

VILLAGE OF MOUNT HOREB

Mount Horeb, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF MOUNT HOREB

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Mount Horeb
Mount Horeb, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mount Horeb, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Mount Horeb's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Mount Horeb's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Mount Horeb'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 Mount Horeb, Wisconsin, as of December 31, 2017 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Mount Horeb's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) As of and for the Year Ended December 31, 2017

The management of the Village of Mount Horeb offers all persons interested in the financial position of the village this narrative overview and analysis of the village's financial performance during the fiscal year ended December 31, 2017. You are invited to read this narrative in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Mount Horeb exceeded its liabilities by \$54,057,736 (net position). Of this amount, \$4,262,584 is considered unrestricted net position, \$2,881,887 is restricted for specific purposes (restricted net position), and \$46,913,265 is the net investment in capital assets.
 - > The village's total net position increased by \$1,516,979. Governmental activities net position increased by \$493,868 while business-type net position increased by \$1,023,111.
 - > On December 31, 2017, the village's governmental funds reported combined fund balances of \$9,855,146, an increase of \$5,591,834 from 2016. Unassigned fund balance was \$419,060 at year-end.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the village:

- > The first two statements are government-wide financial statements that provide both long-term and short-term information about the village's overall financial status.
- > The remaining statements are fund financial statements that focus on individual parts of village government, reporting the village's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the village's net position and how they have changed. Net Position – the difference between the village's assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the village's financial health, or position. Over time, increases or decreases in the village's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the village you need to consider additional non-financial factors such as changes in the village's property tax base and the condition of the village's roads.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The village maintains twenty-two (22) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, library fund, general debt service fund, and general capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The village adopts an annual appropriated budget. A budgetary comparison statement has been provided for the general fund and the major special revenue fund to demonstrate compliance with this budget.

Proprietary Funds – The village maintains three different types of proprietary funds, all of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements present the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the general fund and the major special revenue funds to demonstrate compliance with the budget. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the village's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

A summary of the village's Statement of Net Position is presented below in Table 1.

**Table 1
Condensed Statements of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 15,792,298	\$ 9,763,215	\$ 4,478,733	\$ 6,781,383	\$ 20,271,031	\$ 16,544,598
Capital Assets	35,466,188	35,227,200	35,305,374	26,912,060	70,771,562	62,139,260
Total Assets	<u>51,258,486</u>	<u>44,990,415</u>	<u>39,784,107</u>	<u>33,693,443</u>	<u>91,042,593</u>	<u>78,683,858</u>
Deferred Outflows of Resources	1,236,165	1,654,673	397,725	610,139	1,633,890	2,264,812
Total Deferred Outflows	<u>1,236,165</u>	<u>1,654,673</u>	<u>397,725</u>	<u>610,139</u>	<u>1,633,890</u>	<u>2,264,812</u>
Long-term Liabilities	22,174,429	17,261,343	7,350,640	4,193,771	29,525,069	21,455,114
Other Liabilities	845,997	631,370	2,495,078	734,293	3,341,075	1,365,663
Total Liabilities	<u>23,020,426</u>	<u>17,892,713</u>	<u>9,845,718</u>	<u>4,928,064</u>	<u>32,866,144</u>	<u>22,820,777</u>
Deferred Inflows of Resources	5,581,400	5,353,418	171,203	233,718	5,752,603	5,587,136
Total Deferred Inflows	<u>5,581,400</u>	<u>5,353,418</u>	<u>171,203</u>	<u>233,718</u>	<u>5,752,603</u>	<u>5,587,136</u>
Net Investment in						
Capital Assets*	21,536,888	21,877,447	26,361,077	23,946,014	46,913,265	44,645,279
Restricted	1,023,910	865,153	1,857,977	2,388,776	2,881,887	3,253,929
Unrestricted	1,332,027	656,357	1,945,857	2,807,010	4,262,584	4,641,549
Total Net Position	<u>\$ 23,892,825</u>	<u>\$ 23,398,957</u>	<u>\$ 30,164,911</u>	<u>\$ 29,141,800</u>	<u>\$ 54,057,736</u>	<u>\$ 52,540,757</u>

* Includes adjustment for utility assets financed with governmental activities debt. See Note I.D.10.

The largest portion of the village's net position (87%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net position (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (8%) may be used to meet the government's ongoing obligation to citizens and creditors.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

**Table 2
Condensed Statement of Revenues,
Expenses and Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 1,119,424	\$ 910,764	\$ 8,943,367	\$ 9,013,369	\$ 10,062,791	\$ 9,924,133
Operating Grants and Contributions	784,736	754,911	-	-	784,736	754,911
Capital Grants and Contributions	127,195	1,525	691,153	98,144	818,348	99,669
General Revenues						
Property Taxes	4,787,252	4,257,942	-	-	4,787,252	4,257,942
Intergovernmental	300,053	159,379	-	-	300,053	159,379
Other	349,317	254,824	181,610	46,262	530,927	301,086
Total Revenues	<u>7,467,977</u>	<u>6,339,345</u>	<u>9,816,130</u>	<u>9,157,775</u>	<u>17,284,107</u>	<u>15,497,120</u>
Expenses:						
General Government	805,238	775,760	-	-	805,238	775,760
Public Safety	2,019,290	2,027,152	-	-	2,019,290	2,027,152
Public Works	1,820,153	1,781,100	-	-	1,820,153	1,781,100
Health and Human Services	158,473	153,704	-	-	158,473	153,704
Culture, Recreation and Education	1,599,431	1,547,510	-	-	1,599,431	1,547,510
Conservation and Development	379,324	476,000	-	-	379,324	476,000
Electric	-	-	5,867,625	5,886,086	5,867,625	5,886,086
Water	-	-	948,905	947,367	948,905	947,367
Sewer	-	-	1,495,211	1,439,009	1,495,211	1,439,009
Interest and Fiscal Charges	673,478	452,510	-	-	673,478	452,510
Total Expenses	<u>7,455,387</u>	<u>7,213,736</u>	<u>8,311,741</u>	<u>8,272,462</u>	<u>15,767,128</u>	<u>15,486,198</u>
Income (Loss) Before Transfers	12,590	(874,391)	1,504,389	885,313	1,516,979	10,922
Transfers	481,278	445,168	(481,278)	(445,168)	-	-
Changes in Net Position	493,868	(429,223)	1,023,111	440,145	1,516,979	10,922
Beginning Net Position (as restated)	<u>23,398,957</u>	<u>23,828,180</u>	<u>29,141,800</u>	<u>28,701,655</u>	<u>52,540,757</u>	<u>52,529,835</u>
Ending Net Position	<u>\$ 23,892,825</u>	<u>\$ 23,398,957</u>	<u>\$ 30,164,911</u>	<u>\$ 29,141,800</u>	<u>\$ 54,057,736</u>	<u>\$ 52,540,757</u>

Net position was restated at January 1, 2016.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

As previously noted, the Statement of Net Position shows the change in net position. The specific nature or source of these changes then becomes more evident in the Statement of Revenues, Expenses and Changes in Net Position as shown above in Table 2.

GOVERNMENTAL ACTIVITIES

Governmental activities net position increased \$493,868 or approximately 3%.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$1,023,111 or approximately 4%.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

GOVERNMENTAL FUNDS

The focus of the Village of Mount Horeb's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At December 31, 2017, the village's governmental funds reported combined fund balances of \$9,855,146. Approximately 70% of this amount, \$6,886,358 is restricted for specific projects or expenditures. An additional \$419,060 constitutes unassigned fund balance, which is available to meet the village's current and future needs. Another \$965,716 is committed and \$835,766 is assigned. The remaining \$748,246 is considered to be nonspendable due to noncurrent asset balances such as advances to other funds.

General Fund

The village's general fund is the chief operating fund of the village. Total fund balance in the general fund increased \$252,254 or approximately 17%. Unassigned fund balance increased \$1,140. The amount currently assigned to the 2018 budget is reported as assigned fund balance and totals \$8,558. In addition, nonspendable fund balances increased \$255,675 due to a \$178,492 increase in advances to other funds. Overall, the general fund balance was budgeted to decrease by \$13,119, but as previously noted, increased \$252,254. This was primarily due to higher than expected revenues, mainly from building related activities; and the village's continued effort to reduce expenditures.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

GOVERNMENTAL FUNDS (cont.)

General Fund (cont.)

The village evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. The village's fund balance policy indicates the village's desired level of fund balance should fall within 20% to 25% of the subsequent year's budgeted expenditures. Unassigned fund balance is \$1,016,055 and the 2018 general fund expenditure budget is \$4,610,645 resulting in an unassigned fund balance of 22%, which is within the village's policy.

Library

The village's library fund accounts for the activities of the library. The fund balance is \$174,122, a decrease of \$3,082 from the prior year.

General Debt Service Fund

The village's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$27,460 is restricted for future debt service.

General Capital Projects

The village's general capital projects fund accounts for funding of general village projects. The fund balance is \$6,575,331, an increase of \$5,042,980 from the prior year. This increase is the result of the issuance of \$6,300,000 in debt used to begin construction of the new public safety building. Of this amount, approximately \$5,900,000 was still on hand at year-end for this project and for the final payment on the Norsk Golf Bowl facility that was purchased in 2016.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$1,305,374 and is comprised of restricted, committed, and unassigned (deficit) balances.

PROPRIETARY FUNDS

The Village of Mount Horeb's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2017, the village's proprietary funds reported combined net position of \$30,164,911.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (cont.)

PROPRIETARY FUNDS (cont.)

Electric Utility

The electric utility net position increased \$90,879 or 1.2%. Operating revenues decreased \$45,587 or .07%. Operating expenses decreased \$26,593 or .04%.

Water Utility

The water utility net position increased \$336,488 or .04%. Operating revenues increased \$91,232 or 8.2%. Operating expenses increased \$5,254 or .05%.

Sewer Utility

The sewer utility net position increased \$595,744 or 4.7%. Operating revenues increased \$9,535 or .05%. Operating expenses increased \$33,432 or 2.39%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total expenditure appropriations were \$4,379,431 and actual was \$4,280,784, resulting in a \$98,647 favorable variance. The primary reason for this was:

- > Many departments held expenditures within budgeted amounts.
- > There were fewer general government expenditures than budgeted.

Total revenues were \$4,042,973, \$189,972 more than the budget. The primary reason for this was:

- > Building and related permits exceeded the budget by \$93,532.
- > Recreational programs exceeded the budget by \$44,195.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

CAPITAL ASSETS

At the end of 2017, the village had invested a total of \$70,771,562 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure, and utility plant.

