Door County Tourism Zone Commission

Sister Bay, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2020

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AUDIT, TAX, AND CONSULTING

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Door County Tourism Zone Commission
Sister Bay, Wisconsin

DECEMBER 31, 2020

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Independent auditors' report

To the Commissioners
Door County Tourism Zone Commission
Sister Bay, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Door County Tourism Zone Commission, Sister Bay, Wisconsin ("the Commission") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Commission'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 Commission'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 opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1.B., during 2020, the Door County Tourism Zone Commission adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No.84, *Fiduciary Activities*. As a result, the commission established a custodial fund for taxes and special charges collected for other governments. In prior years, these amounts were reported in the general fund. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 21 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America the basic financial statements of Door County Tourism Zone Commission as of and for the years ended December 31, 2020, 2019, 2018, 2017, and 2016 (none of which is presented therein), and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The schedule of room tax revenue by municipality is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the December 31, 2020, 2019, 2018, 2017, and 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 supplemental information is fairly stated in all material respects in relation to the financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated on July 12, 2021 our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 12, 2021

FINANCIAL STATEMENTS

Door County Tourism Zone Commission
Sister Bay, Wisconsin

STATEMENT OF NET POSITION
DECEMBER 31, 2020

		Totals
ASSETS		
Current assets		
Cash and investments	$	251,258
Prepaid items		1,929
Total current assets		253,187
Other assets		
Net pension asset		9,246
Capital assets		
Nondepreciable		4,169
Depreciable		3,710
Total capital assets		7,879
Total assets		270,312
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts		22,782
LIABILITIES		
Current liabilities		
Accounts payable		10,533
Accrued and other current liabilities		2,569
Total current liabilities		13,102
Long-term obligations		
Net pension liability		-
Total liabilities		13,102
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts		29,133
NET POSITION		
Investment in capital assets		7,879
Restricted		9,246
Unrestricted		233,734
Total net position	$	250,859

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

Door County Tourism Zone Commission
Sister Bay, Wisconsin

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

		Totals
OPERATING REVENUES		
Administrative charge for room tax collection services	$	191,273
Late fees and interest		52,434
Total operating revenues		243,707
OPERATING EXPENSES		
Administration		87,896
Professional fees		97,635
Legal		35,736
Office		12,092
Insurance		3,477
Advertising		38
Miscellaneous		6,025
Depreciation		107
Total operating expenses		243,006
Change in net position		701
Net position - January 1		250,158
Net position - December 31	$	250,859

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

Door County Tourism Zone Commission
Sister Bay, Wisconsin

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

	Totals
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from room tax administrative charge	$ 243,707
Cash paid for employee wages and benefits	(88,688)
Cash paid to suppliers	(165,341)
Net cash provided (used) by operating activities	(10,322)
Change in cash and cash equivalents	(10,322)
Cash and cash equivalents - January 1	261,580
Cash and cash equivalents - December 31	$ 251,258
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ 701
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	107
Change in pension related activities	
Net pension asset (liability)	(18,373)
Deferred outflows of resources	2,930
Deferred inflows of resources	14,457
Change in operating assets and liabilities	
Prepaid items	(173)
Accounts payable	(10,165)
Accrued and other current liabilities	194
Net cash provided (used) by operating activities	$ (10,322)

Noncash capital and related financing activities
None

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

Door County Tourism Zone Commission
Sister Bay, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION
TAX COLLECTION CUSTODIAL FUND
DECEMBER 31, 2020

		Totals
ASSETS		
Current assets		
Cash and investments	$	292,354
Receivables		
Accounts, net		99,079
Total assets	$	391,433
LIABILITIES		
Current liabilities		
Accounts payable	$	310,145
Due to other governments		79,308
Deferred Revenue		1,980
Total liabilities	$	391,433
FIDUCIARY NET POSITION		
Restricted for tax collections	$	-

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

Door County Tourism Zone Commission
Sister Bay, Wisconsin

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

	Totals
Additions	
Room Tax Collections	$ 4,781,816
Deductions	
Payments to Municipalities	1,434,545
Payments to Commission for Administration	191,273
Payments to Visitors Bureau	3,155,998
Total deductions	4,781,816
Change in net position	-
Fiduciary net position - January 1	-
Fiduciary net position - December 31	$ -

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Commission was formed under Section 66.0615 of the Wisconsin Statutes. The Commission was created on April 12, 2007 for the purpose of promoting and developing tourism. The jurisdiction of the Commission is presently the entire Door County, Wisconsin area. All of the individual city, villages, and towns of Door County are members of the Commission by agreement. This includes the City of Sturgeon Bay, the Villages of Egg Harbor, Ephraim, Forestville, and Sister Bay, and the Towns of Baileys Harbor, Brussels, Clay Banks, Egg Harbor, Forestville, Gardner, Gibraltar, Jacksonport, Liberty Grove, Nasewaupee, Sevastopol, Sturgeon Bay, Union, and Washington.

