

VILLAGE OF OSCEOLA
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2020

Village of Osceola

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December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Osceola
Osceola, Wisconsin

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 Osceola, Wisconsin, as of and for the year ended December 31, 2020, which collectively comprise the Village's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

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.

Auditor's 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. 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 auditor's 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 entity'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 entity'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 of Osceola, Wisconsin, as of December 31, 2020 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.

Emphasis of Matter

Restatement of Net Position

As discussed in Note 12 to the financial statements, the beginning net position of the sewer fund was restated due to a billing adjustment. Our opinions are not modified with respect to this matter.

Evaluation of Going Concern

As discussed in Note 26, the Village has accumulated fund deficits in the capital projects fund and the water and sewer funds have required advances from the general fund. Management's plan to mitigate these matters is described in Note 25. Our opinion is not modified with respect to this matter.

Other Matters

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Wisconsin Retirement System schedules, and the Local Retiree Life Insurance Fund schedule be presented to supplement the basic financial statements. Refer to the Table of Contents for the page numbers. 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 a 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.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Osceola, Wisconsin's basic financial statements as a whole. The Other Supplemental Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.

November 5, 2021

BASIC FINANCIAL STATEMENTS

**Village of Osceola
Osceola, Wisconsin
Statement of Net Position
December 31, 2020**

	<u>Governmental</u>	<u>Business-type</u>	<u>Primary Government</u>
ASSETS			
Current Assets:			
Cash and Investments	\$ 1,666,503	\$ 75,003	\$ 1,741,506
Taxes receivable	1,508,013	8,734	1,516,747
Delinquent taxes	2,717	-	2,717
Current special assessments and charges	252,456	-	252,456
Accounts receivable	6,097	323,366	329,463
Other accounts receivable	4,427	1,500	5,927
Due from Other Governmental Agencies	-	122,408	122,408
Internal Balances	429,172	(429,172)	-
Inventories	-	10,977	10,977
Prepaid Expenses	6,656	-	6,656
Total Current Assets	<u>3,876,041</u>	<u>112,816</u>	<u>3,988,857</u>
Noncurrent Assets:			
Restricted Assets			
Cash and Cash Equivalents	22,061	326,323	348,384
Net Pension Asset	200,040	24,094	224,134
Other Assets			
Special Assessments due in the Future	21,271	-	21,271
Long-term loans receivable	425,951	-	425,951
Land Held for Resale	70,682	-	70,682
Investment in Biosolids	-	2,515	2,515
Capital Assets			
Land, Improvements, and Construction in Progress	5,321,624	36,941	5,358,565
Other Capital Assets, net of Depreciation	17,763,510	13,868,929	31,632,439
Net Capital Assets	<u>23,085,134</u>	<u>13,905,870</u>	<u>36,991,004</u>
Total Noncurrent Assets	<u>23,825,139</u>	<u>14,258,802</u>	<u>38,083,941</u>
Total Assets	<u>27,701,180</u>	<u>14,371,618</u>	<u>42,072,798</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension and OPEB Outflows	542,749	72,127	614,876
Total Deferred Outflows of Resources	<u>542,749</u>	<u>72,127</u>	<u>614,876</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 28,243,929</u>	<u>\$ 14,443,745</u>	<u>\$ 42,687,674</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Expenses	\$ 108,771	\$ 153,658	\$ 262,429
Due to Other Governmental Agencies	11,653	-	11,653
Accrued Interest	86,235	19,182	105,417
Short-Term Debt	665,464	-	665,464
Current Portion of Long-Term Liabilities	-	-	-
Bonds and Notes payable	3,278,876	679,922	3,958,798
Compensated absences	19,837	6,600	26,437
Total Current Liabilities	<u>4,170,836</u>	<u>859,362</u>	<u>5,030,198</u>
Noncurrent Liabilities			
Long-Term Liabilities			
Due in more than one year	-	-	-
Bonds and Notes payable	5,636,485	4,022,623	9,659,108
Compensated Absences	50,127	-	50,127
Net Life Insurance OPEB Liability	119,563	28,580	148,143
Total Noncurrent Liabilities	<u>5,806,175</u>	<u>4,051,203</u>	<u>9,857,378</u>
Total Liabilities	<u>9,977,011</u>	<u>4,910,565</u>	<u>14,887,576</u>
DEFERRED INFLOWS OF RESOURCES			
2016 Public Fire Protection	-	-	-
Other Deferred Revenues	2,429,437	-	2,429,437
Deferred Pension and OPEB Inflows	620,454	77,146	697,600
Regulatory Credit	-	19,914	19,914
Total Deferred Inflows of Resources	<u>3,049,891</u>	<u>97,060</u>	<u>3,146,951</u>
NET POSITION			
Net Investment in Capital Assets	13,504,309	9,379,923	22,884,232
Restricted for:			
Special Revenue	88,834	-	88,834
Capital Projects	-	95,320	95,320
Debt Service	-	34,491	34,491
Unrestricted	1,623,884	(73,614)	1,550,270
Total Net Position	<u>15,217,027</u>	<u>9,436,120</u>	<u>24,653,147</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 28,243,929</u>	<u>\$ 14,443,745</u>	<u>\$ 42,687,674</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Activities
For the Year Ended December 31, 2020**

Program Revenue

Functions/Programs					Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Primary Government
Primary government							
Governmental Activities							
General Government	\$ 462,424	\$ 147,049	\$ 69,926	\$ -	\$ (245,449)		\$ (245,449)
Public Safety	1,392,237	419,033	12,593	-	(960,611)		(960,611)
Public Works	1,177,723	138,110	224,233	11,723	(803,657)		(803,657)
Health, Welfare and Sanitation	33,499	-	-	-	(33,499)		(33,499)
Culture and Recreation	534,191	2,049	178,605	12,760	(340,777)		(340,777)
Conservation and Development	62,600	-	3,279	-	(59,321)		(59,321)
Interest on Long-term debt	340,153	-	-	-	(340,153)		(340,153)
Total governmental activities	<u>4,002,827</u>	<u>706,241</u>	<u>488,636</u>	<u>24,483</u>	<u>(2,783,467)</u>		<u>(2,783,467)</u>
Business-type activities							
Water	503,289	728,381	-	11,760	-	236,852	236,852
Sewer	954,001	1,141,820	-	33,770	-	221,589	221,589
Total business-type activities	<u>1,457,290</u>	<u>1,870,201</u>	<u>-</u>	<u>45,530</u>	<u>-</u>	<u>458,441</u>	<u>458,441</u>
Total primary government	<u>\$ 5,460,117</u>	<u>\$ 2,576,442</u>	<u>\$ 488,636</u>	<u>\$ 70,013</u>	<u>(2,783,467)</u>	<u>458,441</u>	<u>(2,325,026)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,439,850	-	1,439,850
Property taxes, levied for debt service					931,086	-	931,086
Other taxes					35,705	-	35,705
Room taxes					17,412	-	17,412
Grants and contributions not restricted to specific programs					341,371	-	341,371
Unrestricted investment earnings					-	4,746	4,746
Miscellaneous					119,380	13,888	133,268
<i>Special item</i> - gain (loss) on sale/retirement of asset(s)					10,000	-	10,000
Transfers					131,482	(131,482)	-
Total general revenues, special items, and transfers					<u>3,026,286</u>	<u>(112,848)</u>	<u>2,913,438</u>
Net transfers to fiduciary fund					(48,000)	-	(48,000)
Change in net position					194,819	345,593	540,412
Net position - beginning (restated)					15,022,208	9,090,527	24,112,735
Net position - ending					<u>\$ 15,217,027</u>	<u>\$ 9,436,120</u>	<u>\$ 24,653,147</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Balance Sheet
Governmental Funds
December 31, 2020**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 2/RDA</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 158,696	\$ 218,460	\$ 1,183,249	\$ 29,028	\$ 77,070	\$ 1,666,503
Receivables:						
Taxes	402,587	742,415	363,011	-	-	1,508,013
Delinquent Personal Property Taxes	2,717	-	-	-	-	2,717
Special Assessments	239,375	-	-	13,081	-	252,456
Accounts	6,097	-	-	-	-	6,097
Loans	-	-	165,691	260,260	-	425,951
Other	-	-	-	-	4,427	4,427
Prepaid Expenses	615	-	-	6,040	-	6,655
Due from Other Funds	19,633	-	-	-	-	19,633
Restricted Cash	-	-	-	-	22,061	22,061
Special Assessments due in the Future	-	-	-	21,271	-	21,271
Advances Receivable	338,933	-	-	90,240	-	429,173
Total Assets	<u>\$ 1,168,653</u>	<u>\$ 960,875</u>	<u>\$ 1,711,951</u>	<u>\$ 419,920</u>	<u>\$ 103,558</u>	<u>\$ 4,364,957</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,168,653</u>	<u>\$ 960,875</u>	<u>\$ 1,711,951</u>	<u>\$ 419,920</u>	<u>\$ 103,558</u>	<u>\$ 4,364,957</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ 60,907	\$ -	\$ 625	\$ 700	\$ 15,171	\$ 77,403
Accrued Liabilities	31,367	-	-	-	-	31,367
Short-Term Debt	-	-	-	665,464	-	665,464
Due to Other Funds	-	-	-	-	19,633	19,633
Payable to Other Governments	11,653	-	-	-	-	11,653
Total Liabilities	<u>103,927</u>	<u>-</u>	<u>625</u>	<u>666,164</u>	<u>34,804</u>	<u>805,520</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Loans Receivable	-	-	165,691	260,260	-	425,951
2021 Property Tax Revenue	833,018	960,875	469,853	21,271	-	2,285,017
Total Deferred Inflows of Resources	<u>833,018</u>	<u>960,875</u>	<u>635,544</u>	<u>281,531</u>	<u>-</u>	<u>2,710,968</u>
FUND BALANCES (DEFICITS)						
Nonspendable	339,548	-	-	-	-	339,548
Restricted	-	-	1,075,782	-	88,834	1,164,616
Unassigned	(107,840)	-	-	(527,775)	(20,080)	(655,695)
Total Fund Balances (Deficits)	<u>231,708</u>	<u>-</u>	<u>1,075,782</u>	<u>(527,775)</u>	<u>68,754</u>	<u>848,469</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 1,168,653</u>	<u>\$ 960,875</u>	<u>\$ 1,711,951</u>	<u>\$ 419,920</u>	<u>\$ 103,558</u>	<u>\$ 4,364,957</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement
of Net Position December 31, 2020**