Table 3
Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and other assets not being depreciated	\$ 7,864,338	\$ 7,312,286	\$ 9,838,468	\$ 1,187,807	\$ 17,702,806	\$ 8,500,093
Land improvements	1,179,932	1,179,932	-	-	1,179,932	1,179,932
Buildings	4,548,316	4,538,666	-	-	4,548,316	4,538,666
Machinery and equipment	2,661,094	2,577,315	-	-	2,661,094	2,577,315
Infrastructure	33,901,657	33,520,477	-	-	33,901,657	33,520,477
Utility plant	-	-	47,621,887	46,770,389	42,621,887	46,770,389
Total Capital Assets	50,155,337	49,128,676	57,460,355	47,958,196	107,615,692	97,086,872
Less: Accumulated Depreciation	(14,689,149)	(13,901,476)	(22,154,981)	(21,046,136)	(36,844,130)	(34,947,612)
Net Capital Assets	<u>\$ 35,466,188</u>	<u>\$ 35,227,200</u>	<u>\$ 35,305,374</u>	<u>\$ 26,912,060</u>	<u>\$ 70,771,562</u>	<u>\$ 62,139,260</u>

Major capital asset events during the current fiscal year included the following:

- > Utility plant additions related to the new wastewater treatment plant facility

See Note III.D. for additional information.

LONG-TERM DEBT

At December 31, 2017, the village had \$28,456,709 of long-term bonds and notes outstanding. 6,866,393 of this is revenue debt, 20,873,650 relates to general obligation issues, and 716,666 is an installment note.

At the end of the year, the village was at 60.7% of its general obligation debt capacity.

See Note III.F. for additional information.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2017

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2018 village budget. None of these conditions are anticipated to change the overall financial position of the village.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have questions about this report or need any additional information, contact Amy Hall, Finance Director/Treasurer at 608 437 6884 ext. 106 or Amy.Hall@mounthorebwi.info.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 9,796,738	\$ 2,256,063	\$ 12,052,801
Receivables (net)			
Taxes	5,175,691	-	5,175,691
Delinquent personal property taxes	1,203	-	1,203
Accounts	55,525	643,709	699,234
Special assessments	35,572	-	35,572
Loans	4,299	-	4,299
Interest	630	1,175	1,805
Internal balances	587,257	(587,257)	-
Prepaid items and inventories	135,383	133,847	269,230
Restricted Assets			
Cash and investments	-	2,031,196	2,031,196
Capital Assets (net of accumulated depreciation)			
Land	7,312,286	1,084,841	8,397,127
Construction in progress	552,052	8,753,627	9,305,679
Other capital assets, net of depreciation	<u>27,601,850</u>	<u>25,466,906</u>	<u>53,068,756</u>
Total Assets	<u>51,258,486</u>	<u>39,784,107</u>	<u>91,042,593</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	200,033	2,715	202,748
Pension related amounts	<u>1,036,132</u>	<u>395,010</u>	<u>1,431,142</u>
Total Deferred Outflows of Resources	<u>1,236,165</u>	<u>397,725</u>	<u>1,633,890</u>
LIABILITIES			
Accounts payable and accrued expenses	843,542	2,482,788	3,326,330
Deposits	2,455	12,290	14,745
Noncurrent Liabilities			
Due within one year	2,069,674	609,722	2,679,396
Due in more than one year	<u>20,104,755</u>	<u>6,740,918</u>	<u>26,845,673</u>
Total Liabilities	<u>23,020,426</u>	<u>9,845,718</u>	<u>32,866,144</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	5,142,696	-	5,142,696
Pension related amounts	<u>438,704</u>	<u>171,203</u>	<u>609,907</u>
Total Deferred Inflows of Resources	<u>5,581,400</u>	<u>171,203</u>	<u>5,752,603</u>
NET POSITION			
Net investment in capital assets	21,536,888	26,361,077	46,913,265
Restricted for			
Debt service	242,167	350,829	592,996
Library	361,414	-	361,414
TIF districts	147,024	-	147,024
Depreciation	-	1,307,613	1,307,613
Equipment replacement	-	199,535	199,535
Revolving loans	273,305	-	273,305
Unrestricted	<u>1,332,027</u>	<u>1,945,857</u>	<u>4,262,584</u>
TOTAL NET POSITION	<u><u>\$ 23,892,825</u></u>	<u><u>\$ 30,164,911</u></u>	<u><u>\$ 54,057,736</u></u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 805,238	\$ 103,247	\$ 269	\$ -
Public safety	2,019,290	23,080	36,537	-
Public works	1,820,153	537,709	440,022	127,195
Health and human services	158,473	-	110,683	-
Culture, recreation and education	1,599,431	455,388	197,225	-
Conservation and development	379,324	-	-	-
Interest and fiscal charges	<u>673,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>7,455,387</u>	<u>1,119,424</u>	<u>784,736</u>	<u>127,195</u>
Business-type Activities				
Electric	5,867,625	6,034,184	-	87,774
Water	948,905	1,145,855	-	304,027
Sewer	<u>1,495,211</u>	<u>1,763,328</u>	<u>-</u>	<u>299,352</u>
Total Business-type Activities	<u>8,311,741</u>	<u>8,943,367</u>	<u>-</u>	<u>691,153</u>
Total	<u>\$ 15,767,128</u>	<u>\$ 10,062,791</u>	<u>\$ 784,736</u>	<u>\$ 818,348</u>

General Revenues

 Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Other taxes

 Intergovernmental revenues not restricted to specific programs

 Investment income

 Gain on disposal of assets

 Miscellaneous

 Total General Revenues

Transfers

 Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (701,722)	\$ -	\$ (701,722)
(1,959,673)	-	(1,959,673)
(715,227)	-	(715,227)
(47,790)	-	(47,790)
(946,818)	-	(946,818)
(379,324)	-	(379,324)
<u>(673,478)</u>	<u>-</u>	<u>(673,478)</u>
<u>(5,424,032)</u>	<u>-</u>	<u>(5,424,032)</u>
-	254,333	254,333
-	500,977	500,977
-	<u>567,469</u>	<u>567,469</u>
-	<u>1,322,779</u>	<u>1,322,779</u>
<u>(5,424,032)</u>	<u>1,322,779</u>	<u>(4,101,253)</u>
3,365,143	-	3,365,143
785,100	-	785,100
637,009	-	637,009
117,430	-	117,430
300,053	-	300,053
88,306	56,428	144,734
5,849	-	5,849
<u>137,732</u>	<u>125,182</u>	<u>262,914</u>
<u>5,436,622</u>	<u>181,610</u>	<u>5,618,232</u>
<u>481,278</u>	<u>(481,278)</u>	<u>-</u>
<u>5,917,900</u>	<u>(299,668)</u>	<u>5,618,232</u>
493,868	1,023,111	1,516,979
<u>23,398,957</u>	<u>29,141,800</u>	<u>52,540,757</u>
<u>\$ 23,892,825</u>	<u>\$ 30,164,911</u>	<u>\$ 54,057,736</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General Fund	Library	General Debt Service	General Capital Projects
ASSETS				
Cash and investments	\$ 725,148	\$ 201,324	\$ 27,460	\$ 6,585,506
Receivables				
Taxes	2,609,700	463,397	1,022,995	249,000
Delinquent personal property tax	1,203	-	-	-
Accounts	12,419	-	-	-
Special assessments	-	-	35,572	-
Loans	4,299	-	-	-
Interest	630	-	-	-
Due from other funds	615,649	-	-	-
Advances to other funds	607,361	-	-	-
Prepaid items	135,383	-	-	-
	<u>\$ 4,711,792</u>	<u>\$ 664,721</u>	<u>\$ 1,086,027</u>	<u>\$ 6,834,506</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 150,231	\$ 19,977	\$ -	\$ 10,175
Accrued liabilities	157,761	7,225	-	-
Due to other funds	13,548	-	-	-
Deposits	2,455	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>323,995</u>	<u>27,202</u>	<u>-</u>	<u>10,175</u>
Deferred Inflows of Resources				
Unearned revenues	2,609,700	463,397	990,000	249,000
Unavailable revenues	5,238	-	68,567	-
Total Deferred Inflows of Resources	<u>2,614,938</u>	<u>463,397</u>	<u>1,058,567</u>	<u>249,000</u>
Fund Balances (Deficit)				
Nonspendable	748,246	-	-	-
Restricted	-	174,122	27,460	5,748,123
Committed	-	-	-	-
Assigned	8,558	-	-	827,208
Unassigned (deficit)	1,016,055	-	-	-
Total Fund Balances	<u>1,772,859</u>	<u>174,122</u>	<u>27,460</u>	<u>6,575,331</u>
	<u>\$ 4,711,792</u>	<u>\$ 664,721</u>	<u>\$ 1,086,027</u>	<u>\$ 6,834,506</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 2,257,300	\$ 9,796,738
830,599	5,175,691
-	1,203
43,106	55,525
-	35,572
-	4,299
-	630
56,109	671,758
314,595	921,956
<u>-</u>	<u>135,383</u>
<u>\$ 3,501,709</u>	<u>\$ 16,798,755</u>

\$ 370,156	\$ 550,539
2,671	167,657
70,953	84,501
-	2,455
<u>921,956</u>	<u>921,956</u>
<u>1,365,736</u>	<u>1,727,108</u>

830,599	5,142,696
-	73,805
<u>830,599</u>	<u>5,216,501</u>

-	748,246
936,653	6,886,358
965,716	965,716
-	835,766
<u>(596,995)</u>	<u>419,060</u>
<u>1,305,374</u>	<u>9,855,146</u>

<u>\$ 3,501,709</u>	<u>\$ 16,798,755</u>
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See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

Total Fund Balances - Governmental Funds	\$ 9,855,146
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	7,312,286
Construction in progress	552,052
Other capital assets	42,290,999
Less: Accumulated depreciation	(14,689,149)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	73,805
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(125,499)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,036,132
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(438,704)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(20,473,650)
Compensated absences	(481,134)
Compensated absences - retirees	(70,137)
Accrued interest	(125,347)
Unamortized debt premium	(307,342)
Installment note payable	(716,666)

A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	<u>200,033</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 23,892,825</u></u>
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VILLAGE OF MOUNT HOREB