The municipalities in the tourism zone enacted a room tax ordinance to collect a 5.5% tax on transient lodging. Although the tax is owed to the municipality, the tourism zone by agreement makes all collections and distributes the amounts in accordance with the agreement. The agreement provides for a monthly distribution of the room tax collections as follows:

- 30% to municipality where lodging facility is located.
- 66% to be distributed to a contracted tourism entity in accordance with an agreed-upon budget.
- 4% to be used for administrative expenses.

The Commission is governed by members appointed by each municipality along with two additional members appointed by the Commission. The term of the municipal agreements was five years from the effective date of January 1, 2007. After the first five years, any member may withdraw, without penalty, from the agreement upon giving the Commission six months' notice.

The Commission has not identified any component units that are required to be included in the financial statements in accordance with standards.

B. FINANCIAL STATEMENTS

The accounts of the Commission are accounted for in an enterprise fund as required by GAAP. Enterprise funds are used to account for government operations (a) that are financed and operated in a manner similar to private business enterprises – 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 charges for services; or (b) where the governing body has decided that periodic determination of revenues earned, and expenses incurred.

The Door County Tourism Zone Commission reports the following major proprietary fund:

Tourism Zone Commission Enterprise Fund

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

The Door County Tourism Zone Commission also reports the following fiduciary fund:

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. An enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows and outflows of resources associated with the operation are included on the Statement of Net Position. Enterprise fund operating statement present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Unpaid enterprise fund service receivables are recorded at year-end. All capital assets are capitalized at historical cost and depreciated over their useful lives.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission is room tax collections. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION

1. **Cash and Investments**

   Cash and investments consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. **Accounts Receivable**

   Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

3. **Prepaid Items**

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

4. **Capital Assets**

   Capital assets, which include land and building improvements, are reported in the financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of $5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

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

Assets	Years
Buildings and improvements	39

5. **Pensions**

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

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

7. **Net Position**
Equity is classified as net position and displayed in three components:

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

E. USE OF ESTIMATES

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

NOTE 2: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Commission maintains one cash account which is pooled for use of all funds of the Commission. Each fund's portion of this account is displayed on the financial statements as "Cash and Cash Equivalents".

Wisconsin Statutes restrict the types of cash and investments to the following:

> Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin Local Government Investment Pool.

The carrying amount of the Commission's cash and investments totaled $543,612 on December 31, 2020 consist entirely of deposits with financial institutions. The Reconciliation to the financial statements of this total is summarized below:

Enterprise fund		
Cash and investments	$	251,258
Fiduciary fund statement of net position		
Agency fund		292,354
	$	543,612

Custodial Credit Risk

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

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of $250,000 for the combined amount of all time and savings deposits and $250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2020, none of the Commission's deposits with financial institutions were in excess of federal and state depository insurance limits.

B. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 4,169	$ -	$ -	$ 4,169
Capital assets, depreciable:				
Buildings and improvements	4,169	-	-	4,169
Less accumulated depreciation for:				
Buildings and improvements	352	107	-	459
Total capital assets, depreciable, net	3,817	(107)	-	3,710
Activities capital assets, net	$ 7,986	$ (107)	$ -	$ 7,879

C. PENSION PLAN

1. Plan Description

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

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

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

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

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employee prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	-1.3	22
2011	-1.2	11
2012	-7	-7
2013	-9.6	9
2014	4.7	25
2015	2.9	2
2016	0.5	-5
2017	2	4
2018	2.4	17
2019	0	-10

3. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, 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 ending December 31, 2020, the WRS recognized $3,956 in contributions from the District.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2020, the Commission reported an asset of $9,246 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Commission's proportion of the net pension asset was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Commission's proportion was 0.00028677%, which was an increase of 0.00003022% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Commission recognized pension expense of $2,973.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,551	$ 8,783
Net differences between projected and actual earnings on pension plan investments	-	18,903
Changes in assumptions	720	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	555	1,447
Employer contributions subsequent to the measurement date	3,956	-
Total	$ 22,782	$ 29,133

The $3,956 reported as deferred outflows related to pension resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the net pension 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:

Year ended December 31,		Expenses
2021	$	(3,309)
2022		(2,599)
2023		362
2024		(4,761)
Total	$	(10,307)

5. **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
Actuarial cost method:	Entry Age
Asset valuation method:	Fair Value
Long-term expected rate of return:	7.0%
Discount rate:	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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 geometric real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
Core Fund Asset Class			
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	110%	7.5%	4.6%
Variable Fund Asset Class			
U.S. equities	70%	7.5%	4.6%
International equities	30%	8.2%	5.3%
Total Variable Fund	100%	7.8%	4.9%

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

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

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.