Total fund balance, governmental funds	\$	848,469
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
General Fixed Assets		23,085,134
Land Held for Resale		70,682
<p>The net pension asset is not a current financial resource and is therefore not reported in the fund statements</p>		
		200,040
<p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities.</p>		
Deferred outflows of resources - pension		485,767
Deferred outflows of resources - OPEB - LRLIF		56,982
<p>Deferred inflows are reported in the fund financial statement, but are already recognized as earned in the Statement of Net Position.</p>		
Deferred inflows of resources - pension		(600,091)
Deferred inflows of resources - OPEB - LRLIF		(20,363)
Special Assessments		21,270
Loans Receivable		260,260
<p>Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Accrued Interest	(86,236)	
Bond and Notes Payable Due Within One Year	(3,278,876)	
Bond and Notes Payable Due In More Than One Year	(5,636,484)	
Net Life Insurance OPEB Liability	(119,563)	
Compensated Absences	(69,964)	(9,191,123)
Net Position of Governmental Activities in the Statement of Net Position	\$	<u>15,217,027</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Revenues, Expenditures and Changes
in Fund Balances Governmental Funds
For the Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Debt Service</u>	<u>TIF 2/RDA</u>	<u>Capital Projects</u>	<u>TIF 1</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property Taxes	\$ 553,718	\$ 931,086	\$ 521,432	\$ -	\$ 364,701	\$ -	\$ 2,370,937
Other Taxes	35,705	-	-	-	-	17,412	53,117
Special Assessment Revenue	-	-	-	17,333	-	-	17,333
Intergovernmental	570,549	-	5,387	-	11,053	149,693	736,682
License and Permits	74,138	-	-	30,015	-	-	104,153
Fines, Forfeits and Penalties	24,184	-	-	-	-	-	24,184
Public Charges for Services	274,997	-	-	-	-	118,361	393,358
Intergovernmental Charges for Services	141,232	-	-	-	-	-	141,232
Miscellaneous Income	162,017	30,000	39,449	23,089	-	28,913	283,468
Total Revenues	<u>1,836,540</u>	<u>961,086</u>	<u>566,268</u>	<u>70,437</u>	<u>375,754</u>	<u>314,379</u>	<u>4,124,464</u>
EXPENDITURES							
Current:							
General Government	297,308	-	17,564	-	22,150	204	337,226
Public Safety	1,161,562	-	-	11,551	-	-	1,173,113
Public Works	307,023	-	-	12,070	-	106,041	425,134
Culture, Recreation and Education	103,117	-	-	3,243	-	317,786	424,146
Conservation and Development	14,925	-	35,750	-	-	11,925	62,600
Capital Outlay	-	-	-	476,372	-	-	476,372
Debt Service							
Principal Repayment	-	4,421,642	135,000	-	-	-	4,556,642
Interest Expense	-	235,799	4,185	26,926	-	-	266,910
Fiscal Charges	-	71,323	1,250	-	-	-	72,573
Total Expenditures	<u>1,883,935</u>	<u>4,728,764</u>	<u>193,749</u>	<u>530,162</u>	<u>22,150</u>	<u>435,956</u>	<u>7,794,716</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47,395)</u>	<u>(3,767,678)</u>	<u>372,519</u>	<u>(459,725)</u>	<u>353,604</u>	<u>(121,577)</u>	<u>(3,670,252)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from Long-Term Debt	-	950,000	-	550,000	-	-	1,500,000
Refunding Bonds Issued	-	2,400,000	-	-	-	-	2,400,000
Premium on Bonds	-	116,190	-	-	-	-	116,190
Transfers In	303,758	471,046	353,604	-	-	139,000	1,267,408
Transfers Out	(187,000)	(169,058)	(471,046)	-	(353,604)	(3,218)	(1,183,926)
Total Other Financing Sources and Uses	<u>116,758</u>	<u>3,767,678</u>	<u>(117,442)</u>	<u>550,000</u>	<u>(353,604)</u>	<u>135,782</u>	<u>4,099,172</u>
Net Change Fund Balances	69,363	-	255,077	90,275	-	14,205	428,920
Fund Balances (Deficits) - Beginning	162,345	-	820,705	(618,050)	-	54,549	419,549
Fund Balances (Deficits) - Ending	<u>\$ 231,708</u>	<u>\$ -</u>	<u>\$ 1,075,782</u>	<u>\$ (527,775)</u>	<u>\$ -</u>	<u>\$ 68,754</u>	<u>\$ 848,469</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020**

Net change in fund balances - total governmental funds: \$ 428,920

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays exceeded depreciation in the current period.

	Capital Outlay	\$ 430,720	
	Depreciation	<u>(1,158,174)</u>	(727,454)

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.

Special Assessment Revenue recognized in prior years	(20,299)
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

	Principal Repayments	\$ 4,556,643	
	Proceeds of Long-Term Debt	<u>(3,974,598)</u>	582,045

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Adjustment for increase in accrued interest	(41,763)
Adjustment for increase in compensated absences	(17,212)

Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	<u>(9,418)</u>
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Change in net position of governmental activities	<u>\$ 194,819</u>
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See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2020**

	Proprietary Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 72,566	\$ 2,437	\$ 75,003
Receivables			
Taxes	2,669	6,065	8,734
Accounts	110,939	212,427	323,366
Other	1,500	-	1,500
Due from Other Governments	-	122,408	122,408
Inventories	8,112	2,865	10,977
Total Current Assets	195,786	346,202	541,988
Restricted Assets:			
Restricted Cash and Investments	231,003	95,320	326,323
Net Pension Asset	11,946	12,148	24,094
Total Restricted Assets	242,949	107,468	350,417
Capital Assets:			
Land and Improvements	36,941	-	36,941
Other Capital Assets	8,586,278	13,666,442	22,252,720
Less Accumulated Depreciation	(3,159,628)	(5,224,163)	(8,383,791)
Net Capital Assets	5,463,591	8,442,279	13,905,870
Noncurrent Assets:			
Investment in Biosolids	-	2,515	2,515
Total Noncurrent Assets	-	2,515	2,515
Total Assets	5,902,326	8,898,464	14,800,790
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pension	29,010	29,499	58,509
Deferred Outflows of Resources - LRLIF	13,618	-	13,618
Total Deferred Outflows of Resources	42,628	29,499	72,127
Total Assets and Deferred Outflows of Resources	\$ 5,944,954	\$ 8,927,963	\$ 14,872,917

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2020**

	Proprietary Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 5,848	\$ 9,047	\$ 14,895
Accrued Liabilities	2,462	4,819	7,281
Taxes Accrued	131,482	-	131,482
Accrued Interest Payable	6,227	12,955	19,182
Compensated Absences	3,300	3,300	6,600
Current Portion of Long-Term Debt:			
Current Portion of Advances	59,001	51,464	110,465
Current Portion of Long-Term Bonds	190,952	488,970	679,922
Total Current Liabilities	399,272	570,555	969,827
Non-Current Liabilities:			
Long-Term Debt			
Notes Payable	301,724	65,000	366,724
Bonds and Loans Payable	529,826	3,126,073	3,655,899
Total Long-Term Debt	831,550	3,191,073	4,022,623
Other Liabilities:			
Net OPEB Liability - LRLIF	28,580	-	28,580
Advances Payable	267,243	51,464	318,707
Total Other Liabilities	295,823	51,464	347,287
Total Non-Current Liabilities	1,127,373	3,242,537	4,369,910
Total Liabilities	1,526,645	3,813,092	5,339,737
DEFERRED INFLOWS OF RESOURCES			
Regulatory Credit	19,914	-	19,914
Deferred Inflows of Resources - Pension	35,836	36,442	72,278
Deferred Inflows of Resources - LRLIF	4,868	-	4,868
	60,618	36,442	97,060
NET POSITION			
Net Investment in Capital Assets	4,617,687	4,762,236	9,379,923
Restricted for debt	34,491	-	34,491
Restricted for capital	-	95,320	95,320
Unrestricted	(294,487)	220,873	(73,614)
Total Net Position	4,357,691	5,078,429	9,436,120
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,944,954	\$ 8,927,963	\$ 14,872,917

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Revenues, Expenses and Changes in
Fund Net Position Proprietary Funds
For the Year Ended December 31, 2020**

	Proprietary Funds		
	Water	Sewer	Total
REVENUES			
Charges for Services	\$ 723,395	\$ 1,094,478	\$ 1,817,873
Other Operating Revenues	4,986	47,342	52,328
Total Operating Revenues	728,381	1,141,820	1,870,201
OPERATING EXPENSES			
Operation and Maintenance	279,769	518,512	798,281
Depreciation	177,075	314,645	491,720
Taxes	4,832	2,030	6,862
Total Operating Expenses	461,676	835,187	1,296,863
Operating Income (Loss)	266,705	306,633	573,338
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	3,967	779	4,746
Miscellaneous Non-Operating Revenue	13,888	-	13,888
Interest Expense	(41,613)	(118,814)	(160,427)
Total Non-Operating Revenue (Expenses)	(23,758)	(118,035)	(141,793)
Income (Loss) Before Contributions and Transfers	242,947	188,598	431,545
Capital Contributions	11,760	33,770	45,530
Transfers Out	(131,482)	-	(131,482)
Change in Net Position	123,225	222,368	345,593
Total Net Position - Beginning-restated	4,234,466	4,856,061	9,090,527
Total Net Position - Ending	\$ 4,357,691	\$ 5,078,429	\$ 9,436,120

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Cash Flows- Proprietary Funds
For the Year Ended December 31, 2020**