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Library	General Debt Service	General Capital Projects
REVENUES				
Taxes	\$ 2,424,476	\$ 449,900	\$ 785,112	\$ 440,000
Other taxes	-	-	-	-
Intergovernmental	626,370	170,008	-	60,975
Licenses and permits	156,555	-	-	21,105
Fines, forfeitures and penalties	23,004	-	-	-
Public charges for services	665,893	24,635	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	37,038	-
Investment income	32,952	205	4,051	7,041
Miscellaneous	113,723	5,621	-	-
Total Revenues	4,042,973	650,369	826,201	529,121
EXPENDITURES				
Current				
General government	589,773	-	-	-
Public safety	1,949,441	-	-	-
Public works	1,095,851	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	517,548	644,151	-	-
Conservation and development	128,171	-	-	-
Capital Outlay	-	9,300	-	771,191
Debt Service				
Principal	-	-	919,923	716,667
Interest and fiscal charges	-	-	206,695	4,882
Total Expenditures	4,280,784	653,451	1,126,618	1,492,740
Excess (deficiency) of revenues over expenditures	(237,811)	(3,082)	(300,417)	(963,619)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	14,499
Debt issued	-	-	-	6,300,000
Proceeds of refunding debt	-	-	-	-
Premium on long-term debt	-	-	-	-
Payments to refunding escrow	-	-	-	-
Transfers in	491,065	-	322,400	14,500
Transfers out	(1,000)	-	-	(322,400)
Total Other Financing Sources (Uses)	490,065	-	322,400	6,006,599
Net Change in Fund Balances	252,254	(3,082)	21,983	5,042,980
FUND BALANCES - Beginning of Year	1,520,605	177,204	5,477	1,532,351
FUND BALANCES - END OF YEAR	\$ 1,772,859	\$ 174,122	\$ 27,460	\$ 6,575,331

See accompanying notes to financial statements.

Nonmajor Governmental Funds		Totals	
\$	724,056	\$	4,823,544
	81,547		81,547
	101,177		958,530
	-		177,660
	-		23,004
	180,803		871,331
	110,600		110,600
	-		37,038
	121,413		165,662
	<u>135,401</u>		<u>254,745</u>
	<u>1,454,997</u>		<u>7,503,661</u>
	162,363		752,136
	-		1,949,441
	-		1,095,851
	152,680		152,680
	199,264		1,360,963
	248,132		376,303
	298,563		1,079,054
	338,968		1,975,558
	<u>346,031</u>		<u>557,608</u>
	<u>1,746,001</u>		<u>9,299,594</u>
	<u>(291,004)</u>		<u>(1,795,933)</u>
	-		14,499
	500,000		6,800,000
	3,055,000		3,055,000
	199,945		199,945
	(3,162,955)		(3,162,955)
	624,476		1,452,441
	<u>(647,763)</u>		<u>(971,163)</u>
	<u>568,703</u>		<u>7,387,767</u>
	277,699		5,591,834
	<u>1,027,675</u>		<u>4,263,312</u>
\$	<u>1,305,374</u>	\$	<u>9,855,146</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

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, 2017

Net change in fund balances - total governmental funds	\$ 5,591,834
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,079,054
Some items reported as capital outlay were not capitalized	(103,712)
Depreciation is reported in the government-wide financial statements	(854,011)
Net book value of assets retired	(11,140)
Contributed capital assets are reported as revenues in the government-wide financial statements.	128,797
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	
Special assessments	(38,640)
Loans	(129,200)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(9,855,000)
Principal repaid	1,975,558
Advance refunding of bond issuances are reported as an other financing use in the governmental funds. However, advance refunding are considered a change in long-term liabilities in the Statement of Net Position.	3,030,000
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Premium on debt issued	(199,945)
Amortization of debt discount/premium	5,254
Amortization of loss on advance refunding	(22,226)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(9,287)
Compensated absences - retirees	5,393
Accrued interest on debt	35,018
Net pension asset/liability	134,941
Deferred outflows of resources related to pensions	(396,283)
Deferred inflows of resources related to pensions	<u>127,463</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 493,868</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,034,781	\$ 885,629	\$ 335,653	\$ 2,256,063
Receivables				
Accounts receivable	402,781	89,084	151,844	643,709
Interest	1,175	-	-	1,175
Due from other funds	15,392	2,489	8,317	26,198
Inventories	120,083	13,764	-	133,847
Current portion of advance	26,000	-	-	26,000
Restricted Assets				
Redemption account	123,696	117,339	73,274	314,309
Total Current Assets	<u>1,723,908</u>	<u>1,108,305</u>	<u>569,088</u>	<u>3,401,301</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	54,688	155,051	-	209,739
Depreciation account	1,273,212	34,401	-	1,307,613
Replacement account	-	-	199,535	199,535
Capital Assets				
Property and equipment	14,709,500	14,331,076	19,666,152	48,706,728
Construction work in progress	37,677	-	8,715,950	8,753,627
Less: Accumulated depreciation	(8,259,863)	(5,013,010)	(8,882,108)	(22,154,981)
Other Assets				
Advance to other funds	27,000	-	-	27,000
Total Noncurrent Assets	<u>7,842,214</u>	<u>9,507,518</u>	<u>19,699,529</u>	<u>37,049,261</u>
Total Assets	<u>9,566,122</u>	<u>10,615,823</u>	<u>20,268,617</u>	<u>40,450,562</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	2,715	-	-	2,715
Pension related amounts	195,348	70,193	129,469	395,010
Total Deferred Outflows of Resources	<u>198,063</u>	<u>70,193</u>	<u>129,469</u>	<u>397,725</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	455,627	61,081	1,915,761	2,432,469
Accrued liabilities	11,434	3,543	8,044	23,021
Accrued interest	2,313	545	-	2,858
Commitment to community	6,272	-	-	6,272
Due to other funds	300,868	304,482	8,105	613,455
Current portion of general obligation debt	100,000	-	-	100,000
Current portion of advance	-	26,000	-	26,000
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	130,000	150,000	229,722	509,722
Accrued interest	2,724	5,825	9,619	18,168
Total Current Liabilities	<u>1,009,238</u>	<u>551,476</u>	<u>2,171,251</u>	<u>3,731,965</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt (including unamortized premium)	306,602	-	-	306,602
Revenue bonds (including unamortized discount)	135,000	1,331,349	4,906,671	6,373,020
Net pension liability	28,132	12,375	20,789	61,296
Advances from other funds	-	27,000	-	27,000
Customer deposits	-	12,290	-	12,290
Total Noncurrent Liabilities	<u>469,734</u>	<u>1,383,014</u>	<u>4,927,460</u>	<u>6,780,208</u>
Total Liabilities	<u>1,478,972</u>	<u>1,934,490</u>	<u>7,098,711</u>	<u>10,512,173</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>83,963</u>	<u>30,475</u>	<u>56,765</u>	<u>171,203</u>
Total Deferred Inflows of Resources	<u>83,963</u>	<u>30,475</u>	<u>56,765</u>	<u>171,203</u>
NET POSITION				
Net investment in capital assets	5,818,427	7,991,768	12,550,882	26,361,077
Restricted for				
Debt service	175,660	111,514	63,655	350,829
Depreciation	1,273,212	34,401	-	1,307,613
Equipment replacement	-	-	199,535	199,535
Unrestricted net position	<u>933,951</u>	<u>583,368</u>	<u>428,538</u>	<u>1,945,857</u>
TOTAL NET POSITION	<u>\$ 8,201,250</u>	<u>\$ 8,721,051</u>	<u>\$ 13,242,610</u>	<u>\$ 30,164,911</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 6,034,184	\$ 1,145,855	\$ 1,763,328	\$ 8,943,367
Other operating revenue	<u>53,831</u>	<u>57,262</u>	<u>14,089</u>	<u>125,182</u>
Total Operating Revenues	<u>6,088,015</u>	<u>1,203,117</u>	<u>1,777,417</u>	<u>9,068,549</u>
OPERATING EXPENSES				
Operation and maintenance	5,384,623	571,752	905,620	6,861,995
Depreciation	<u>460,438</u>	<u>341,584</u>	<u>527,106</u>	<u>1,329,128</u>
Total Operating Expenses	<u>5,845,061</u>	<u>913,336</u>	<u>1,432,726</u>	<u>8,191,123</u>
Operating Income	<u>242,954</u>	<u>289,781</u>	<u>344,691</u>	<u>877,426</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	30,591	11,651	14,186	56,428
Interest expense	(24,646)	(38,930)	(46,405)	(109,981)
Interest charged to construction	-	-	3,920	3,920
Amortization of debt premium (discount)	3,537	3,361	-	6,898
Debt issuance costs	-	-	(20,000)	(20,000)
Amortization of loss on advance refunding	<u>(1,455)</u>	<u>-</u>	<u>-</u>	<u>(1,455)</u>
Total Nonoperating Revenues (Expenses)	<u>8,027</u>	<u>(23,918)</u>	<u>(48,299)</u>	<u>(64,190)</u>
Income Before Contributions and Transfers	<u>250,981</u>	<u>265,863</u>	<u>296,392</u>	<u>813,236</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	87,774	304,027	299,352	691,153
Transfers out	<u>(247,876)</u>	<u>(233,402)</u>	<u>-</u>	<u>(481,278)</u>
Total Contributions and Transfers	<u>(160,102)</u>	<u>70,625</u>	<u>299,352</u>	<u>209,875</u>
Change in Net Position	90,879	336,488	595,744	1,023,111
NET POSITION - Beginning of Year	<u>8,110,371</u>	<u>8,384,563</u>	<u>12,646,866</u>	<u>29,141,800</u>
NET POSITION - END OF YEAR	<u><u>\$ 8,201,250</u></u>	<u><u>\$ 8,721,051</u></u>	<u><u>\$ 13,242,610</u></u>	<u><u>\$ 30,164,911</u></u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 6,076,371	\$ 1,231,795	\$ 1,786,218	\$ 9,094,384
Received from other funds for services	138,611	-	-	138,611
Paid to suppliers for goods and services	(4,876,171)	(330,784)	(469,570)	(5,676,525)
Paid to employees for services	(411,740)	(178,459)	(326,272)	(916,471)
Net Cash Flows From Operating Activities	<u>927,071</u>	<u>722,552</u>	<u>990,376</u>	<u>2,639,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(93,511)	-	-	(93,511)
Investments sold and matured	199,508	-	235,156	434,664
Investment income	25,975	11,651	15,164	52,790
Net Cash Flows From Investing Activities	<u>131,972</u>	<u>11,651</u>	<u>250,320</u>	<u>393,943</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(181,047)	(214,121)	-	(395,168)
Transfer to other funds	(50,000)	-	-	(50,000)
Advances repaid from other funds	29,246	-	-	29,246
Net Cash Flows From Noncapital Financing Activities	<u>(201,801)</u>	<u>(214,121)</u>	<u>-</u>	<u>(415,922)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	-	3,663,265	3,663,265
Debt retired	(230,000)	(150,000)	(73,346)	(453,346)
Debt issuance costs	-	-	(20,000)	(20,000)
Interest paid	(30,399)	(39,696)	(43,552)	(113,647)
Acquisition and construction of capital assets	(453,915)	(240,015)	(6,247,428)	(6,941,358)
Capital contributions received	87,774	70,064	67,057	224,895
Repayment of capital related advances	-	(26,000)	-	(26,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(626,540)</u>	<u>(385,647)</u>	<u>(2,654,004)</u>	<u>(3,666,191)</u>
Net Change in Cash and Cash Equivalents	230,702	134,435	(1,413,308)	(1,048,171)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,006,466</u>	<u>1,057,985</u>	<u>2,021,770</u>	<u>5,086,221</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,237,168</u>	<u>\$ 1,192,420</u>	<u>\$ 608,462</u>	<u>\$ 4,038,050</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 242,954	\$ 289,781	\$ 344,691	\$ 877,426
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	460,438	341,584	527,106	1,329,128
Depreciation charged to other funds	63,571	34,865	-	98,436
Changes in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	119,639	5,652	5,433	130,724
Due from other funds	(2,859)	(2,359)	3,368	(1,850)
Inventories	(13,960)	(440)	-	(14,400)
Accounts payable	(38,137)	31,210	71,154	64,227
Due to other funds	41,765	(1,226)	3,151	43,690
Customer deposits	-	139	-	139
Commitment to community	10,187	-	-	10,187
Pension related deferrals and liabilities	43,473	23,346	35,473	102,292
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 927,071	\$ 722,552	\$ 990,376	\$ 2,639,999
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 1,034,781	\$ 885,629	\$ 335,653	\$ 2,256,063
Redemption account	123,696	117,339	73,274	314,309
Reserve account	54,688	155,051	-	209,739
Depreciation account	1,273,212	34,401	-	1,307,613
Replacement account	-	-	199,535	199,535
Total Cash and Investments	2,486,377	1,192,420	608,462	4,287,259
Less: Noncash equivalents	(249,209)	-	-	(249,209)
CASH AND CASH EQUIVALENTS	\$ 2,237,168	\$ 1,192,420	\$ 608,462	\$ 4,038,050
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Unrealized gain/(loss) on investments	\$ 2,473	\$ -	\$ -	
Developer financed additions to utility plant	\$ -	\$ 233,963	\$ 232,995	
Interest charged to construction	\$ -	\$ -	\$ 3,920	

