7.00%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension asset for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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:

Asset Allocation Targets and Expected Returns			
As of December 31, 2020			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2021

Note G - Employee Retirement Plans – Wisconsin Retirement System (“WRS”) (continued)

Single Discount rate. A single discount rate of 7.00% was used to measure the total pension liability (asset) for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (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, 2020. 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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension liability 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:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 146,929	\$ (154,359)	\$ (375,654)

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

Payables to the Pension Plan. At December 31, 2021 the Town reported a payable of \$2,108 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2021.

Note G - Litigation and Contingencies

The Town attorney and Town management are unaware of any pending or threatened litigation against the Town that would have a material effect on the financial statements.

Note H - Risk Management

The Town is exposed to various risks of loss related litigation, theft, damage, or destruction of assets, errors or omissions and workers compensation. All of these risks are covered through the purchase of commercial insurance with minimal deductibles. There were no significant reductions in coverage compared to the prior year.

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note I – Related Party Transactions

During the fiscal year 2021, the Town engaged in related party transactions with Michael Pepper, the son of the previous Clerk/Treasurer. Mr. Pepper was engaged to provide IT services to the Town. Total transactions between the Town and Michael Pepper amounts to \$575.

During the fiscal year 2021, the Town obtained services from Quality Hydro, which is owned by a member of the Board. Quality Hydro provided mechanical services and equipment at a total cost to the Town of \$1,012.

Note J – Intergovernmental Agreements

The Town has several intergovernmental agreements with various municipalities which provide fire services, rescue services, municipal court services, snow and ice control, emergency services, boat patrol dispatch, and other necessary Town services. These intergovernmental agreements are reviewed and renewed annually, with budgets being approved by the Town on an annual basis.

Note K – Franchise Fees

The Town receives annual franchise fees from Charter Communications, Inc. for video franchise services. During the year ended December 31, 2021, the Town received \$35,184 for these services.

Note L - Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (September 28, 2022).

In February of 2022, the Town secured a general obligation bank note for the purposes of funding budget shortages. See Note E for additional information.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net position. Other financial impact could occur through such potential impact is unknown at this time.

Note M – Change in Accounting Principal – Prior period adjustment

In the prior year the Town did not report the statement of net position and the statement of activities. A prior period adjustment was made to record the effects of this change in net position as follows:

<u>Government-wide Statement of Net Position</u>	
Beginning balance, Net Position	\$ 336,293
Add: Effects of WRS pension	31,338
Less: Long-term debt	(424,606)
Less: Accrued interest on long-term debt	(9,507)
Beginning balance, Net Position as adjusted	<u>\$ (66,482)</u>