	Water Utility	Sewer Utility	Totals 2020
<u>Cash Flows From Operating Activities:</u>			
Receipts from Customers	\$ 740,590	\$ 1,087,489	\$ 1,828,079
Receipts from Other Sources	(10,668)	98,675	88,007
Payments to Suppliers	(210,400)	(446,807)	(657,207)
Payments to Employees	(67,810)	(87,919)	(155,729)
Taxes Paid	(136,314)	(2,030)	(138,344)
Net Cash Provided (Used) by Operating Activities	<u>315,398</u>	<u>649,408</u>	<u>964,806</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and Construction of Plant Assets	(15,445)	-	(15,445)
Impact fees	11,760	33,770	45,530
Proceeds of advances	32,477	-	32,477
Repayment of Advances	(59,001)	(83,942)	(142,943)
Principal Payments on Long-Term Debt	(185,940)	(477,787)	(663,727)
Interest Paid	(42,840)	(121,509)	(164,349)
Net Cash Used for Capital and Related Financing Activities	<u>(258,989)</u>	<u>(649,468)</u>	<u>(908,457)</u>
<u>Cash Flows From Investing Activities:</u>			
Interest on Investments	3,967	779	4,746
Purchase of Non-Cash Equivalents	(231,003)	(95,320)	(326,323)
Sale of non-cash equivalents	243,193	95,320	338,513
Net Cash Provided (Used) by Investing Activities	<u>16,157</u>	<u>779</u>	<u>16,936</u>
Net Increase (Decrease) in Cash and Equivalents	72,566	719	73,285
Cash and Equivalents - Beginning of Year	-	1,718	1,718
Cash and Equivalents - End of Year	<u>\$ 72,566</u>	<u>\$ 2,437</u>	<u>\$ 75,003</u>
Reconciliation to Statement of Net Position			
Current Cash and Cash Equivalents	\$ 72,566	\$ 2,437	\$ 75,003
Restricted Cash and Investments	231,003	95,320	326,323
Less Non-Cash Equivalents	(231,003)	(95,320)	(326,323)
Cash and Equivalents - End of Year	<u>\$ 72,566</u>	<u>\$ 2,437</u>	<u>\$ 75,003</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2020**

	Water Utility	Sewer Utility	Totals 2020
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities			
Operating Income	\$ 266,705	\$ 306,633	\$ 573,338
Adjustments to Reconcile Operating Income to Net			
Cash Provided by Operating Activities:			
Joint Meter	7,486	(7,486)	-
Other non-operating revenue	7,251	-	7,251
Tax Equivalent	(131,482)	-	(131,482)
Depreciation	177,075	314,645	491,720
Changes in Assets and Liabilities:			
Customer Accounts Receivable	18,693	(4,725)	13,968
Other Accounts Receivable	(1,498)	(2,264)	(3,762)
Due from/to Other Governmental Units	-	35,679	35,679
Due from/to other funds	(15,654)	15,654	-
Prepayments	49	49	98
Pension asset/liability	4,298	(1,363)	2,935
Accounts Payable	(2,721)	(11,059)	(13,780)
Accrued Liabilities	(14,804)	3,645	(11,159)
Net Cash Provided (Used) by Operating Activities	\$ 315,398	\$ 649,408	\$ 964,806

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Net Position
Fiduciary Funds
December 31, 2020**

	<u>Municipal Court/Forfeitures</u>	<u>Tax Collection Fund</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 14,380	\$ 630,442	\$ 644,822
Receivables:			
Taxes Receivable	-	2,138,297	2,138,297
Prepays	4,541	-	4,541
TOTAL ASSETS	<u>\$ 18,921</u>	<u>\$ 2,768,739</u>	<u>\$ 2,787,660</u>
LIABILITIES			
Accounts Payable	\$ 13,038	\$ 1,037	\$ 14,075
Due to Other Governments	-	2,767,702	2,767,702
Total Liabilities	<u>13,038</u>	<u>\$ 2,768,739</u>	<u>2,781,777</u>
NET POSITION			
Held in Trust for Benefits and Other Purposes	2,945		2,945
TOTAL LIABILITIES AND NET POSITION	<u>\$ 18,921</u>		<u>\$ 2,787,660</u>

See accompanying notes to the basic financial statements

**Village of Osceola
Osceola, Wisconsin**

**Statement of Changes in Financial Position
Fiduciary Funds
For the Year Ended December 31, 2020**

	<u>Municipal Court/Forfeitures</u>	<u>Tax Collection Fund</u>	<u>Total</u>
ADDITIONS			
Fines, Forfeits and Penalties	\$ 27,037	\$ -	\$ 54,074
Public Charges for Services	10,231	-	20,462
Property Tax Collections For Other Governments	-	1,266,180	1,266,180
Total Additions	<u>37,268</u>	<u>1,266,180</u>	<u>1,377,984</u>
DEDUCTIONS			
Current:			
General Government	68,421	-	136,842
Payments of Taxes to Other Governments	-	1,266,180	1,266,180
Total Deductions	<u>68,421</u>	<u>1,266,180</u>	<u>1,471,443</u>
Excess (Deficiency) of Additions Over (Under) Deductions	<u>(31,153)</u>	<u>-</u>	<u>(93,459)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>48,000</u>	-	<u>96,000</u>
Total Other Financing Sources and Uses	<u>48,000</u>	<u>-</u>	<u>144,000</u>
Change in Net Position	16,847	-	50,541
Net Position - Beginning	<u>(13,902)</u>	<u>-</u>	<u>(41,706)</u>
Net Position - Ending	<u>\$ 2,945</u>	<u>\$ -</u>	<u>\$ 8,835</u>

See accompanying notes to the basic financial statements.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Osceola, Wisconsin conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all funds of the Village of Osceola. The reporting entity for the Village consists of the primary government, organizations for which the primary government is financially accountable and 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or 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.

Component Units

Redevelopment Authority

This report includes the Redevelopment Authority (the Authority) as a blended component unit. The Authority is a legally separate organization. The Board of the Authority is appointed by the Board of the Village of Osceola. The Authority meets the criteria of a component unit of the Village. The Authority was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. See Note 18 for further details.

The Housing Authority of the Village of Osceola

Management of the Village has determined that the Housing Authority of the Village of Osceola (the "Housing Authority") is excluded as a component unit. The Housing Authority is a legally separate organization and appointments to the Housing Authority are approved by the Village Board; however, since the Village cannot impose its will on the Housing Authority and there is no material benefit to, or burden on, the Village, the Housing Authority does not meet the criteria for inclusion in the reporting entity. Financial statements for the Housing Authority may be obtained from:

Housing Authority of Osceola
602 3rd Avenue
Osceola, WI 54020

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements

Government-wide financial statements are basic financial statements required for all governmental units. The Statement of Net Position and the Statement of Activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund financial statements.

All funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

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 generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village 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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual 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 outflows, liabilities, deferred inflows, net position/fund equity, revenues, and expenditure/expenses.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements (Continued)

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

- 1. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- 2. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- 3. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Major Governmental Funds

The Village reports the following major governmental funds:

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

Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs other than TID or proprietary debt.

General Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds. The Village considers this fund major because of its importance to financial statement users.

Tax Incremental Financing District No. 2 (TID No. 2)/RDA fund.

Tax Incremental Financing District No. 1 (TID No. 1).

Transactions of the Village’s tax incremental districts are accounted for in capital projects funds and considered major funds. The Village’s Redevelopment Authority, a blended component unit, accounts for its transactions in the TIF 2 fund.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Major Proprietary Funds

Proprietary funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following proprietary funds are included in these statements:

Water Utility – accounts for the operations of the water system.

Sewer Utility – accounts for the operations of the sewer system.

Non-Major Governmental Funds

The Village reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Community Trust Police	Library Act 150
Library Building, Book, Operating	Airport Fund
Fire Community Trust Insurance Reserve	Urban Forestry Grant
Room Tax	Law Enforcement Grants
Insurance Reserve	

Fiduciary Funds

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government *controls* the assets that finance the activity, b) Assets are *not* generated from the *government's own-source revenues* or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a *qualifying trust* or the government does *not* have *administrative involvement* and the assets are *not* generated from the *government's delivery of goods or services* to the beneficiaries, *or* the assets are for the benefit of *entities that are not part of the government's reporting entity*.

The Village reports the following fiduciary funds:

Custodial Funds - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village accounts for tax collections payable to overlying taxing jurisdictions and the municipal courts forfeiture fund in a custodial fund.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 asset 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. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

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. “Measurable” means the amount of the transaction can be determined. “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 Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, 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. 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 Village is entitled to the resources and the amounts are available. Amounts owed to the Village, 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.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held for collection by the county are reported as receivables and non-spendable fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, 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 Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for the subsequent year’s operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements (Continued)

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board. The proprietary funds distinguish operating revenues and expenses from non-operating 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 water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with U.S. 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.

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents/Investments

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Village's individual major funds, and in the aggregate for non-major and agency funds. For purposes of the statement of cash flows, all cash and investments of the proprietary fund are considered to be cash equivalents, because they are available on demand from the cash and investments pool.

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. All other investments are stated at fair value.

See Footnote 2 for additional information.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

2) Proprietary Cash and Equivalents

For purposes of the proprietary fund statement of cash flows, the Village considers all highly liquid investments, with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments. Cash reserves in the amount of \$231,003 for the water are not considered cash equivalents since they consist of CDs with maturity dates greater than three months.

The Village has not formally adopted deposit and investment policies that limit the Village's allowable deposits or investments.

3) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Village's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Village taxes. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2020 tax roll

Lien date and levy date	December, 2020
Tax Bills mailed	December, 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale – 2020 delinquent real estate taxes	October, 2023

4) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for delinquent water and sewer billings because the utilities have the right by law to place delinquent bills on the tax roll.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

5) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred 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. Special assessments of proprietary funds are recorded as capital contributions at the time of assessment, if subject to collection.

Deferred special assessments, those not subject to collection, are recorded as another deferred inflow of resources until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the Village upon collection by the County. These delinquent installments are financed by the general fund.

6) Inventories and Prepaids

Inventories

Inventories of proprietary funds are valued at cost using the first-in/first-out method and are charged as expenses or capitalized when used. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

Prepaids

Prepaid expenditures consist of expenses paid in the current year for the following year.

7) Restricted Assets

Fund Financials

Restricted assets consisted of debt reserves and construction reserves relating to the utility mortgage revenue bonds. Proprietary fund restricted cash totaled \$326,323. This included debt reserves of \$231,003 for water utility revenue bonds and \$95,320 for sewer equipment replacement. The Library Building fund has \$22,061 restricted for capital outlay.

Government Wide Financials

The government wide financials include restricted cash and net pension assets for the governmental and business-type activities.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

8) Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets including infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. The Village has retroactively reported all infrastructure acquired by its governmental fund types.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated using straight-line depreciation based on the estimated useful life of an asset. The estimated useful life of assets is determined by industry standards as recommended by GASB. Useful lives vary by asset type. Equipment and vehicles are depreciated over 5-20 years. Land improvements and building improvements are depreciated over 10-30 years. Streets are depreciated over 20 years. Buildings are depreciated over 39 -50 years. Other infrastructure is depreciated from 15 – 50 years. A full year of depreciation is taken in the year of acquisition.

Proprietary Fund Fixed Assets - Assets in the proprietary fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2020.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.3% to 26.70% for the water utility. The sewer utility, depending on the various classes of property, depreciates assets from 4 – 50 years.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

9) Capital Contributions-Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These amounts are not subject to repayment and are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position.