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2017

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 6,888,377
Taxes receivable	<u>2,668,809</u>
TOTAL ASSETS	<u>\$ 9,557,186</u>
LIABILITIES	
Accounts payable	\$ 2,797
Due to other governments	<u>9,554,389</u>
TOTAL LIABILITIES	<u>\$ 9,557,186</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

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VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mount Horeb, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. The Community Development Authority is part of the reporting entity of the Village of Mount Horeb. However, the CDA had no financial transactions during 2017 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor 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 village or meets the following criteria:

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

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

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Library - accounts for resources legally restricted to supporting expenditures for the library program.

General Debt Service - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

General Capital Projects - accounts for resources that are restricted, committed, or assigned for general capital projects, excluding those funded by the TIF districts or developers.

The village reports the following major enterprise funds:

Electric Utility - accounts for operations of the electric system

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sewer system

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Highway 92 Storm Sewer
- Subdividers Park Deposits
- Terrace Trees
- Future Streets
- Outreach/Nutrition
- Special Projects
- Welcome Center
- Employee Retirement
- Revolving Loan Fund
- Library Special Projects
- Swimming Pool
- Public Broadcasting
- Tourism Promotion

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Tax Incremental District (TIF) Debt Service

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- TIF District No. 3
- TIF District No. 3 Amendment
- TIF District No. 4
- TIF District No. 5

In addition, the village reports the following fund type:

Agency Fund - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic 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 as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's electric, 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.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured 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 the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. 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 nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has adopted an investment policy. That policy follows the state statute for allowable investments.

The village's investment policy generally addresses custodial credit risk, credit risk, and concentration of credit risk by limiting investments to those allowed by state statute and requiring either FDIC or other insurance coverage of deposits. In relation to interest rate risk, the village will generally not allow investments with maturities over three years unless matched to a specific cash flow. The policy will allow up to 50% of the general fund unassigned fund balance to be invested in accounts with maturities between one and three years. The remaining operating funds must be invested in accounts with maturities of less than one year.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

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 the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The village has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The village records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has not been reduced by an allowance for uncollectible accounts.

It is the village's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$20,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$3,920 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 40 Years
Land Improvements	20 - 40 Years
Machinery and Equipment	2 - 15 Years
Utility System	4 - 107 Years
Infrastructure	40 - 60 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

7. Compensated Absences

Under terms of employment, employees are granted sick leave, vacations and comp time in varying amounts. Only benefits considered to be vested are disclosed in these statements. The amount of accumulated sick leave that will not be repaid with expendable available resources is recorded as a long term liability in the government-wide financial statements.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

7. Compensated Absences (cont.)

Vested vacation pay and comp time are also recorded as a liability. Vacation pay and comp time expected to be paid with expendable available financial resources is shown as a current liability of the particular fund. The balance of the liabilities is shown as long term liabilities in the government-wide financial statements.

The village also provides postemployment health insurance benefits for all eligible employees. Eligibility occurs once an employee retires with the village and has reached the age of 55. The actual benefits are dependent on the age of the employee at the time of retirement.

Employees hired prior to January 1, 2012 may accrue a maximum of 1,040 hours of sick leave that may be used to pay health care premiums upon retirement. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the village. Funding for those costs is provided out of the current operating budget of the village. Total expenditures for such premiums during the year were \$29,051. The number of participants currently eligible to receive benefits is eight. The total amount outstanding at year end is \$70,137 and is recorded in the government-wide statement of net position.

The village has created an Employee Retirement Insurance fund to accumulate resources for future funding of these benefits.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

8. 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 bonds payable, accrued compensated absences, and the net pension liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

8. Long-Term Obligations/Conduit Debt (cont.)

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,412,918, made up of two issues.

9. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. Equity 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 (excluding unspent debt proceeds) 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 positions that do not meet the definitions of "restricted" or "net investment in capital assets."

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 21,536,888	\$ 26,361,077	\$ (984,700)	\$ 46,913,265
Unrestricted	1,332,027	1,945,857	984,700	4,262,584

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The board or management may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

The village has a formal fund balance policy. That policy is to maintain unassigned general fund balance between 20% and 25% of budgeted general fund expenditures for the subsequent year. Unassigned general fund balance that exceeds this range shall be transferred to the capital improvement projects fund to reduce future borrowing needs. The balance at year end was \$1,016,055 or 22% of budgeted expenditures for the subsequent year.

See Note III. G. for further information.

11. Pension

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

12. Basis for Existing Rates

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin (PSCW) in April of 2009. The rates were designed to provide a 7.00% return on the rate base.

Water Utility

Current water rates were approved by the PSCW effective June of 2016 and are designed to provide a 5.25% return on the rate base.

Sewer Utility

Current sewer rates were approved by the utility commission and became effective in November of 2017.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
Debt service fund	\$ 1,126,594	\$ 1,126,618	\$ 24
Library special projects	16,637	17,145	508
TIF District No. 4	25,871	26,617	746
Tourism promotion fund	75,000	81,546	6,546
Employee retirement fund	40,400	41,565	1,165
TIF debt service	596,177	3,847,954	3,251,777
TIF District No. 5	490,000	566,530	76,530

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2017, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 3 Amendment	\$ (523,118)	Expenditures exceeding funding
TIF District No. 5	(73,877)	Expenditures exceeding funding

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law 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 greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the village's funds.

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 20,485,791	\$ 19,412,147	Custodial credit
Money markets	18,238	18,238	Custodial credit
Mutual funds other than bonds	150,073	150,073	N/A
Mutual funds-bond funds	22,727	22,727	Credit, Interest rate
State and local bonds	293,874	293,874	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,671	-	N/A
 Total Deposits and Investments	 \$ 20,972,374	 \$ 19,897,059	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 12,052,801		
Restricted cash and investments	2,031,196		
Per statement of assets and liabilities			
Agency Fund	6,888,377		
 Total Deposits and Investments	 \$ 20,972,374		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. \$500,000 of the village's investments are covered by SIPC.

The village is a beneficiary of an irrevocable letter of credit in the amount of \$25,000,000.

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds - bond funds	\$ 22,727	\$ -	\$ -	\$ 22,727
Mutual funds - other than bonds	150,073	-	-	150,073
Municipal bonds	-	293,874	-	293,874
Total	<u>\$ 172,800</u>	<u>\$ 293,874</u>	<u>\$ -</u>	<u>\$ 466,674</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2017, the village's various state and local bonds were rated AA and AA- by Standard & Poors and Aa1 and Aa2 by Moody's Investor Services. The village also has a variety of mutual fund - bond funds for which ratings by Standard & Poors and Moody's were not available. These mutual fund - bond funds were rated A, BB, and B by MorningStar.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2017, the village held four state and local bond issues that exceeded 5% of the total investment portfolio. These bond issues range from 5.2% to 20.33% of the portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than 12	12-36	Greater than 36
State and local bonds	\$ 293,874	\$ 145,089	\$ 148,785	\$ -
Mutual funds - bond funds	<u>22,727</u>	<u>12,673</u>	<u>-</u>	<u>10,054</u>
Totals	<u>\$ 316,601</u>	<u>\$ 157,762</u>	<u>\$ 148,785</u>	<u>\$ 10,054</u>

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

Receivables as of year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Debt Service	Totals
Amounts not expected to be collected within one year	<u>\$ 5,502</u>	<u>\$ 35,572</u>	<u>\$ 41,074</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 5,142,696	\$ -
Special assessments not yet due	-	68,567
Loans receivable	<u>-</u>	<u>5,238</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 5,142,696</u>	 <u>\$ 73,805</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

The water utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2017:

Restricted Assets	
Redemption account	\$ 314,309
Reserve account	209,739
Depreciation account	1,307,613
Replacement account	<u>199,535</u>
Total Restricted Assets	<u>2,031,196</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	<u>(155,051)</u>
Total Restricted Assets Not Funded by Revenues	<u>(155,051)</u>
Current Liabilities Payable From Restricted Assets	<u>(18,168)</u>
Total Restricted Net Position	<u><u>\$ 1,857,977</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,312,286	\$ -	\$ -	\$ 7,312,286
Construction in progress	<u>-</u>	<u>552,052</u>	<u>-</u>	<u>552,052</u>
Total Capital Assets Not Being Depreciated	<u>7,312,286</u>	<u>552,052</u>	<u>-</u>	<u>7,864,338</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	\$ 1,179,932	\$ -	\$ -	\$ 1,179,932
Buildings	4,538,666	9,650	-	4,548,316
Machinery and equipment	2,577,315	121,442	37,663	2,661,094
Streets	24,694,649	252,791	28,547	24,918,893
Storm sewers	5,612,027	168,204	11,268	5,768,963
Street lighting	541,762	-	-	541,762
Sidewalks	2,672,039	-	-	2,672,039
Total Capital Assets Being Depreciated	<u>41,816,390</u>	<u>552,087</u>	<u>77,478</u>	<u>42,290,999</u>
Total Capital Assets	<u>49,128,676</u>	<u>1,104,139</u>	<u>77,478</u>	<u>50,155,337</u>
Less: Accumulated depreciation for				
Land improvements	(600,567)	(49,987)	-	(650,554)
Buildings	(1,791,274)	(116,620)	-	(1,907,894)
Machinery and equipment	(1,223,482)	(146,753)	26,523	(1,343,712)
Streets	(7,584,183)	(385,281)	28,547	(7,940,917)
Storm sewers	(1,320,715)	(94,724)	11,268	(1,404,171)
Street lighting	(76,221)	(7,205)	-	(83,426)
Sidewalks	(1,305,034)	(53,441)	-	(1,358,475)
Total Accumulated Depreciation	<u>(13,901,476)</u>	<u>(854,011)</u>	<u>66,338</u>	<u>(14,689,149)</u>
Net Capital Assets Being Depreciated	<u>27,914,914</u>	<u>(301,924)</u>	<u>11,140</u>	<u>27,601,850</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 35,227,200</u>	<u>\$ 250,128</u>	<u>\$ 11,140</u>	<u>\$ 35,466,188</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 13,482
Public safety	34,199
Public works, which includes the depreciation of infrastructure	605,327
Culture, recreation and education	201,003
Total Governmental Activities Depreciation Expense	<u>\$ 854,011</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 56,294	\$ 913,328	\$ -	\$ 969,622
Construction in progress	1,014,250	7,798,874	97,174	8,715,950
Total Capital Assets Not Being Depreciated	1,070,544	8,712,202	97,174	9,685,572
Capital assets being depreciated				
Collecting system	8,643,085	237,042	270	8,879,857
Collecting system pumping	2,112,171	42,399	25,000	2,129,570
Treatment and disposal	6,832,398	3,546	149,796	6,686,148
General	903,628	153	-	903,781
Completed construction not classified	-	97,174	-	97,174
Total Capital Assets Being Depreciated	18,491,282	380,314	175,066	18,696,530
Total Capital Assets	19,561,826	9,092,516	272,240	28,382,102
Less: Accumulated depreciation/amortization for				
Sewer plant	(8,527,878)	(529,296)	175,066	(8,882,108)
Total Accumulated Depreciation/Amortization	(8,527,878)	(529,296)	175,066	(8,882,108)
Net Capital Assets Being Depreciated	9,963,404	(148,982)	-	9,814,422
Net Sewer Capital Assets	\$ 11,033,948	\$ 8,563,220	\$ 97,174	\$ 19,499,994

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 62,950	\$ -	\$ -	\$ 62,950
Total Capital Assets Not Being Depreciated	62,950	-	-	62,950
Capital assets being depreciated				
Source of supply	583,486	-	-	583,486
Pumping	1,860,895	-	-	1,860,895
Water treatment	29,959	-	-	29,959
Transmission and distribution	10,538,357	371,178	24,877	10,884,658
General	908,974	154	-	909,128
Total Capital Assets Being Depreciated	13,921,671	371,332	24,877	14,268,126
Total Capital Assets	13,984,621	371,332	24,877	14,331,076
Less: Accumulated depreciation for				
Water plant	(4,660,993)	(376,894)	24,877	(5,013,010)
Total Accumulated Depreciation	(4,660,993)	(376,894)	24,877	(5,013,010)
Net Capital Assets Being Depreciated	9,260,678	(5,562)	-	9,255,116
Net Water Capital Assets	\$ 9,323,628	\$ (5,562)	\$ -	\$ 9,318,066

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 52,269	\$ -	\$ -	\$ 52,269
Construction in process	2,044	35,633	-	37,677
Total Capital Assets Not Being Depreciated	54,313	35,633	-	89,946
Capital assets being depreciated				
Distribution	11,649,952	317,973	18,937	11,948,988
General	2,707,484	139,733	138,974	2,708,243
Total Capital Assets Being Depreciated	14,357,436	457,706	157,911	14,657,231
Total Capital Assets	14,411,749	493,339	157,911	14,747,177
Less: Accumulated depreciation for				
Electric plant	(7,857,265)	(560,509)	157,911	(8,259,863)
Total Accumulated Depreciation	(7,857,265)	(560,509)	157,911	(8,259,863)
Net Capital Assets Being Depreciated	6,500,171	(102,803)	-	6,397,368
Net Electric Capital Assets	\$ 6,554,484	\$ (67,170)	\$ -	\$ 6,487,314
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 26,912,060	\$ 8,490,488	\$ 97,174	\$ 35,305,374

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 460,438
Water	341,584
Sewer	527,106
Total Business-type Activities Depreciation Expense	\$ 1,329,128

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General fund	Electric utility	\$ 300,868
General fund	Water utility	304,482
General fund	Sewer utility	8,105
Outreach	Outreach special projects	13,000
General fund	Tourism Promotion	2,194
Water utility	Swimming pool	136
TIF District No. 3	TIF debt service	43,109
Electric utility	General fund	7,537
Water utility	General fund	2,165
Sewer utility	General fund	3,846
Sewer utility	Employee retirement fund	4,471
Water utility	Employee retirement fund	188
Electric utility	Employee retirement fund	7,855
Total - Fund Financial Statements		697,956
Less: Fund eliminations		(58,303)
Less: Government-wide eliminations		(52,396)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 587,257
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 613,455
Business-type Activities	Governmental Activities	(26,198)
Total Government-Wide Financial Statements		\$ 587,257

All amounts are due within one year.

The interfunds are to account for timing differences in the revenues and expenditures owed between funds and the payment in lieu of taxes owed from the electric and water utilities to the general fund.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances

The general fund is advancing funds to TIF District No. 3, TIF District No. 3 Amendment, TIF District No. 4, and TIF District No. 5. The TIF Debt Service Fund is advancing funds to TIF District No. 3 and TIF District No. 3 Amendment. The amount advanced is determined by the deficiency of revenues over expenditures and other financing sources. No repayment schedule has been established for these advances.

The electric utility is advancing funds to the water utility for the utility garage. A repayment schedule has been established for this advance.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TIF District No. 5	\$ 248,206	\$ 248,206
General fund	TIF District No. 4	67,046	67,046
General fund	TIF District No. 3 amendment	239,732	239,732
General fund	TIF District No. 3	52,377	52,377
TIF debt service	TIF District No. 3 amendment	283,386	170,211
TIF debt service	TIF District No. 3	31,209	31,209
Electric utility	Water utility	53,000	27,000
Total - Fund Financial Statements		974,956	
Less: Fund eliminations		(974,956)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

The principal purpose of these advances is to cover the deficiency of revenues over expenditures and other financing sources. The repayment schedule of the electric utility advance to the water utility is as follows:

Years	Principal	Interest	Total
2018	\$ 26,000	\$ 2,180	\$ 28,180
2019	27,000	1,114	28,114
Totals	\$ 53,000	\$ 3,294	\$ 56,294

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General capital projects	General fund	\$ 1,000	Project funding
General debt service	General capital projects	322,400	Supplement debt payments
General capital projects	Swimming pool	10,000	Project funding
General capital projects	Subdividers park deposits	3,500	Project funding
TIF debt service	TIF District No. 3	517,717	TIF share of debt payments
	TIF District No. 3		
TIF debt service	amendment	56,138	TIF share of debt payments
TIF debt service	TIF District No. 4	22,321	TIF share of debt payments
General fund	Electric utility	197,876	Payment in lieu of taxes
General fund	Water utility	233,402	Payment in lieu of taxes
General fund	Special projects	1	Close-out project
General	Tourism Promotion	9,786	Transfer tax revenue
Outreach/Nutrition	Outreach SPF	28,300	Cash shortage
General fund	Electric Utility	<u>50,000</u>	Economic development
Total - Fund Financial Statements		1,452,441	
Less: Fund eliminations		<u>(971,163)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 481,278</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 481,278
Business-type Activities	Governmental Activities	<u>-</u>
Total Government-wide Financial Statements		<u>\$ 481,278</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,907,542	\$ 9,855,000	\$ 4,288,892	\$ 20,473,650	\$ 1,237,902
Installment promissory note	1,433,333	-	716,667	716,666	716,666
Add/(Subtract) Deferred Amounts for Premiums	112,651	199,945	5,254	307,342	-
Sub-totals	16,453,526	10,054,945	5,010,813	21,497,658	1,954,568
Other Liabilities					
Vested compensated absences	471,847	113,372	104,085	481,134	115,106
Vested compensated absences - retirees	75,530	-	5,393	70,137	-
Net pension liability	260,440	-	134,941	125,499	-
Total Other Liabilities	807,817	113,372	244,419	676,770	115,106
Total Governmental Activities Long-Term Liabilities	\$ 17,261,343	\$ 10,168,317	\$ 5,255,232	\$ 22,174,428	\$ 2,069,674
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 500,000	\$ -	\$ 100,000	\$ 400,000	\$ 100,000
Revenue bonds	3,556,474	3,663,265	353,346	6,866,393	509,722
Add/(Subtract) Deferred Amounts for Premiums	29,849	-	6,898	22,951	-
Sub-totals	4,086,323	3,663,265	460,244	7,289,344	609,722
Other Liabilities					
Net pension liability	107,448	-	46,152	61,296	-
Total Other Liabilities	107,448	-	46,152	61,296	-
Total Business-type Activities Long-Term Liabilities	\$ 4,193,771	\$ 3,663,265	\$ 506,396	\$ 7,350,640	\$ 609,722