TOWN OF EAGLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

Note N – Effect of New Accounting Standards on Financial Statements

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

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAGLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>TAXES</u>				
General property	\$ 953,377	\$ 953,377	\$ 953,377	\$ -
Tax refunds	-	-	(29,002)	(29,002)
Tax settlements paid to others	-	-	28,765	28,765
TOTAL TAXES	<u>953,377</u>	<u>953,377</u>	<u>953,140</u>	<u>(237)</u>
<u>INTERGOVERNMENTAL</u>				
Shared revenues	36,810	36,810	37,970	1,160
Fire insurance 2% dues	19,000	19,000	20,449	1,449
Exempt computer aid	474	474	474	-
State personal property aid	1,019	1,019	-	(1,019)
Video service provider aid	3,718	3,718	7,184	3,466
Water patrol grant	10,938	10,938	12,168	1,230
Highway transportation aid	109,141	109,141	109,141	-
Recycling grant	8,800	8,800	8,841	41
Municipal services aid	3,634	3,634	3,309	(325)
State conservation lands april	35,520	35,520	7,932	(27,588)
DNR pilt	22,270	22,270	23,623	1,353
Local government grants for highway aid	20,000	20,000	-	(20,000)
Disaster control grants	-	-	189,742	189,742
TOTAL INTERGOVERNMENTAL	<u>271,324</u>	<u>271,324</u>	<u>420,833</u>	<u>149,509</u>
<u>LICENSES, PERMITS, FEES</u>				
Business & occupational licenses	3,400	3,400	3,905	505
Cable franchise fees	34,000	34,000	35,184	1,184
Dog license fees	100	100	1,668	1,568
Building permits and inspections	50,000	50,000	57,371	7,371
Zoning permits - other	25,000	25,000	5,250	(19,750)
Culvert permits	1,200	1,200	845	(355)
ROW permits	1,200	1,200	1,610	410
TOTAL LICENSES, PERMITS, FEES	<u>114,900</u>	<u>114,900</u>	<u>105,833</u>	<u>(9,067)</u>
<u>PUBLIC CHARGES FOR SERVICES</u>				
Fines and forfeitures	1,000	1,000	664	(336)
Clerk/admin fees	400	400	2,005	1,605
Treasurer fees	300	300	460	160
Garbage	178,000	178,000	302,869	124,869
Recycling	115,000	115,000	-	(115,000)
Parks	1,200	1,200	3,877	2,677
Cemetary	1,000	1,000	3,970	2,970
TOTAL PUBLIC CHARGES FOR SERVICES	<u>296,900</u>	<u>296,900</u>	<u>313,845</u>	<u>16,945</u>
<u>INTERGOVERNMENTAL CHARGES FOR SERVICES</u>				
Fire deparment reimbursement	23,000	23,000	-	(23,000)
Plowing roads reimbursement	2,100	2,100	-	(2,100)
Library reimbursement	10,000	10,000	-	(10,000)
Recreation department reimbursement	1,500	1,500	-	(1,500)
TOTAL INTERGOVERNMENTAL CHARGES FOR SERVICES	<u>36,600</u>	<u>36,600</u>	<u>-</u>	<u>(36,600)</u>

See independent auditors' report.

TOWN OF EAGLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>MISCELLANEOUS</u>				
Interest	12,000	12,000	1,311	(10,689)
Dividends	-	-	-	-
Rent	4,800	4,800	4,800	-
Insurance Recoveries	-	-	-	-
Other revenues	105	105	43,288	43,183
Loan proceeds	36,000	36,000	36,000	-
Other financing sources	101,228	101,228	-	(101,228)
TOTAL MISCELLANEOUS	<u>154,133</u>	<u>154,133</u>	<u>85,399</u>	<u>(10,689)</u>
TOTAL REVENUES	<u>\$ 1,636,501</u>	<u>\$ 1,636,501</u>	<u>\$ 1,879,050</u>	<u>\$ 157,150</u>

See independent auditors' report.

TOWN OF EAGLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>GENERAL GOVERNMENT</u>				
Town board	41,575	41,575	41,594	19
Town clerk	92,265	92,265	96,348	4,083
Administration	19,750	19,750	15,275	(4,475)
Office staff personnel	2,700	2,700	2,274	(426)
Legal counsel	42,751	42,751	53,611	10,860
Elections	10,000	10,000	8,204	(1,796)
Financial administration	72,001	72,001	66,216	(5,785)
General buildings	19,500	19,500	19,677	177
Other general government	28,777	28,777	27,438	(1,339)
TOTAL GENERAL GOVERNMENT	329,319	329,319	330,637	1,318
<u>PUBLIC SAFETY</u>				
Fire commission	23,000	23,000	2,521	(20,479)
Town's fire contribution	215,812	215,812	210,388	(5,424)
Fire building expense	12,738	12,738	12,738	-
2% fire insurance dues rebate	19,000	19,000	20,449	1,449
TOTAL PUBLIC SAFETY	270,550	270,550	246,096	(24,454)
<u>PUBLIC WORKS</u>				
Road maintenance	111,500	111,500	96,840	(14,660)
Road costs pool	17,500	17,500	8,309	(9,191)
Road labor	131,036	131,036	130,659	(377)
Garbage collection	293,000	293,000	304,032	11,032
TOTAL PUBLIC WORKS	553,036	553,036	539,840	(13,196)
<u>HEALTH AND HUMAN SERVICES</u>				
Dog catcher	1,155	1,155	1,155	-
Cemetery	2,200	2,200	8,963	6,763
TOTAL PUBLIC WORKS	3,355	3,355	10,118	6,763
<u>CULTURE, RECREATION, AND EDUCATION</u>				
Library	173,304	173,304	160,754	(12,550)
Historical society	1,400	1,400	4,638	3,238
Parks	3,500	3,500	3,025	(475)
Recreation department	12,500	12,500	10,780	(1,720)
Lake patrol - wages and benefits	16,500	16,500	16,569	69
Donations	500	500	500	-
TOTAL CULTURE, RECREATION AND EDUCATION	207,704	207,704	196,266	(11,438)
<u>CONSERVATION AND DEVELOPMENT</u>				
Planning	17,000	17,000	14,848	(2,152)
Zoning	10,000	10,000	3,890	(6,110)
Building inspection	60,000	60,000	39,743	(20,257)
Engineer	8,000	8,000	3,218	(4,782)
TOTAL CONSERVATION AND DEVELOPMENT	95,000	95,000	61,699	(33,301)