Sensitivity of the Commission's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the Commission'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 (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Commission's proportionate share of the net pension liability (asset)	$ 23,812	$ (9,246)	$ (33,962)

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

6. Payables to the Pension Plan

At December 31, 2020, the Commission reported $640 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2020.

NOTE 3: OTHER INFORMATION

A. AGREEMENT WITH DOOR COUNTY VISITOR BUREAU

On June 28, 2007, the Commission entered into an agreement with the Door County Visitor Bureau (DCVB) for the purpose of providing staff, visitor center facilities, support services and assistance in developing and implementing programs to promote and develop the tourism zone. The first amendment to the agreement was signed in February of 2009. The second amendment to the agreement was approved in May of 2012. In accordance with the agreement, the DCVB is appointed the agent of the Commission. The Commission is obligated to distribute 66% of monthly room tax to the DCVB consistent with their annual adopted budget.

The initial term of the agreement was for five years, consistent with the term of the Commission's Intergovernmental Agreement and thereafter renewable automatically on a year-to-year basis, unless either party to this agreement declines the renewal position with at least six months' notice.

B. RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Commission carries commercial insurance. Payments of premiums for these policies are recorded as expenses of the Commission.

C. CONTINGENCIES

From time to time, the Commission is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Commission's financial position or results of operations.

D. RISK AND UNCERTAINTIES

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the Commission, COVID-19 may impact parts of its 2021 operations and financial results. Management believes the Commission is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of July 12, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

Door County Tourism Zone Commission
Sister Bay, Wisconsin

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

Plan Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll (plan year)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/17	0.00014356%	$ (4,262)	$ 20,617	20.67%	102.93%
12/31/18	0.00025655%	9,127	55,500	16.45%	96.45%
12/31/19	0.00028677%	(9,246)	57,050	-16.21%	102.96%

SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll (fiscal year)	Contributions as a Percentage of Covered Payroll
12/31/17	$ 1,402	$ 1,402	$ -	$ 20,617	6.80%
12/31/18	3,718	3,718	-	55,500	6.70%
12/31/19	3,737	3,737	-	57,050	6.55%
12/31/20	3,956	3,956	-	58,600	6.75%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

Door County Tourism Zone Commission
Sister Bay, Wisconsin

SCHEDULE OF ROOM TAX REVENUE BY MUNICIPALITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, 2018, 2017, AND 2016

	2020	2019	2018	2017	2016
MUNICIPALITY					
City of Sturgeon Bay	$ 567,396	$ 675,400	$ 646,494	$ 639,604	$ 632,955
Village of Egg Harbor	389,592	456,360	428,686	419,627	418,951
Village of Ephraim	557,426	621,376	603,597	567,201	559,881
Village of Sister Bay	585,155	654,702	607,588	584,855	528,374
Town of Baileys Harbor	391,679	392,061	370,552	347,880	356,455
Town of Brussels	-	-	-	-	-
Town of Clay Banks	7,108	4,342	6,009	5,931	5,537
Town of Egg Harbor	413,489	468,388	441,745	401,485	369,740
Town of Forestville	16	618	390	197	422
Town of Gardner	44,248	40,218	36,483	34,129	33,767
Town of Gibraltar	708,070	767,236	733,021	708,336	643,310
Town of Jacksonport	128,119	104,089	96,810	92,832	86,127
Town of Liberty Grove	352,495	355,937	356,367	321,833	306,401
Town of Nasewaupee	132,816	118,357	104,257	103,726	102,404
Town of Sevastopol	341,590	339,650	334,449	322,325	317,830
Town of Sturgeon Bay	56,098	42,718	37,806	29,416	25,662
Town of Union	13,225	5,756	3,902	1,862	337
Town of Washington	93,294	92,509	84,055	79,408	70,897
TOTAL	$ 4,781,816	$ 5,139,717	$ 4,892,211	$ 4,660,647	$ 4,459,050

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR FINANCIAL STATEMENTS

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

To the Commissioners
Door County Tourism Zone Commission
Sister Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Door County Tourism Zone Commission, Sister Bay, Wisconsin, (the "Commission") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Commission's financial statements, and have issued our report thereon dated July 12, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 12, 2021