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2017, was \$34,411,480. Total general obligation debt outstanding at year end was \$20,873,650.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2008 promissory notes	6/20/08	2/15/18	3.37%	\$ 600,000	\$ 68,543
2009 refunding bonds	3/30/09	4/1/27	4.00-4.50%	4,135,000	605,000
2010 refunding bonds	10/20/10	4/1/21	2.00-3.50%	2,530,000	950,000
2010 promissory notes	10/20/10	4/1/20	2.00-3.25%	530,000	205,000
2012 refunding bonds	10/18/12	4/1/26	1.00-2.50%	1,320,000	990,000
2013 state trust fund loan	1/10/13	3/15/22	2.75%	175,000	102,951
2014 bonds	2/3/14	2/1/24	1.00-3.00%	2,875,000	2,100,000
2014 refunding bonds	8/28/14	4/1/27	2.00-3.00%	3,035,000	3,000,000
2015 bank note	4/1/215	4/1/25	2.23%	500,000	408,737
2016 bank note	6/30/2016	6/30/36	3.5%	2,268,257	2,188,419
2017 promissory notes	12/1/2017	6/1/19	1.17%	6,800,000	6,800,000
2017 refunding bonds	11/1/2017	4/1/27	2.00-4.00%	3,055,000	<u>3,055,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 20,473,650</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
2013 refunding bonds	6/19/12	10/1/21	1.00-2.38%	\$ 805,000	<u>\$ 400,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 400,000</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 1,237,902	\$ 377,956	\$ 100,000	\$ 9,250
2019	8,008,893	467,656	100,000	7,124
2020	1,538,349	219,294	100,000	4,874
2021	1,468,387	275,082	100,000	2,500
2022	1,273,364	240,792	-	-
2023-2027	5,729,942	650,490	-	-
2028-2032	628,617	173,033	-	-
2033-2036	588,196	53,105	-	-
Totals	<u>\$ 20,473,650</u>	<u>\$ 2,457,408</u>	<u>\$ 400,000</u>	<u>\$ 23,748</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the electric, water, and sewer utilities.

The electric utility has pledged future utility revenues to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require 2.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$281,466. Principal and interest paid for the current year and total customer gross revenues were \$146,229 and \$6,118,606, respectively.

The water has pledged future utility revenues to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 14% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,642,325. Principal and interest paid for the current year and total customer gross revenues were \$186,450 and \$1,284,832, respectively.

The sewer has pledged future utility revenues to repay revenue bonds issued in 2013 and 2017. Proceeds from the bonds provided financing for the utility. The bonds are payable solely from utility revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require 17.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$6,140,307. Principal and interest paid for the current year and total customer gross revenues were \$112,978 and \$1,858,660, respectively.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
<u>Electric Utility</u>					
2009 Revenue Bonds	8/1/09	10/1/19	2.50-4.13%	1,130,000	<u>\$ 265,000</u>
<u>Water Utility</u>					
2015 Revenue Refunding Bonds	6/17/15	5/1/26	2.00-3.00%	\$ 1,765,000	<u>\$ 1,465,000</u>
<u>Sewer Utility</u>					
2013 Clean Water Fund Loan	9/25/13	5/1/33	2.63%	\$ 1,685,220	\$ 1,473,128
2017 Clean Water Fund Loan	12/31/17	5/1/37	1.76%	3,663,264	<u>3,663,265</u>
				Total Sewer Utility	<u>5,136,393</u>
Total Business-type Activities - Revenue Debt					<u>\$ 6,866,393</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2018	\$ 509,722	\$ 137,527
2019	519,411	131,967
2020	394,200	118,509
2021	404,091	110,216
2022	409,086	101,768
2023-2027	2,014,157	367,350
2028-2032	1,466,014	182,650
2033-2037	1,149,712	47,718
Totals	\$ 6,866,393	\$ 1,197,705

Installment Promissory Note

The Village issued an installment promissory note for the purchase of Norsk Golf and Bowl. Payments will be made to the seller from the proceeds of the \$2,268,257 bank note issued in 2016.

Installment Promissory Notes at December 31, 2017 consist of the following:

Governmental Activities	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
Norsk Golf Bowl, Inc.	6/30/2016	1/2/2018	**	\$ 1,433,333	\$ 716,666
Total Governmental Activities Installment Promissory Note					\$ 716,666

** The note bears interest on the unpaid principal balance before maturity at an annual rate equal to what the village is receiving on the balance of the bond amount being held by the village to pay the purchase price.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Installment Promissory Note</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ <u>716,666</u>	\$ <u>-</u>
Totals	\$ <u>716,666</u>	\$ <u>-</u>

Other Debt Information

Estimated payments of vested compensated absences and the net pension liability are not included in the debt service requirement schedules. The compensated absences liability and the net pension liability attributable to governmental activities will be liquidated primarily by the employee retiree fund and the general fund, respectively.

Advance Refunding

On November 01, 2017, the village issued \$3,055,000 in general obligation bonds with an average coupon rate of 3% to advance refund \$3,030,000 of outstanding bonds with an average coupon rate of 4%. The net proceeds along with existing funds of the village were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was \$4,484,144 from 2018 through 2027. The cash flow requirements on the refunding bonds are \$4,258,894 from 2018 through 2027. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$198,228.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,312,286
Construction in progress	552,052
Other capital assets, net of accumulated depreciation	27,601,850
Less: Long-term debt outstanding	(20,473,650)
Plus: Unspent capital related debt proceeds	5,955,925
Plus: Noncapital debt outstanding	1,412,400
Plus: Unamortized loss on refunding	200,033
Less: Unamortized debt premium	(307,342)
Less: Installment note	<u>(716,666)</u>
Total Net Investment in Capital Assets	<u>\$ 21,536,888</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Library	General Debt Service	General Capital Projects	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	\$ 135,383	\$ -	\$ -	\$ -	\$ -	\$ 135,383
Advances	607,361	-	-	-	-	607,361
Non-current receivables	5,502	-	-	-	-	5,502
Sub-total	<u>748,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>748,246</u>
Restricted for:						
Capital projects	-	-	-	5,748,123	-	5,748,123
Library - operations	-	152,819	-	-	-	152,819
Library - future technology	-	21,303	-	-	-	21,303
Library - special projects	-	-	-	-	187,292	187,292
Debt service	-	-	27,460	-	271,486	298,946
TIF District No. 3	-	-	-	-	57,546	57,546
TIF District No. 4	-	-	-	-	147,024	147,024
Revolving loan	-	-	-	-	273,305	273,305
Sub-total	<u>-</u>	<u>174,122</u>	<u>27,460</u>	<u>5,748,123</u>	<u>936,653</u>	<u>6,886,358</u>
Committed to:						
Highway 92 storm sewer	-	-	-	-	102,630	102,630
Subdividers park deposits	-	-	-	-	112,685	112,685
Terrace trees	-	-	-	-	197,882	197,882
Future streets	-	-	-	-	82,313	82,313
Public broadcasting	-	-	-	-	50,676	50,676
Outreach / nutrition	-	-	-	-	57,332	57,332
Tourism Promotion	-	-	-	-	1	1
Welcome center	-	-	-	-	5,360	5,360
Employee retirement	-	-	-	-	334,095	334,095
Swimming pool	-	-	-	-	22,742	22,742
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>965,716</u>	<u>965,716</u>
Assigned to:						
Capital projects	-	-	-	827,208	-	827,208
Subsequent year's budget	8,558	-	-	-	-	8,558
Sub-total	<u>8,558</u>	<u>-</u>	<u>-</u>	<u>827,208</u>	<u>-</u>	<u>835,766</u>
Unassigned (deficit):	<u>1,016,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(596,995)</u>	<u>419,060</u>
Total Fund Balances	<u>\$ 1,772,859</u>	<u>\$ 174,122</u>	<u>\$ 27,460</u>	<u>\$ 6,575,331</u>	<u>\$ 1,305,374</u>	<u>\$ 9,855,146</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,084,841
Construction in progress	8,753,627
Other capital assets, net of accumulated depreciation	25,466,908
Less: Long-term debt outstanding	(7,266,393)
Plus: Unspent capital related debt proceeds	155,051
Less: Unamortized loss on refunding	2,715
Less: Unamortized premium on debt	(22,951)
Less: Construction payables	<u>(1,812,721)</u>
Total Net Investment in Capital Assets	<u>\$ 26,361,077</u>

NOTE IV - OTHER INFORMATION

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

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. 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>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category 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 \$212,279 in contributions from the village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

Pension Liability (asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the village reported an liability (asset) of \$186,795 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the village's proportion was 0.02266274%, which was an increase of 0.00002323% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the village recognized pension expense of \$471,241.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the village 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	\$ 70,611	\$ 587,193
Changes in assumptions	195,301	-
Net differences between projected and actual earnings on pension plan investments	929,806	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	22,714
Employer contributions subsequent to the measurement date	235,424	-
Totals	\$ 1,431,142	\$ 609,907

\$235,424 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 435,258	\$ 195,172
2019	435,257	195,172
2020	356,545	193,530
2021	(31,665)	25,987
2022	323	46

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% 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 long-term expected 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 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 2,457,409	\$ 186,795	\$ (1,561,681)

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>.

At December 31, 2017, the village reported a payable to the pension plan of \$54,896, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The village is 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. All of these 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. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The village has active construction projects as of December 31, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

The electric utility is one of 51 WPPI Energy member municipalities located throughout the State of Wisconsin. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

Forty-nine members, representing approximately 98% of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining two members have long-term contracts through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$388 million as of December 31, 2017.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Economic Development Incentive

The village has agreed to provide an economic development incentive in the amount of \$3,500,000 to Duluth Holdings, Inc. to help pay costs associated with this development. The development is within Tax Incremental District No. 5. The village plans to borrow for this payment, placing the proceeds in a segregated third party escrow account. These funds shall be the final funds used to complete the project. As of December 31, 2017, the village had not yet borrowed for this payment to the escrow account.

If the developed property does not have a property tax assessment of at least \$18,000,000 in any tax year commencing in the 2019 tax year, Duluth shall pay to the village the difference between what the property taxes would have been if the property had a property tax assessment of \$18,000,000 and the actual property taxes paid by the developer (the "shortfall payment") in the corresponding revenue year, commencing in revenue year 2020 and through year 2043.