See independent auditors' report.

TOWN OF EAGLE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>CAPITAL OUTLAY</u>				
Cemetery	700	700	-	(700)
Public works	172,500	172,500	158,388	(14,112)
TOTAL CAPITAL OUTLAY	<u>173,200</u>	<u>173,200</u>	<u>158,388</u>	<u>(14,812)</u>
<u>DEBT SERVICE</u>				
Principal	195,070	195,070	181,156	(13,914)
Interest	-	-	12,924	12,924
TOTAL DEBT SERVICE	<u>195,070</u>	<u>195,070</u>	<u>194,080</u>	<u>(990)</u>
TOTAL EXPENDITURES	<u>\$ 1,827,234</u>	<u>\$ 1,827,234</u>	<u>\$ 1,737,124</u>	<u>\$ (90,110)</u>

See independent auditors' report.

TOWN OF EAGLE
December 31, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Year End	Proportion of the net pension (asset) liability	Proportionate share of the net pension (asset) liability	Covered-employee payroll	Net pension (asset) liability as a percentage of employee payroll	Plan fiduciary net position as a percentage of total pension (asset) liability
2020	0.00247247%	\$ (154,359)	\$ 358,211	(43.09%)	105.26%
2019	0.00230943%	\$ (74,466)	\$ 310,874	(23.95%)	102.96%
2018	0.00204288%	\$ 72,679	\$ 288,390	25.20%	96.45%
2017	0.00201519%	\$ (59,833)	\$ 270,783	(22.1%)	102.93%
2016	0.00203699%	\$ 16,789	\$ 268,536	6.25%	99.12%

SCHEDULE OF CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Year End	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered-employee payroll
2020	\$ 28,248	\$ 28,248	\$ -	\$ 358,211	7.89%
2019	\$ 29,375	\$ 29,375	\$ -	\$ 310,874	9.45%
2018	\$ 21,637	\$ 21,637	\$ -	\$ 288,390	7.50%
2017	\$ 20,315	\$ 20,315	\$ -	\$ 270,783	7.50%
2016	\$ 19,209	\$ 19,209	\$ -	\$ 268,536	7.15%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

*GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented for this schedule.

TOWN OF EAGLE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

Note 1 – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

The Town adopted an annual governmental Fund Budget for the General Fund. This budget was adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual function level for each fund.

The budget amounts presented include any amendments made during the Year. The Town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Board action.

Note 2 – Excess Expenditures over Appropriations

The Town had the following expenditure in excess of appropriations as presented in the “Budgetary Comparison Schedule – General Fund Expenditures”.

	<u>Excess Expenditure</u>
General government	\$ 1,318
Health and human services	6,763

The excess expenditures were absorbed by revenues in excess of budget.

Note 3 – WRS Information

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

Changes of assumptions: No significant changes in assumptions were noted from the prior year.