10) Debt Issuance Costs

Debt issuance costs are recognized as expenditures in the current period for both the fund financial statements and the government wide financial statements.

11) Compensated Absences

Vacation is granted in varying amounts dependent on length of service. A maximum of five days may be carried over into the next vacation year, provided the employee gives notice to the administration prior to December 1 of the current year. The Village accrued \$26,437 in vacation as of December 31, 2020. This is recorded as a liability in the governmental activities of \$19,833 and the proprietary funds of \$6,600.

All full-time employees are eligible for ten days of sick leave for each 12 months of employment. One half (1/2) of all accrued sick days (up to 90 days) shall, at the time of retirement, be converted to dollar value and used to pay future health insurance premiums.

The remaining employee's accrued unused sick leave amounted to \$50,127 at December 31, 2020. The payments for compensated absences will be made at rates in effect when the benefits are used. The accumulated vacation and sick liabilities at December 31, 2020 are determined on the basis of current salary rates.

12) Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources, and deferred inflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

13) Other Post-Employment Benefits

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 other postemployment benefits (“OPEB”) liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14) Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

15) Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bond payable, and accrued compensated absences.

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as “Other Financing Sources” in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

Conduit debt obligations, such as industrial revenue bonds (IRBS), approved for business enterprises, do not constitute debt of the Village. Accordingly, the bonds are not recorded in the Village’s financial statements.

16) 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 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 expenses during the reporting period. Actual results may differ from those estimates

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

17) Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board 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 requiring accrual.

18) Equity and Net Position Classifications

Government-Wide Statements

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

- a. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation 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.
- b. 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.
- c. Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

18) Equity and Net Position Classifications (Continued)

Fund Financial Statements – Governmental Funds – Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Village Board or a body or official of which the Village Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The Village Board established a fund balance policy on January 25, 2011. The policy was amended on November 29, 2011. Key components of the policy are:

- a. Strive to maintain a general fund balance equal or above 30% of budgeted general fund expenditures.
- b. Any excess shall be allocated each year by the Village Board.

At December 31, 2020, the general fund unassigned fund balance was a deficit of \$107,840. The Village's Fund Balance policy states that fund balance should not be less than 30% of the 2020 budgeted expenditures. The Village was not in compliance with their policy. There were no excess funds to allocate to the Levy Stabilization Fund, the General Capital Fund, and Unassigned General Fund Balance. See Note 12 for the allocations.

E. Utility Rates – Proprietary Funds

The Village of Osceola Sewer Utility operates under service rules which are established by the Village Board. The Water Utility operates under service rules, which are established by the Public Service Commission of Wisconsin. Water rate charges are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water and sewer service.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)

F. Stewardship, Compliance, and Accountability

1) Budgetary Information

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund.

2) Limitations on the Village Tax Levy

As part of Wisconsin's Act 25 (2005), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the percentage change in the Village's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

3) Excess Expenditures Over Appropriations

The Village controls expenditures at the department level. A comparison of 2020 expenditures to budget can be found in the Required Supplementary Information.

G. Capital Contributions – Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position. There were capital contributions in 2020 for thirty new homes.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)

H. Tax Incremental Financing District

The Village has two Tax Incremental Districts (TIDs). The transactions of the Districts are shown in the TIF #1 and TIF #2/RDA Funds. TID's are authorized by Section 66.1105 of the Wisconsin Statutes. It is a method by which the Village can recover its project costs in designated Districts of the Village. Those costs are recovered through tax increments, which are placed on the tax rolls.

I. PSC Regulatory Credit

In 2004 the Public Service Commission of Wisconsin required regulated utilities to create a regulatory credit account. The amount of the credit was equal to the estimated accumulated depreciation on contributed utility plant as of December 31, 2003. The credit has the effect of reducing the rate base used by the Commission in approving user rates charged by the utilities. The credit is reported as a deferred inflow on the statement of net position. The credit is being amortized to non-operating income over a period of 20 years. As of December 31, 2020, the balance was \$19,914.

J. Inter-fund Transactions

The water utility is charged a tax equivalent due the general fund. Charges for the tax equivalent are recorded as operating transfers in the general fund and water utility. In 2020, the transfer was \$131,482.

The water and sewer utilities provide basic services to the general fund. Charges for fire protection, sanitation and basic services are recorded as expenditures in the general fund.

The sewer utility pays an annual meter use charge to the water utility in accordance with requirements of the Public Service Commission. The annual charge is recorded as an operating expense of the sewer utility and as a reduction of various operating expenses and as operating revenue of the water utility based on the components of the charge.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

The Village pools its cash. Its inter-fund receivables/payables represent cash loaned to other funds on an interim basis.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

1. Summary of Significant Accounting Policies (Continued)

K. Advances to Other Funds

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by a fund balance non-spendable account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. No additional funds were advanced from the General Fund to the Water Utility and the Sewer Utility in 2020. The 12/31/2020 balance due the General Fund for the Water Fund is \$236,004 and \$102,928 for the Sewer Fund. The advances are being repaid over a 5-year time-frame with no interest. An additional advance was made from the Capital Projects fund to the Water fund during 2020. As of December 31, 2020, no repayment schedule has been established for this advance.

See Note 10 for additional information.

2. Cash and Cash Equivalents/Investments

Cash for all Village funds is not pooled for investment purposes. At December 31, 2020, the cash and investments consist of the following:

Petty Cash/Cash on Hand	\$ 1,971
Deposits with Financial Institutions	<u>2,732,741</u>
Total Cash and Investments	<u><u>\$2,734,712</u></u>

Cash and investments as of December 31, 2020 are classified in the accompanying financial statements as follows:

Cash and Investments	\$1,741,506
Restricted Cash and Investments	348,384
Fiduciary Funds:	
Cash and Investments	<u>644,822</u>
Total Cash and Investments	<u><u>\$2,734,712</u></u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

2. Cash and Cash Equivalents/Investments (Continued)

Investments Authorized by Wisconsin Statutes

The Village is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin Statutes. Such statute authorizes the Village to invest any of its funds not immediately needed in:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Village, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

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 of fair value losses arising from increasing interest rates.

The Village has \$231,003 in certificates of deposit with a maturity of 1 year. The Library has \$22,061 in certificates of deposit. The library certificates of deposit have maturities of 24-60 months. The principal amount of the certificates of deposit are restricted and only the interest from the certificates of deposit are available for use by the library for their operations.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

2. Cash and Cash Equivalents/Investments (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposit accounts and \$250,000 for demand deposit accounts. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2020, \$969,167 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. All of the Village's investments were in certificates of deposit with the local bank.

3. Loans Receivable

The Village has a loan receivable of \$254,655 from a local business. The loan was made in 2016 and is to be repaid June 14, 2026. The interest rate on the loan is currently 4.25%. The rate is to be reviewed and adjusted as needed in 2021. Interest is paid on an annual basis. This loan was to assist with the expansion of the business. Interest in the amount of \$10,823 was paid in 2020.

The Village paid for work completed for two area businesses in 2017. These costs are being repaid over time. The outstanding balance was \$5,605 as of December 31, 2020.

The Village's TIF #2 has a loan receivable of \$160,000 from a business. The loan was made in 2007 and is to be repaid December 31, 2037 at an interest rate of .25%. This loan was to assist with the development of apartments located in the Village. The total loan receivable with accrued interest is \$165,692 as of December 31, 2020.

4. Receivables

The Village has special assessments outstanding of \$21,271 for Pheasant Run. These assessments were set up for installment to be made over 10 years. The Gateway assessments are anticipated to be collected over the next 2 years and the Pheasant Run assessments are anticipated to be collected over the next 7 years. All other receivables are anticipated to be collected within one year.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

5. Capital Assets

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

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20
Governmental Activities				
Non-depreciable Capital Assets:				
Land	\$ 5,235,663	\$ -	\$ -	\$ 5,235,663
Infrastructure in process	85,961	-	-	85,961
Construction in process	121,225	-	121,225	-
Total Non-depreciable Capital Assets	<u>5,442,849</u>	<u>-</u>	<u>121,225</u>	<u>5,321,624</u>
Capital Assets Being Depreciated:				
Buildings, Improvements and Equipment	13,999,108	551,945	30,000	14,521,053
Infrastructure	20,215,651	-	-	20,215,651
Total Capital Assets Being Depreciated	<u>34,214,759</u>	<u>551,945</u>	<u>30,000</u>	<u>34,736,704</u>
Total Capital Assets	<u>39,657,608</u>	<u>551,945</u>	<u>151,225</u>	<u>40,058,328</u>
Less: Accumulated Depreciation	<u>15,845,020</u>	<u>1,158,174</u>	<u>30,000</u>	<u>16,973,194</u>
Capital Assets Net of Depreciation	<u>\$ 23,812,588</u>	<u>\$ (606,229)</u>	<u>\$ 121,225</u>	<u>\$ 23,085,134</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 66,852
Public Safety	203,431
Public Works	745,704
Health and Human Services	33,499
Culture, Recreation and Education	108,689
	<u>\$ 1,158,174</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

5. Capital Assets (Continued)

Capital asset activity in the business type activities for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20
Business Type Activities				
Non-depreciable Capital Assets:				
Land	\$ 36,941	\$ -	\$ -	\$ 36,941
Total Non-depreciable Capital Assets	<u>36,941</u>	<u>-</u>	<u>-</u>	<u>36,941</u>
Capital Assets Being Depreciated:				
Buildings and Equipment	6,699,098	-	-	6,699,098
Infrastructure	15,541,426	15,444	3,248	15,553,622
Total Capital Assets Being Depreciated:	<u>22,240,524</u>	<u>15,444</u>	<u>3,248</u>	<u>22,252,720</u>
Total Capital Assets	<u>22,277,465</u>	<u>15,444</u>	<u>3,248</u>	<u>22,289,661</u>
Less: Accumulated Depreciation	<u>7,895,319</u>	<u>491,720</u>	<u>3,248</u>	<u>8,383,791</u>
Capital Assets Net of Depreciation	<u>\$ 14,382,146</u>	<u>\$ (476,276)</u>	<u>\$ -</u>	<u>\$ 13,905,870</u>

Depreciation expense was charged to functions as follows:

Business Type Activities	
Water Utility	\$ 177,075
Sewer Utility	314,645
Total Business-Type Activities Depreciation Expense	<u>\$ 491,720</u>

6. Deferred Outflows of Resources

The following is a schedule of the deferred outflows of resources on the government wide statement of net position:

	Governmental Activities	Business-Type Activities	Total
Deferred life insurance outflows	\$ 56,982	\$ 13,618	\$ 70,600
Deferred pension outflows	485,767	58,509	544,276
Total deferred outflow of resources for government-wide statement of net position	<u>\$ 542,749</u>	<u>\$ 72,127</u>	<u>\$ 614,876</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

7. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Village bills and collects its own property taxes and also collects taxes for the School District of Osceola, Wisconsin Indianhead Technical College, Polk County and the State of Wisconsin. In accordance with State statutes, the property taxes are levied no later than the third Monday in December. Taxes are due on January 31, 2021 unless the installment method is chosen in which one-half is due on January 31, 2021 and one-half on July 31, 2021, respectively.