Further, under any and all circumstances, Duluth agrees to guarantee, on an annual basis, full payment of the bond repayments.

In 2017, the village issued the following two municipal revenue obligations as part of development agreements:

Artisan Food Emporium

The amount to be paid to the developer shall be the lesser of the percentages of the available tax increment or \$35,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5. Interest on the municipal revenue obligation is not being charged.

Payments are scheduled to commence in 2019 through the year 2043. The balance of the commitment outstanding at year end was \$35,000.

Hoff Mall Project - Bus

The amount of the obligation was \$626,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5.

Payments are scheduled through the year 2043, and carry an interest rate of 4.0%. The balance of the commitment outstanding at year end was \$626,000.

These obligations do not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligations are not reported as liabilities in the accompanying financial statements.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Mount Horeb Area Joint Fire Department

The Village of Mount Horeb and the Village of Blue Mounds, and the Townships of Blue Mounds, Cross Plains, Perry, Primrose, Vermont and Springdale jointly operate the fire and EMS services, which is called the Mount Horeb Area Joint Fire Department (district) and provides fire and emergency medical services.

The governing body is made up of citizens from each community. Local representatives are appointed by the village president. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village is obligated by the joint venture agreement to remit an amount annually to the district. The village made a payment to the district of \$411,078 in 2017.

Financial information of the district as of December 31, 2017 is available directly from the district's office.

The village does not have an equity interest in the district.

E. SUBSEQUENT EVENTS

The Village Board approved a sewer rate increase effective May 1, 2018.

On February 15, 2018, the Village issued an anticipation note in the amount of \$3,800,000 with an interest rate of 2.83% per annum. This amount will be used for for the public purpose of paying the cost of development incentives in connection with the construction of Duluth Trading Company corporate headquarters.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 2,385,616	\$ 2,385,616	\$ 2,388,356	\$ 2,740
Payment in lieu of taxes - other	269	269	269	-
Interest on taxes	275	275	140	(135)
Taxes from other tax exempt entities	33,000	33,000	35,711	2,711
Total Taxes	<u>2,419,160</u>	<u>2,419,160</u>	<u>2,424,476</u>	<u>5,316</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	149,644	149,644	147,651	(1,993)
Fire insurance tax (2% fire dues)	20,000	20,000	24,994	4,994
State aid - law enforcement	6,000	6,000	1,920	(4,080)
State aid - transportation	423,073	423,073	422,158	(915)
State aid - emergency government	12,600	12,600	9,623	(2,977)
State aid - recycling	17,823	17,823	17,764	(59)
State aid - exempt computer	5,000	5,000	2,260	(2,740)
Total Intergovernmental Revenues	<u>634,140</u>	<u>634,140</u>	<u>626,370</u>	<u>(7,770)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	8,000	8,000	7,660	(340)
Operator licenses	1,800	1,800	2,080	280
Cigarette licenses	300	300	175	(125)
Bicycle licenses	-	-	4	4
Dog and cat licenses	1,500	1,500	1,549	49
Electrical licenses	150	150	-	(150)
Building permits	47,055	47,055	135,327	88,272
Zoning permits	2,000	2,000	3,100	1,100
Other permits	2,500	2,500	6,660	4,160
Total Licenses and Permits	<u>63,305</u>	<u>63,305</u>	<u>156,555</u>	<u>93,250</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	30,000	30,000	20,246	(9,754)
Parking violations	2,500	2,500	2,758	258
Total Fines, Forfeitures and Penalties	<u>32,500</u>	<u>32,500</u>	<u>23,004</u>	<u>(9,496)</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 100	\$ 100	\$ 140	\$ 40
Sale of materials and supplies	750	750	-	(750)
Other general government	3,800	3,800	5,520	1,720
Law enforcement fees	150	150	76	(74)
Community center	650	650	635	(15)
Recreation programs	216,750	216,750	260,945	44,195
Swimming pools	1,200	1,200	255	(945)
Parks - other fees	700	700	1,137	437
Shelter fees	3,600	3,600	3,213	(387)
Recycling and garbage charges	<u>385,095</u>	<u>385,095</u>	<u>393,972</u>	<u>8,877</u>
Total Public Charges for Services	<u>612,795</u>	<u>612,795</u>	<u>665,893</u>	<u>53,098</u>
INVESTMENT INCOME				
Interest on investments	<u>12,477</u>	<u>12,477</u>	<u>32,952</u>	<u>20,475</u>
MISCELLANEOUS REVENUES				
Rent	36,304	36,304	36,304	-
Sale of village property	100	100	-	(100)
Insurance recoveries-highway	1,500	1,500	9,296	7,796
Donations	700	700	10	(690)
Cable TV franchise fee	25,292	25,292	28,344	3,052
Miscellaneous revenue	<u>14,728</u>	<u>14,728</u>	<u>39,769</u>	<u>25,041</u>
Total Miscellaneous Revenues	<u>78,624</u>	<u>78,624</u>	<u>113,723</u>	<u>35,099</u>
 Total Revenues	 <u>3,853,001</u>	 <u>3,853,001</u>	 <u>4,042,973</u>	 <u>189,972</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Village board	\$ 28,627	\$ 28,627	\$ 24,722	\$ 3,905
Municipal court	59,805	59,805	59,275	530
Legal counseling	23,500	23,500	9,875	13,625
Codification of ordinances	2,500	2,500	950	1,550
Village president	4,906	4,906	4,306	600
Administrator	118,105	118,105	103,230	14,875
Clerk	94,089	94,089	88,643	5,446
Labor relations	10,000	10,000	-	10,000
Elections	11,878	11,878	10,958	920
Treasurer	52,750	52,750	50,044	2,706
Assessment of property	13,175	13,175	12,357	818
Independent auditing	41,000	41,000	36,285	4,715
Municipal building	41,283	41,283	38,868	2,415
Illegal taxes and refunds	-	-	227	(227)
Property and liability insurance	139,000	139,000	123,194	15,806
Other insurance	2,000	2,000	-	2,000
Other general government	32,543	32,543	26,839	5,704
Total General Government	<u>675,161</u>	<u>675,161</u>	<u>589,773</u>	<u>85,388</u>
PUBLIC SAFETY				
Police	427,488	427,488	420,460	7,028
Patrol	978,161	978,161	1,059,136	(80,975)
Criminal investigation	2,250	2,250	147	2,103
Training	19,869	19,869	5,147	14,722
Crossing guards	6,852	6,852	6,021	831
Fire protection	411,078	411,078	411,078	-
Ambulance	5,000	5,000	-	5,000
Inspection	45,025	45,025	40,640	4,385
Emergency government	3,000	3,000	-	3,000
Emergency communication system	14,593	14,593	6,812	7,781
Total Public Safety	<u>1,913,316</u>	<u>1,913,316</u>	<u>1,949,441</u>	<u>(36,125)</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Engineering	\$ 7,500	\$ 7,500	\$ 8,261	\$ (761)
Machinery and equipment	117,518	117,518	106,784	10,734
Street maintenance	127,953	127,953	117,443	10,510
Garages and sheds	71,411	71,411	47,739	23,672
Traffic control	24,097	24,097	29,018	(4,921)
Street cleaning	30,712	30,712	32,198	(1,486)
Snow and ice control	134,032	134,032	107,671	26,361
Street lighting	140,000	140,000	144,023	(4,023)
Sidewalks and crosswalks	10,299	10,299	10,478	(179)
Storm sewer maintenance	42,526	42,526	41,042	1,484
Refuse and garbage collection	250,164	250,164	255,078	(4,914)
Recycling	152,502	172,502	192,486	(19,984)
Repairs and maintenance	<u>3,960</u>	<u>3,960</u>	<u>3,630</u>	<u>330</u>
Total Public Works	<u>1,112,674</u>	<u>1,132,674</u>	<u>1,095,851</u>	<u>36,823</u>
CULTURE, RECREATION, AND EDUCATION				
Community center	38,808	38,808	35,822	2,986
Celebrations and entertainment	4,000	4,000	-	4,000
Parks	206,819	205,819	181,213	24,606
Recreation programs and events	120,812	120,812	143,338	(22,526)
Recreation director	147,688	147,688	145,175	2,513
Youth center	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total Culture, Recreation, and Education	<u>530,127</u>	<u>529,127</u>	<u>517,548</u>	<u>11,579</u>
CONSERVATION AND DEVELOPMENT				
Forestry	61,653	61,653	73,011	(11,358)
Planning	5,000	5,000	160	4,840
Economic development	7,500	57,500	50,000	7,500
Donation to Chamber of Commerce	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Conservation and Development	<u>79,153</u>	<u>129,153</u>	<u>128,171</u>	<u>982</u>
 Total Expenditures	 <u>4,310,431</u>	 <u>4,379,431</u>	 <u>4,280,784</u>	 <u>98,647</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(457,430)</u>	 <u>(526,430)</u>	 <u>(237,811)</u>	 <u>288,619</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfers in	\$ 11,100	\$ 61,100	\$ 59,787	\$ (1,313)
Transfer in - tax equivalent	420,593	433,211	431,278	(1,933)
Transfers out	<u>-</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total Other Financing Sources	<u>431,693</u>	<u>493,311</u>	<u>490,065</u>	<u>(3,246)</u>
Net Change in Fund Balance	(25,737)	(33,119)	252,254	285,373
FUND BALANCE - Beginning of Year	<u>1,520,605</u>	<u>1,520,605</u>	<u>1,520,605</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,494,868</u></u>	<u><u>\$ 1,487,486</u></u>	<u><u>\$ 1,772,859</u></u>	<u><u>\$ 285,373</u></u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
General property taxes	\$ 449,900	\$ 449,900	\$ 449,900	\$ -
INTERGOVERNMENTAL REVENUES				
County aid - libraries	170,013	170,013	170,008	(5)
PUBLIC CHARGES FOR SERVICES				
Library	24,150	24,150	24,635	485
INVESTMENT INCOME				
Interest on investments	500	500	205	(295)
MISCELLANEOUS REVENUES				
Donations	475	475	3,556	3,081
Miscellaneous revenue	-	-	2,065	2,065
Total Miscellaneous Revenues	475	475	5,621	5,146
Total Revenues	645,038	645,038	650,369	5,331
EXPENDITURES				
CULTURE, RECREATION AND EDUCATION				
Library	681,745	684,739	644,151	40,588
CAPITAL OUTLAY				
Library	7,000	7,000	9,300	(2,300)
Total Expenditures	688,745	691,739	653,451	38,288
OTHER FINANCING USES				
Net Change in Fund Balance	(43,707)	(46,701)	(3,082)	43,619
FUND BALANCE - Beginning of Year	177,204	177,204	177,204	-
FUND BALANCE - END OF YEAR	<u>\$ 133,497</u>	<u>\$ 130,503</u>	<u>\$ 174,122</u>	<u>\$ 43,619</u>

See auditors' report and accompanying notes to required supplementary information.