Agency fund amounts due to other taxing units at December 31, 2020 as the result of the billing of the 2020 tax roll are as follows:

School District of Osceola	\$	1,792,422
Wisconsin Indianhead Technical College		79,889
Polk County		895,391
Due to Other Governments		\$ 2,767,702

Taxes unpaid as of July 31 are turned over to the Polk County Treasurer for collection. Village property tax revenue is recognized in the year to which the levy pertains.

8. Inter-fund Receivables/Payables, Advances and Transfers

Inter-fund Receivables/Payables

There were inter-fund receivables and payables as of December 31, 2020 as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library Act 150	\$ 19,633	Cash Flow
Total Inter-fund Receivables		\$ 19,633	

The General Fund Receivables were not set-up for repayment.

Advances

The schedule of inter-fund advances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water	\$ 236,004	Cash Flow
General Fund	Sewer	102,928	Cash Flow
Capital Projects	Water	90,240	Capital
Total Governmental Advances		429,172	
Total Governmental inter-fund receivables		19,633	
Total Advances and Inter-fund Receivables		448,805	
Less Interfund Eliminations		(19,633)	
Total Internal Balances per GW Statement of Net Position		\$ 429,172	

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

8. Inter-fund Receivables/Payables, Advances and Transfers (Continued)

The advances to the Water and Sewer funds were for cash flow purposes in previous years. Rate increases were implemented in 2019 for both utilities.

Amortization schedules have been set up for the three advances with 0% interest and are payable over 5 years. The current portion of the water advance is \$59,001 and the sewer advance is \$51,464.

Inter-fund Transfers

The following is a schedule of inter-fund transfers as of 12/31/2020:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Library	\$ 139,000	Operations
Room Tax	General Fund	3,218	Operations
General Fund	Municipal Court	48,000	Subsidy
TIF #1	TIF #2	353,604	Increment Sharing
TIF #2	Debt Service	471,046	Debt Payments
Debt Service	General Fund	169,058	Return of debt subsidy
Transfers Out per Governmental Statements		<u>1,183,926</u>	
Water	General	<u>131,482</u>	Tax Equivalent
Transfers Out per Proprietary Statements		<u>131,482</u>	
Transfers Out per Governmental and Proprietary Statements		\$ 1,315,408	
Less: Governmental Interfund Eliminations		<u>(1,183,926)</u>	
Transfers per Government-Wide Statements - Business-Type Activities		<u><u>\$ 131,482</u></u>	

The water utility transferred \$131,482 to the general fund for the tax equivalent. This is also regarded as a transfer from business-type activities to governmental activities. All other transfers were eliminated on the government-wide statements.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Governmental activities notes and bonds will be retired by future property tax levies. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies. The following is a summary of long-term debt transactions of the Village for the year ended December 31, 2020:

	<u>Balance 1/1/20</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Bonds and Notes	\$ 6,762,970	\$ 1,500,000	\$ 1,987,970	\$ 6,275,000	\$ 845,000
Notes from Direct Borrowing or Placements	105,835	-	32,072	73,763	32,276
Bond Anticipation Note	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Total Land Contract Payable	93,600	-	1,600	92,000	1,600
Total Lease Revenue Bonds - TIF/RDA	135,000	-	135,000	-	-
Premium on long-term debt	-	74,598	-	74,598	7,460
Total Governmental Long-Term Debt	<u>\$ 9,497,405</u>	<u>\$ 3,974,598</u>	<u>\$ 4,556,642</u>	<u>\$ 8,915,361</u>	<u>\$ 3,286,336</u>
Business-Type Activities					
General Obligation Bonds and Notes	\$ 2,275,000	\$ -	\$ 285,000	\$ 1,990,000	\$ 295,000
Mortgage Revenue Bonds and Notes from Direct Borrowing	3,091,272	-	378,727	2,712,545	384,922
Total Business-Type Activities	<u>5,366,272</u>	<u>-</u>	<u>663,727</u>	<u>4,702,545</u>	<u>679,922</u>
Total Long-Term Debt	<u>\$ 14,863,677</u>	<u>\$ 3,974,598</u>	<u>\$ 5,220,369</u>	<u>\$ 13,617,906</u>	<u>\$ 3,966,258</u>

Governmental activities general obligation long-term debt issues and bond anticipation notes outstanding at December 31, 2020 consists of:

<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Debt</u>	<u>Current Portion</u>
\$ 2,055,000	9/2/2011	12/1/2021	2.00% - 3.00%	\$ 250,000	\$ 250,000
260,000	12/5/2011	3/1/2021	4.00%	26,000	26,000
1,090,000	9/4/2012	9/1/2022	2.00%	315,000	50,000
1,315,000	11/3/2015	12/1/2023	2.00% - 3.00%	235,000	-
65,000	7/12/2017	10/17/2017	2.85%	47,763	6,276
4,470,000	10/16/2019	6/1/2038	3.00% - 4.00%	3,975,000	270,000
1,500,000	6/1/2020	6/1/2030	1.25% - 2.20%	1,500,000	275,000
Total Governmental General Obligation Debt				<u>\$ 6,348,763</u>	<u>\$ 877,276</u>
Note Anticipation Notes					
\$ 2,400,000	6/1/2020	6/1/2021	3.00%	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Scheduled annual requirements for retirement of governmental general obligation debt and bond anticipation notes outstanding at December 31, 2020 are summarized as follows:

Governmental General Obligation Debt					
Year	Bonds and Notes		Direct Borrowings		Total
	Principal	Interest	Principal	Interest	
2021	\$ 845,000	\$ 201,845	\$ 32,276	\$ 1,878	\$ 1,046,845
2022	665,000	159,420	6,455	1,180	824,420
2023	535,000	143,745	6,638	996	678,745
2024	315,000	125,645	6,825	809	440,645
2025	335,000	113,945	7,022	612	448,945
2026-2030	1,820,000	393,290	14,547	619	2,213,290
2031-2035	1,050,000	183,600	-	-	1,233,600
2036-2038	710,000	30,450	-	-	740,450
	\$ 6,275,000	\$ 1,351,940	\$ 73,763	\$ 6,094	\$ 7,626,940

Bond Anticipation Notes			
Year	Principal	Interest	Total
2020	\$ 2,400,000	\$ 108,000	\$ 2,508,000

The general obligation debt payable listed above includes \$790,000 in general obligation debt payable from the tax incremental district funds. These are expected to be retired from accumulated revenues therein as discussed in Note 11. Wisconsin Statutes restrict general obligation debt to 5% of the equalized value of all property in the Village. At December 31, 2020, the Village's debt limit was as follows:

	2020
Equalized Value 12/31	\$ 261,336,800
Percent Limit	5%
General Obligation Debt Limit	13,066,840
Debt Subject to Limit	9,108,648
Available Debt Margin	\$ 3,958,192

The general obligation debt that is subject to the debt limit is as follows:

	Balance
	12/31/20
Long-Term General Obligation Debt Subject to Debt Limit	
Governmental General Obligation Debt	\$ 6,348,763
Business-Type General Obligation Debt	2,094,421
Total Long-Term GO Debt Subject to Debt Limit	8,443,184
Short-Term General Obligation Debt Subject to Debt Limit	
Governmental Short-Term Debt	665,464
Total Short-Term GO Debt Subject to Debt Limit	665,464
Total GO Debt Subject to Debt Limit	9,108,648

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Land Contract Payable

The Village signed a land contract in 2014 for the purchase of two lots totaling 16 acres. 12 acres are being held for resale and the remaining 4 acres are for Village use. The individual debt issue components are summarized below:

<u>Original Amount</u>	<u>Date of Issue</u>	<u>Year of Maturity</u>	<u>Interest Rate</u>	<u>12/31/20 Balance</u>	<u>Current Portion</u>
\$100,000	4/4/2014	4/4/2021	3.00% - 3.20%	\$92,000	\$ 1,600
				<u>\$92,000</u>	<u>\$ 1,600</u>

Scheduled annual requirements to repay the land contract outstanding at December 31, 2020 are summarized below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,600	\$ 3,000	\$ 4,600
2022	90,400	3,000	93,400
	<u>\$ 92,000</u>	<u>\$ 6,000</u>	<u>\$ 98,000</u>

Business-Type Activities

Scheduled annual requirements for retirement of the Water and Sewer bonds and notes outstanding at December 31, 2020 are summarized as follows:

<u>Year</u>	<u>Water</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 145,000	\$ 7,400	\$ 150,000	\$ 66,510	\$ 368,910
2022	5,000	2,395	155,000	62,160	224,555
2023	-	2,320	160,000	57,510	219,830
2024	-	2,320	165,000	51,110	218,430
2025	-	2,320	170,000	44,510	216,830
2026-2030	15,000	11,005	900,000	82,095	1,008,100
2031-2035	45,000	6,675	40,000	6,450	98,125
2036-2037	20,000	600	20,000	600	41,200
	<u>\$ 230,000</u>	<u>\$ 35,035</u>	<u>\$ 1,760,000</u>	<u>\$ 370,945</u>	<u>\$ 2,395,980</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Business-Type Activities (Continued)

Scheduled annual requirements for retirement of mortgage revenue bonds and direct borrowings and placements outstanding at December 31, 2020 are summarized as follows:

<u>Year</u>	<u>Water</u>		<u>Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 45,952	\$ 28,880	\$ 338,970	\$ 41,544	\$ 455,346
2022	400,190	27,478	347,189	33,216	808,073
2023	188,680	12,355	355,608	24,691	581,334
2024	8,901	3,124	364,232	15,946	392,203
2025	9,127	2,888	373,066	6,996	392,077
2025-2029	139,652	7,311	140,978	7,368	295,309
	<u>\$ 792,502</u>	<u>\$ 82,036</u>	<u>\$ 1,920,043</u>	<u>\$ 129,761</u>	<u>\$ 2,924,342</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Business-Type Activities (Continued)

General Obligation Debt

The Water and Sewer funds had the following general obligation debt outstanding as of December 31, 2020:

Utility	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt	Current Portion
Water	\$ 85,000	10/16/2019	6/1/2038	2.2% - 4.0%	\$ 85,000	\$ -
Water	341,199	12/1/2017	12/1/2022	2.85%	249,421	32,696
Sewer	65,000	10/16/2019	6/1/2038	2.2% - 4.0%	65,000	-
Sewer	95,000	9/2/2011	6/1/2021	2.00% - 3.00%	10,000	10,000
Sewer	2,480,000	12/17/2013	12/1/2028	2.00% - 4.00%	1,685,000	140,000
Total General Obligation Debt					<u>\$ 2,094,421</u>	<u>\$ 182,696</u>

Mortgage Revenue Bonds

Outstanding mortgage revenue bonds for the Water and Sewer utilities totaled \$3,095,304 on December 31, 2020. There are a number of limitations and restrictions contained in the bond ordinances. The Village believes it is in compliance with all significant restrictions and limitations associated with the water revenue bonds. The Village's full faith and credit do not back mortgage revenue bonds which are instead backed only by the assets and revenues of the water and sewer utilities (proprietary funds). Individual debt issues outstanding at December 31, 2020 and annual requirements for their retirement are shown below:

Utility	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt	Current Portion
Water	\$ 430,000	12/1/2005	12/1/2023	5.00%	\$ 360,000	\$ 5,000
Water	149,437	10/28/2009	5/1/2029	2.67%	78,541	7,836
Water	1,280,000	9/2/2011	12/1/2021	2.00% - 3.40%	145,000	145,000
Water	108,400	7/11/2013	12/1/2028	1.70%	104,540	420
Sewer	6,122,000	8/24/2005	5/1/2025	2.43%	1,776,165	338,390
Sewer	149,200	7/11/2013	12/1/2028	1.70%	143,878	580
Total Mortgage Revenue Bonds					<u>\$ 2,608,124</u>	<u>\$ 497,226</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the revenue bonds:

Insurance

The utilities are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year. Expiration for the following policies is January 1, 2021.

The utilities are covered under the following insurance policies as of December 31, 2020:

<u>Type</u>	<u>Coverage</u>
Commercial General Liability	
Each occurrence	\$ 2,000,000
Damage to rented premises	\$ 300,000
Medical expense	\$ 10,000
Personal and advertising injury	\$ 2,000,000
General aggregate	\$ 2,000,000
Products/completed operations aggregate	\$ 2,000,000
Employee Benefits Liability	\$ 1,000,000
 Business Auto Declaraton	
Liability	\$ 2,000,000
 Excess Umbrella Liability	\$ 3,000,000
 Workers' Compensation and Employers' Liability	
Accident - each accident	\$ 1,000,000
Disease - each employee	\$ 1,000,000
Policy limit - disease	\$ 1,000,000

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Debt Coverage – Water and Sewer

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service of the bonds for water and 1.10 times for sewer. The coverage requirement was met for water and sewer:

	<u>Water</u>	<u>Sewer</u>
GROSS REVENUES		
Charges for Services	\$ 723,395	\$ 1,094,478
Other Operating Revenues	4,986	47,342
Impact Fees	11,760	33,770
Interest revenue	3,966	779
Total Operating Revenues	<u>744,107</u>	<u>1,176,369</u>
OPERATING EXPENSES		
Operation and Maintenance	279,769	518,512
Taxes	4,832	2,030
Total Operating Expenses	<u>284,601</u>	<u>520,542</u>
Net revenues	<u>459,506</u>	<u>655,827</u>
Highest Combined debt service - all bonds	204,794	380,514
Coverage Ratio	<u>125%</u>	<u>110%</u>
Net Revenues required	<u>\$ 255,993</u>	<u>\$ 418,565</u>
Coverage ratio is met for water and for sewer	<u>\$ 203,513</u>	<u>\$ 237,262</u>

Number of Customers - Water

The utility has the following number of customers and billed volumes for 2020:

	<u>Water</u>	
	<u>Customers</u>	<u>Sales (00 cf)</u>
Residential	948	4,727,214
Commercial	118	1,827,273
Industrial	27	1,347,340
Public Authority	30	1,051,670
Multi Family	52	989,520
	<u>1,175</u>	<u>9,943,017</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

9. Long-Term Obligations (Continued)

Conduit Debt Obligations

From time to time the Village has provided Industrial Revenue Bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector served by the bond issuance. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Village helped provide Industrial Revenue Bonds for \$2,000,000 in 1997. The aggregate amount of Industrial Revenue Bonds outstanding for any prior issues is undetermined. The Village also issued Industrial Revenue Bonds of \$2,800,000 in 1999. The Village also approved an Industrial Revenue Bond in 2006 for \$1,500,000. This is for a local business.

The Village authorized \$8 million in Hospital Revenue Bonds in 2007. The proceeds were transferred to Ladd Memorial Hospital, Inc. (hereafter "Hospital") and used for the construction of hospital facilities. These bonds do not constitute an obligation of the Village.

10. Inter-fund Advances

The following is a summary of the advance activity:

	Balance			Balance
	1/1/2020	Additions	Repayments	12/31/2020
Water Advance Due to General Fund	\$ 295,005	\$ -	\$ 59,001	\$ 236,004
Water Advance Due to Capital Projects	90,240	-	-	90,240
Sewer Advance Due to General Fund	154,393	-	51,464	102,929
Total Governmental Advances	<u>539,638</u>	<u>-</u>	<u>110,465</u>	<u>429,173</u>
Sewer Advance Due to Water Fund	32,477	-	32,477	-
Total Proprietary Advances	<u>32,477</u>	<u>-</u>	<u>32,477</u>	<u>-</u>
Total Advances	<u>\$ 572,115</u>	<u>\$ -</u>	<u>\$ 142,942</u>	<u>\$ 429,173</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

10. Inter-fund Advances (Continued)

The advance repayment schedules were set up in 2018 with a 0% interest rate and a term of 5 years. Scheduled repayments for each advance are summarized as follows:

<u>Year</u>	<u>Water \$295,005 Principal</u>	<u>Sewer \$205,857 Principal</u>	<u>Total Governmental Principal</u>
2021	\$ 59,001	\$ 51,465	\$ 110,466
2022	59,001	51,464	110,465
2023	59,001	-	59,001
2024	59,001	-	59,001
	<u>\$ 236,004</u>	<u>\$ 102,929</u>	<u>\$ 338,933</u>

The \$90,240 advance from capital to water has not been set up for repayment yet.

11. Deferred Inflows of Resources

Deferred inflows of resources recorded by the Village at December 31, 2020 totaled \$2,710,968 in the governmental fund financials and \$3,049,891 in the Statement of Net Position Governmental Activities. The Proprietary Funds Deferred Inflows of Resources was \$97,060 for both the fund financials and the government-wide financials. The detail is outlined below for the governmental funds:

	<u>General Fund</u>	<u>TIF #2/ RDA</u>	<u>Capital Projects Fund</u>	<u>Debt Service</u>	<u>Total Governmental</u>
Property Taxes 2020-21 Tax Roll	\$ 593,643	\$469,853	\$ -	\$960,875	\$ 2,024,371
Special Assessments	-	-	21,271	-	21,271
Special Charges	239,375	-	-	-	239,375
Loan Receivable	-	165,691	260,260	-	425,951
Total Deferred Inflows of Resources per Fund Financials	<u>833,018</u>	<u>635,544</u>	<u>281,531</u>	<u>960,875</u>	<u>2,710,968</u>
Government-wide adjustment for:					
Special Assessments	-	-	(21,271)	-	(21,271)
Loans Receivable	-	-	(260,260)	-	(260,260)
Deferred Inflows - OPEB and Pension	<u>620,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,454</u>
Total Deferred Inflows of Resources per Government Wide Statement of Net Position	<u>\$ 1,453,472</u>	<u>\$ 635,544</u>	<u>\$ -</u>	<u>\$ 960,875</u>	<u>\$ 3,049,891</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

12. Fund Balance and Net Position

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
<u>General Fund</u>					
Advance receivable	\$ 338,933	\$ -	\$ -	\$ -	\$ 338,933
Prepaid expenses	615	-	-	-	615
Unassigned	-	-	-	(107,840)	(107,840)
Subtotal General Fund	<u>339,548</u>	<u>-</u>	<u>-</u>	<u>(107,840)</u>	<u>231,708</u>
<u>TIF 2/RDA</u>					
TIF expenses and debt service	-	1,075,782	-	-	1,075,782
Subtotal TIF 2/RDA	<u>-</u>	<u>1,075,782</u>	<u>-</u>	<u>-</u>	<u>1,075,782</u>
<u>Capital Projects Funds</u>					
Deficit fund balance	-	-	-	(527,775)	(527,775)
Subtotal Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(527,775)</u>	<u>(527,775)</u>
<u>Non-Major Funds</u>					
Community Trust Police	-	1,456	-	-	1,456
Law Enforcement Grants	-	151	-	-	151
Library ACT 150	-	-	-	(20,080)	(20,080)
Library Building Book Operating	-	38,347	-	-	38,347
Fire Community Trust	-	12,890	-	-	12,890
Urban Forestry Grant	-	2,422	-	-	2,422
Airport	-	3,336	-	-	3,336
Room Tax Fund	-	25,035	-	-	25,035
Insurance Reserve	-	5,197	-	-	5,197
Subtotal Non-Major Funds	<u>-</u>	<u>88,834</u>	<u>-</u>	<u>(20,080)</u>	<u>68,754</u>
GRAND TOTAL ALL FUNDS	<u><u>\$ 339,548</u></u>	<u><u>\$ 1,164,616</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (655,695)</u></u>	<u><u>\$ 848,469</u></u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

12. Fund Balance and Net Position (Continued)

Deficit Fund Balances

The following funds have a deficit fund balance.

Fund	Deficit Fund Balance
Capital Projects	\$ 527,775
Library ACT 150	20,080

The Capital Projects deficit was financed by a short-term debt obligation. Proceeds from the sale of the old library and debt service levies will also reduce the capital project deficit fund balance. The Library ACT 150 fund deficit will be addressed in 2021.

Net Investment in Capital Assets

Net investment in capital assets was as follows:

	Governmental Activities	Water	Sewer	Total Business-type Activities
Capital assets	\$ 23,085,134	\$ 5,463,591	\$ 8,442,279	\$ 13,905,870
less current portion of debt	(3,286,336)	(190,952)	(488,970)	(679,922)
less long-term debt	(5,629,025)	(831,550)	(3,191,073)	(4,022,623)
less capital short-term debt	(665,464)	-	-	-
less deferred regulatory credit	-	(19,914)	-	(19,914)
add debt not related to capital assets- debt reserve	-	196,512	-	196,512
	\$ 13,504,309	\$ 4,617,687	\$ 4,762,236	\$ 9,379,923

Restatement of Net Position

The beginning net position of the Sewer utility, a major Business type activity was restated. The beginning net position was decreased from \$4,942,489 to \$4,856,061. The reduction of \$86,428 was done to reflect a billing adjustment for a fourth quarter 2019 billing that was done in error.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

12. Fund Balance and Net Position (Continued)

Restricted Net Position

The restricted net position as of December 31, 2020, consists of the following:

	Governmental Activities	Water	Sewer	Total Business-Type Activities
Restricted for:				
Debt Service - Redemption Fund	\$ -	\$ 34,491	\$ -	\$ 34,491
Equipment Replacement	-	-	95,320	95,320
Special Revenue				
Community Trust Police	1,456	-	-	-
Law Enforcement Grants	151	-	-	-
Library Building Book Operating	38,347	-	-	-
Fire Community Trust	12,890	-	-	-
Urban Forestry	2,422	-	-	-
Airport	3,336	-	-	-
Room Tax	25,035	-	-	-
Insurance Reserve	5,197	-	-	-
	<u>\$ 88,834</u>	<u>\$ 34,491</u>	<u>\$ 95,320</u>	<u>\$ 129,811</u>

13. Agreement with Village of Dresser

The Village has entered into an agreement with the Village of Dresser to treat the wastewater effluent of the Village of Dresser at the Osceola wastewater treatment plant. An amendment to the agreement was put into effect on May 2, 2005 to reflect cost-sharing for the new treatment plant. The agreement requires quarterly payments by the Village of Dresser for its share of operation and maintenance expenses plus a depreciation charge associated with the treatment plant. The agreement became effective January 11, 1985. The amount chargeable to the Village of Dresser for its share of 2020 operation and maintenance expenses and depreciation charges was \$246,544.

The Village's sewer fund has a receivable from the Village of Dresser accrued for \$74,550 as of December 31, 2020. This includes the 4th quarter 2020 billing (\$47,870). In addition, \$26,680 is the net due to the Village of Dresser for the 2020 true-ups.

The Village also has a receivable of \$47,858 from Dresser for back-billings from 2014-2016. An agreement has been reached as of 12/31/2020 with the Village of Dresser regarding to pay this over 3 years with quarterly installments of \$5,317.50.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

14. Tax Incremental Districts

The Village has created two tax incremental financing districts (TIDs) in accordance with Section 66.46 of the Wisconsin Statutes. The ordinance creating TID #1 was dated June 9, 1987. The ordinance creating TID #2 was dated July 27, 1992. The project plans, on file in the office of the Village Administrator, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. Transactions of the tax incremental districts have been accounted for in separate capital projects funds. Project expenditures have been financed by proceeds from long-term borrowing and advances from the general-fund. The indebtedness is expected to be paid from the increase in property tax revenue which results from the increased valuation in the tax incremental districts. The following is a summary of the two districts' expenditures and revenues through December 31, 2020:

	<u>TIF #1</u>	<u>TIF #2</u>
Accumulated Project Expenditures:		
Construction and Administration	\$ 6,024,193	\$ 7,999,828
Interest on Debt and Debt Issuance Costs	830,659	3,032,669
Total Expenditures	<u>\$ 6,854,852</u>	<u>\$ 11,032,497</u>
Accumulated Project Revenues	6,854,852	11,931,279
Net Revenues (over) Project Costs	<u>\$ -</u>	<u>\$ (898,782)</u>

The transactions above are reconcilable to the fund balances in the TIF funds at December 31, 2020 as follows:

	<u>TIF #1</u>	<u>TIF #2</u>
Project Debt Obligation Outstanding at 12/31/2019	\$ -	\$ 160,000
Plus: Expenditures in excess of revenues	-	898,782
Plus: Transfer from General Fund	-	17,000
	<u> </u>	<u> </u>
Ending Fund Balance 12/31/2020	<u>\$ -</u>	<u>\$ 1,075,782</u>

The Village's Tax Incremental Financing District #1 has been allocating positive increment to TIF #2. TIF #1 was terminated in 2020. A total of \$4,302,125 was allocated to TIF #2 from TIF #1

15. Related Parties

Osceola Industrial Development Corporation (OIDC)

The OIDC is a Wisconsin non-stock corporation with a seven-member board of directors. The Village Administrator serves on the board. The following transactions were consummated between the Village and the OIDC.

- There are separate marketing agreements between the Village and the OIDC. As land in the industrial park is sold, the OIDC keeps the sale proceeds and pays the Village its cost of land. There were no sales transactions in 2020.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System

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 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System (Continued)

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%)	0.2
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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, and 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 \$74,684 in contributions from the employer. Contribution rates as of December 31, 2020 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System (Continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the Village reported a liability (asset) of (\$224,134) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (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 liability (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 .00695107% which was an increase of .00004229% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$88,293.

At December 31, 2020, the Village of Osceola 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	\$ 425,458	\$ (212,913)
Net differences between projected and actual earnings on pension plan investments	-	(458,210)
Changes in assumptions	17,466	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,197	(1,247)
Employer contributions subsequent to the measurement date	<u>98,155</u>	<u>-</u>
Total	<u>\$ 544,276</u>	<u>\$ (672,370)</u>

\$98,155 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System (Continued)

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (66,722)
2022	(49,924)
2023	7,968
2024	(117,572)
2025	-
Total	\$ (226,250)

Actuarial Assumptions. The total pension asset 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 (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments	1.9%*

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

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:

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System (Continued)

Asset Allocation Targets and Expected Returns
As of December 31, 2019

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	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	<u>110</u>	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	<u>100</u>	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

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. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

16. Wisconsin Retirement System (Continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 577,185	\$ (224,134)	\$ (823,213)

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>

Allocation of Pension Plan Disclosures. Pension amounts are allocated between governmental and proprietary funds based on the percentage of required contributions or retirement expenses accounted for in each fund.

17. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

17. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Contribution rates as of December 31, 2020 are:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of Member Contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are as 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 \$628 in contributions from the employer.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

17. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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

At December 31, 2020, the Village reported a liability of \$148,143 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability (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 OPEB liability (asset) 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 .03479% which was an increase of .004795% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020 the Village recognized OPEB expense of \$17,456.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,637)
Net differences between projected and actual earnings on plan investments	2,795	-
Changes in actuarial assumptions	54,651	(16,295)
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,154	(2,299)
Employer contributions subsequent to the measurement date	-	-
Totals	<u>\$ 70,600</u>	<u>\$ (25,231)</u>

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

Year Ended June 30:	Net Deferred Outflows (Inflows) of Resources
2021	\$ 7,669
2022	7,669
2023	7,368
2024	7,058
2025	6,025
Thereafter	9,580
Total	<u>\$ 45,369</u>

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

17. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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:

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 Rated of Return:	4.25%
Discount Rate:	2.25%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Credit Bonds	Barclays Credit	45%	2.12%
US Long Credit Bonds	Barclays Long Credit	5%	2.90%
US Mortgages	Barclays MBS	50%	1.53%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

17. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

Single Discount Rate

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

The following presents the Village's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.87 percent, as well as what the Village's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 204,560	\$ 148,143	\$ 105,220

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>.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

18. Intergovernmental Agreements

Fire Protection

The Village of Osceola entered into a fire protection agreement with the Town of Farmington. The agreement specifies that the Village will provide fire protection service to the Township. The Town is required to reimburse the Village a sum equal to .75 mills based on the Town's equalized value.

The Town reimbursed the Village \$126,599 in 2020.

EMS

The Village of Osceola, along with the Towns of Farmington, Osceola and Alden and the Village of Dresser, participate in the Osceola Area Ambulance Service Commission. The Commission provides EMS services to the respective communities. Each community appoints 2 members to the Board of Directors. Annual contributions by the Village are \$8.00 per resident. In 2020, the contribution was \$31,548 including pass-through of Act 102 monies from the state.

19. Redevelopment Authority

The Village, in 2001, created a redevelopment authority ("the authority") pursuant to Wisconsin Statute Section 66.133. The Authority is a legally separate entity that is appointed by the Village Board. The intention of the Authority is to purchase, manage and finance public improvements associated with TIF #2. The Authority obtained financing (RDA lease revenue bonds) that was used to purchase TID #2 infrastructure from the Village and lease the infrastructure back to the Village. The Village has approved the following:

- A Cooperative Agreement between the Village and the Authority.
- A purchase agreement between the Village and the Authority.
- A lease of public improvements from the Authority to the Village.

20. Bio-Solids Joint Commission

The Village of Osceola, along with ten other communities, is a member of the West Central Wisconsin Bio-Solids Facility Commission. The Commission was created under Section 66.30 Wis. Stats. The purpose of the Commission is to create and operate a facility for disposal of Bio-Solids waste. The Village's share of costs for 2020 was \$130,924.

21. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker's compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

22. Short-Term Debt

At 12/31/2020 the following short-term debt is outstanding:

Fund	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Debt
Capital Projects Fund Short-Term Debt	\$ 700,000	11/30/2020	11/29/2021	3.75%	\$ 665,464
Total Short-Term Debt	<u>\$ 700,000</u>				<u>\$ 665,464</u>

The following is a summary of short-term debt transactions of the Village for the year ended December 31, 2020.

	Balance 1/1/2020	Issued	Retired	Balance 12/31/2020
Governmental Activities				
Capital Projects Fund Short-Term Debt	\$ 700,000	\$ -	\$ 34,536	\$ 665,464
Total Short-Term Debt	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ 34,536</u>	<u>\$ 665,464</u>

23. Commitments and Contingencies

Commitments

TIF

The Village has two TIF districts. The Districts are subject to audits at several times including termination of the District. The Districts are subject to requests for reimbursement if expenditures are questioned. No provision for liability exists since management does not believe that there will be any material disallowances.

24. Subsequent Events

The Village approved a resolution for a subsequent borrowing.

- One resolution was for \$2.4 Million in GO refunding bonds to refinance the \$2.4 Million in Bond Anticipation Notes.

25. New GASB Statements

GASB has adopted GASB Statement GASB Statement No. 87, *Leases*. When these become effective, application of this standards may restate portions of these financial statements.

VILLAGE OF OSCEOLA
Notes to Financial Statements
December 31, 2020

26. Ability to Continue as a Going Concern

The Village had an accumulated capital projects fund deficit was \$527,775 as of 12/31/2020. This was financed by a short-term note of \$700,000. In addition, the Village's water and sewer utilities had low cash flows requiring advances from the general fund of \$429,173 as outlined in Note 8.

Management has reviewed and evaluated the financial conditions and implemented plans as follows to address the situation.

- Water and sewer rates were increased in 2019 and advances to the general fund have begun to be repaid over 5 years as outlined in Note 8.
- The Village sold the old Village library in 2021 and use the proceeds to pay down the debt.
- The Village terminated TIF 1 and plans to terminate TIF #2. The village's portion of excess increment will be used to pay down line of credit and replenish the deficit.

REQUIRED SUPPLEMENTAL INFORMATION

**Village of Osceola
Osceola, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the year ended December 31, 2020**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,488,443	\$ 553,718	\$ 553,718	\$ -
Other Taxes	15,000	15,000	35,705	20,705
Intergovernmental	541,099	541,099	570,549	29,450
License and Permits	80,548	80,548	74,138	(6,410)
Fines, Forfeits and Penalties	24,500	24,500	24,184	(316)
Public Charges for Services	292,804	292,804	274,997	(17,807)
Intergovernmental Charges for Services	141,232	141,232	141,232	-
Miscellaneous Income	86,639	86,639	162,017	75,378
Total Revenues	<u>2,670,265</u>	<u>1,735,540</u>	<u>1,836,540</u>	<u>101,000</u>
EXPENDITURES				
Current:				
General Government	217,566	450,766	297,308	153,458
Public Safety	1,115,000	1,105,000	1,161,562	(56,562)
Public Works	332,276	332,276	307,023	25,253
Culture, Recreation and Education	98,807	98,807	103,117	(4,310)
Conservation and Development	16,250	16,250	14,925	1,325
Total Expenditures	<u>1,779,899</u>	<u>2,003,099</u>	<u>1,883,935</u>	<u>119,164</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>890,366</u>	<u>(267,559)</u>	<u>(47,395)</u>	<u>220,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	250,000	303,758	53,758
Transfers Out	(627,000)	(627,000)	(187,000)	440,000
Total Other Financing Sources and Uses	<u>(377,000)</u>	<u>(377,000)</u>	<u>116,758</u>	<u>493,758</u>
Net Change in Fund Balances	513,366	(644,559)	69,363	713,922
Fund Balances - Beginning	162,345	162,345	162,345	-
Fund Balances - Ending	<u>\$ 675,711</u>	<u>\$ (482,214)</u>	<u>\$ 231,708</u>	<u>\$ 713,922</u>

VILLAGE OF OSCEOLA
Required Supplemental Information
Wisconsin Retirement System
December 31, 2020

Schedule of Village's Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date
Last 10 Fiscal Years

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	0.00695107%	\$ (224,134)	\$ 940,611	(23.83%)	102.96%
2018	0.00690878%	245,792	907,380	27.09%	96.45%
2017	0.00665611%	(197,627)	829,597	(23.82%)	102.93%
2016	0.00682744%	56,274	879,276	6.40%	99.12%
2015	0.00678973%	110,332	798,500	13.82%	98.20%
2014	0.00722569%	(177,483)	861,405	(20.60%)	102.74%

Schedule of Village's Contributions
Last 10 Fiscal Years

Year ended December 31,	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	\$ 98,155	\$ (98,155)	-	\$ 1,046,802	9.38%
2019	84,716	(84,716)	-	940,612	9.01%
2018	82,935	(82,935)	-	907,380	9.14%
2017	124,293	(124,293)	-	829,598	14.98%
2016	125,158	(125,158)	-	879,276	14.23%
2015	116,638	(116,638)	-	798,500	14.61%

See accompanying notes to the required supplemental information.

VILLAGE OF OSCEOLA
Required Supplemental Information
Local Retiree Life Insurance Fund
December 31, 2020

Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset)
As of the Measurement Date
Last 10 Fiscal Years

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2019	0.03479000%	\$ 148,143	\$ 880,000	16.83%	37.58%
2018	0.02999500%	\$ 77,397	\$ 823,000	9.40%	48.69%
2017	0.03116700%	93,768	1,310,662	7.15%	44.81%

See accompanying notes to the required supplemental information

VILLAGE OF OSCEOLA
Notes to Required Supplemental Information
December 31, 2020

1. Notes to Budgetary Comparison Schedule

A. Basis of Accounting

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 1 (G) in the notes to the financial statements for more information on the Village’s budgetary information.

B. Excess Expenditures over Appropriations

The Village controls expenditures at the department level. The following departments exceeded the departmental budget:

DEPARTMENT	BUDGET	ACTUAL	VARIANCE
Public Safety	1,105,000	1,161,562	(56,562)
Culture, recreation and education	98,807	103,117	(4,310)

2. Notes to Wisconsin Retirement System Schedules

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years

Changes of Benefit Terms.

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

Changes of Assumptions.

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

3. Notes to Local Retiree Life Insurance Schedules

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 9 preceding years

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 2020, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates

OTHER SUPPLEMENTAL INFORMATION

**Village of Osceola Osceola,
Wisconsin**

**Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2020**

	Community Trust Police	Law Enforcement Grants	Library ACT 150	Library Building Book Operating
ASSETS				
Cash and Cash Equivalents	\$ 1,456	\$ 151	\$ 7,492	\$ 16,286
Restricted Cash	-	-	-	22,061
Total Assets	\$ 1,456	\$ 151	\$ 7,492	\$ 38,347
LIABILITIES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 7,939	\$ -
Due to Other Funds	-	-	19,633	-
Total Liabilities	-	-	27,572	-
FUND BALANCES				
Restricted	1,456	151	-	38,347
Unassigned	-	-	(20,080)	-
Total Fund Balances	1,456	151	(20,080)	38,347
Total Liabilities and Fund Balances	\$ 1,456	\$ 151	\$ 7,492	\$ 38,347

**Village of Osceola Osceola,
Wisconsin**

**Combining Balance Sheet
Non-Major Special Revenue Funds
December 31, 2020**

	<u>Fire Community Trust</u>	<u>Urban Forestry Grant</u>	<u>Airport</u>	<u>Room Tax Fund</u>	<u>Insurance Reserve</u>	<u>Non-Major Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ 12,890	\$ 2,422	\$ 10,568	\$ 20,608	\$ 5,197	\$ 77,070
Receivables:						
Other	-	-	-	4,427	-	4,427
Restricted Cash	-	-	-	-	-	22,061
Total Assets	<u>\$ 12,890</u>	<u>\$ 2,422</u>	<u>\$ 10,568</u>	<u>\$ 25,035</u>	<u>\$ 5,197</u>	<u>\$ 103,558</u>
LIABILITIES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 7,232	\$ -	\$ -	\$ 15,171
Due to Other Funds	-	-	-	-	-	19,633
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,232</u>	<u>-</u>	<u>-</u>	<u>34,804</u>
FUND BALANCES						
Restricted	12,890	2,422	3,336	25,035	5,197	88,834
Unassigned	-	-	-	-	-	(20,080)
Total Fund Balances	<u>12,890</u>	<u>2,422</u>	<u>3,336</u>	<u>25,035</u>	<u>5,197</u>	<u>68,754</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,890</u>	<u>\$ 2,422</u>	<u>\$ 10,568</u>	<u>\$ 25,035</u>	<u>\$ 5,197</u>	<u>\$ 103,558</u>

**Village of Osceola
Osceola, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended December 31, 2020**

	<u>Community Trust Police</u>	<u>Law Enforcement Grants</u>	<u>Library ACT 150</u>	<u>Library Building Book Operating</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 149,693	\$ -
Public Charges for Services	-	-	2,049	-
Miscellaneous Income	-	-	13,972	14,941
Total Revenues	<u>-</u>	<u>-</u>	<u>165,714</u>	<u>14,941</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	-	-	314,719	3,067
Total Expenditures	<u>-</u>	<u>-</u>	<u>314,719</u>	<u>3,067</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>(149,005)</u>	<u>11,874</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	139,000	-
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>139,000</u>	<u>-</u>
Net Change in Fund Balances	-	-	(10,005)	11,874
Fund Balances - Beginning	1,456	151	(10,075)	26,473
Fund Balances - Ending	<u>\$ 1,456</u>	<u>\$ 151</u>	<u>\$ (20,080)</u>	<u>\$ 38,347</u>

**Village of Osceola
Osceola, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Special Revenue Funds
For the Year Ended December 31, 2020**

	<u>Fire Community Trust</u>	<u>Urban Forestry Grant</u>	<u>Airport</u>	<u>Room Tax Fund</u>	<u>Insurance Reserve</u>	<u>Non-Major Governmental Funds</u>
REVENUES						
Other Taxes	\$ -	\$ -	\$ -	\$ 17,412	\$ -	\$ 17,412
Intergovernmental	-	-	-	-	-	149,693
Public Charges for Services	-	-	116,312	-	-	118,361
Miscellaneous Income	-	-	-	-	-	28,913
Total Revenues	<u>-</u>	<u>-</u>	<u>116,312</u>	<u>17,412</u>	<u>-</u>	<u>314,379</u>
EXPENDITURES						
Current:						
General Government	-	-	204	-	-	204
Public Works	-	-	106,041	-	-	106,041
Culture, Recreation and Education	-	-	-	-	-	317,786
Conservation and Development	-	-	-	11,925	-	11,925
Total Expenditures	<u>-</u>	<u>-</u>	<u>106,245</u>	<u>11,925</u>	<u>-</u>	<u>435,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>10,067</u>	<u>5,487</u>	<u>-</u>	<u>(121,577)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	139,000
Transfers Out	-	-	-	(3,218)	-	(3,218)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,218)</u>	<u>-</u>	<u>135,782</u>
Net Change in Fund Balances	-	-	10,067	2,269	-	14,205
Fund Balances - Beginning	12,890	2,422	(6,731)	22,766	5,197	54,549
Fund Balances - Ending	<u>\$ 12,890</u>	<u>\$ 2,422</u>	<u>\$ 3,336</u>	<u>\$ 25,035</u>	<u>\$ 5,197</u>	<u>\$ 68,754</u>