VILLAGE OF MOUNT HOREB

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/17	0.02266274%	\$ 186,795	\$ 2,844,098	6.57%	99.12%
12/31/16	0.02263951%	367,888	2,954,650	12.45%	98.20%
12/31/15	0.02196354%	(539,485)	2,777,106	19.43%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/17	\$ 235,424	\$ 235,424	\$ -	\$ 2,936,368	8.02%
12/31/16	212,520	212,520	-	2,844,098	7.47%
12/31/15	226,695	226,695	-	2,954,650	7.67%

See independent auditors' report and accompanying notes to the required supplementary information.

VILLAGE OF MOUNT HOREB

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

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

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

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

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

	Special Revenue Funds				
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees	Future Streets	Outreach/ Nutrition
ASSETS					
Cash and investments	\$ 102,630	\$ 89,055	\$ 197,882	\$ 82,313	\$ 62,228
Receivables					
Taxes	-	-	-	-	27,887
Accounts	-	23,630	-	-	1,189
Due from other funds	-	-	-	-	13,000
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 102,630</u>	<u>\$ 112,685</u>	<u>\$ 197,882</u>	<u>\$ 82,313</u>	<u>\$ 104,304</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,856
Accrued liabilities	-	-	-	-	2,229
Due to other funds	-	-	-	-	13,000
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,085</u>
Deferred Inflows of Resources					
Unearned revenues	-	-	-	-	27,887
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,887</u>
Fund Balances					
Restricted	-	-	-	-	-
Committed	102,630	112,685	197,882	82,313	57,332
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	<u>102,630</u>	<u>112,685</u>	<u>197,882</u>	<u>82,313</u>	<u>57,332</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 102,630</u>	<u>\$ 112,685</u>	<u>\$ 197,882</u>	<u>\$ 82,313</u>	<u>\$ 104,304</u>

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

Special Revenue Funds

Special Projects Fund	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool	Public Broadcasting
\$ -	\$ 5,360	\$ 346,609	\$ 273,305	\$ 191,504	\$ 24,935	\$ 70,761
-	-	20,000	-	-	33,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 366,609</u>	<u>\$ 273,305</u>	<u>\$ 191,504</u>	<u>\$ 57,935</u>	<u>\$ 70,761</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,212	\$ 2,057	\$ 19,643
-	-	-	-	-	-	442
-	-	12,514	-	-	136	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>12,514</u>	<u>-</u>	<u>4,212</u>	<u>2,193</u>	<u>20,085</u>
-	-	20,000	-	-	33,000	-
-	-	20,000	-	-	33,000	-
-	-	-	273,305	187,292	-	-
-	5,360	334,095	-	-	22,742	50,676
<u>-</u>	<u>5,360</u>	<u>334,095</u>	<u>273,305</u>	<u>187,292</u>	<u>22,742</u>	<u>50,676</u>
<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 366,609</u>	<u>\$ 273,305</u>	<u>\$ 191,504</u>	<u>\$ 57,935</u>	<u>\$ 70,761</u>

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds		
	Tourism Promotion Fund	TIF Debt Service	TIF District No. 3	TIF District No. 3 Amendment	TIF District No. 4
ASSETS					
Cash and investments	\$ -	\$ -	\$ 98,023	\$ -	\$ 214,886
Receivables					
Taxes	-	72,168	576,183	-	81,712
Accounts	18,287	-	-	-	-
Due from other funds	-	-	43,109	-	-
Advances to other funds	-	314,595	-	-	-
TOTAL ASSETS	<u>\$ 18,287</u>	<u>\$ 386,763</u>	<u>\$ 717,315</u>	<u>\$ -</u>	<u>\$ 296,598</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 16,092	\$ -	\$ -	\$ -	\$ 816
Accrued liabilities	-	-	-	-	-
Due to other funds	2,194	43,109	-	-	-
Advances from other funds	-	-	83,586	523,118	67,046
Total Liabilities	<u>18,286</u>	<u>43,109</u>	<u>83,586</u>	<u>523,118</u>	<u>67,862</u>
Deferred Inflows of Resources					
Unearned revenues	-	72,168	576,183	-	81,712
Total Deferred Inflows of Resources	<u>-</u>	<u>72,168</u>	<u>576,183</u>	<u>-</u>	<u>81,712</u>
Fund Balances					
Restricted	-	271,486	57,546	-	147,024
Committed	1	-	-	-	-
Unassigned (deficit)	-	-	-	(523,118)	-
Total Fund Balances	<u>1</u>	<u>271,486</u>	<u>57,546</u>	<u>(523,118)</u>	<u>147,024</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 18,287</u>	<u>\$ 386,763</u>	<u>\$ 717,315</u>	<u>\$ -</u>	<u>\$ 296,598</u>

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

TIF District No. 5	Total Nonmajor Governmental Funds
\$ 497,809	\$ 2,257,300
19,649	830,599
-	43,106
-	56,109
-	314,595
\$ 517,458	\$ 3,501,709

\$ 323,480	\$ 370,156
-	2,671
-	70,953
248,206	921,956
571,686	1,365,736

19,649	830,599
19,649	830,599

-	936,653
-	965,716
(73,877)	(596,995)
(73,877)	1,305,374

\$ 517,458	\$ 3,501,709
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VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds				
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees	Future Streets	Outreach / Nutrition
REVENUES					
Taxes	\$ -	\$ -	\$ 160	\$ -	\$ 26,887
Other taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Public charges for services	-	85,305	18,300	-	-
Intergovernmental charges for services	-	-	-	-	110,600
Investment income	989	553	1,886	793	497
Miscellaneous	-	10,129	100	-	20,772
Total Revenues	989	95,987	20,446	793	158,756
EXPENDITURES					
Current					
General government	-	-	-	-	-
Health and human services	-	-	-	-	152,680
Culture, recreation and education	-	1,963	-	-	-
Conservation and development	-	-	13,203	-	-
Capital Outlay	-	4,621	1,744	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	6,584	14,947	-	152,680
Excess (deficiency) of revenues over expenditures	989	89,403	5,499	793	6,076
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-
Payments to refunding escrow	-	-	-	-	-
Proceeds of refunding debt	-	-	-	-	-
Transfers in	-	-	-	-	28,300
Transfers out	-	(3,500)	-	-	(28,300)
Total Other Financing Sources (Uses)	-	(3,500)	-	-	-
Net Change in Fund Balances	989	85,903	5,499	793	6,076
FUND BALANCES (DEFICIT) - Beginning of Year	101,641	26,782	192,383	81,520	51,256
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 102,630	\$ 112,685	\$ 197,882	\$ 82,313	\$ 57,332

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

Special Revenue Funds						
Special Projects Fund	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool	Public Broadcasting
\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ 45,000	\$ -
-	-	-	-	-	-	-
-	-	-	-	12,010	-	-
-	-	-	-	-	77,198	-
-	-	-	-	-	-	-
-	-	3,454	81,060	28,003	-	-
-	-	-	49,598	1,500	12	52,640
<u>-</u>	<u>-</u>	<u>18,454</u>	<u>130,658</u>	<u>41,513</u>	<u>122,210</u>	<u>52,640</u>
-	-	41,565	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	17,145	131,157	48,999
1,524	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,524</u>	<u>-</u>	<u>41,565</u>	<u>-</u>	<u>17,145</u>	<u>131,157</u>	<u>48,999</u>
<u>(1,524)</u>	<u>-</u>	<u>(23,111)</u>	<u>130,658</u>	<u>24,368</u>	<u>(8,947)</u>	<u>3,641</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
(1,525)	-	(23,111)	130,658	24,368	(18,947)	3,641
<u>1,525</u>	<u>5,360</u>	<u>357,206</u>	<u>142,647</u>	<u>162,924</u>	<u>41,689</u>	<u>47,035</u>
<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 334,095</u>	<u>\$ 273,305</u>	<u>\$ 187,292</u>	<u>\$ 22,742</u>	<u>\$ 50,676</u>

	Special	Debt Service	Capital Projects Funds		
	Revenue Funds	Fund			
	Tourism	TIF Debt	TIF District No.	TIF District	TIF District No.
	Promotion Fund	Service	3	No. 3	4
				Amendment	
REVENUES					
Taxes	\$ -	\$ 56,137	\$ 501,525	\$ -	\$ 79,347
Other taxes	81,547	-	-	-	-
Intergovernmental	-	-	3,332	-	1,514
Public charges for services	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-
Investment income	-	-	1,870	-	1,999
Miscellaneous	-	-	-	-	-
Total Revenues	<u>81,547</u>	<u>56,137</u>	<u>506,727</u>	<u>-</u>	<u>82,860</u>
EXPENDITURES					
Current					
General government	71,760	-	3,815	-	4,296
Health and human services	-	-	-	-	-
Culture, recreation and education	-	-	-	-	-
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	338,968	-	-	-
Interest and fiscal charges	-	346,031	-	-	-
Total Expenditures	<u>71,760</u>	<u>684,999</u>	<u>3,815</u>	<u>-</u>	<u>4,296</u>
Excess (deficiency) of revenues over expenditures	<u>9,787</u>	<u>(628,862)</u>	<u>502,912</u>	<u>-</u>	<u>78,564</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Premium on long-term debt	-	199,945	-	-	-
Payments to refunding escrow	-	(3,162,955)	-	-	-
Proceeds of refunding debt	-	3,055,000	-	-	-
Transfers in	-	596,176	-	-	-
Transfers out	(9,786)	-	(517,717)	(56,138)	(22,321)
Total Other Financing Sources (Uses)	<u>(9,786)</u>	<u>688,166</u>	<u>(517,717)</u>	<u>(56,138)</u>	<u>(22,321)</u>
Net Change in Fund Balances	1	59,304	(14,805)	(56,138)	56,243
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>212,182</u>	<u>72,351</u>	<u>(466,980)</u>	<u>90,781</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1</u>	<u>\$ 271,486</u>	<u>\$ 57,546</u>	<u>\$ (523,118)</u>	<u>\$ 147,024</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

Capital Projects Funds	Total Nonmajor Governmental Funds
TIF District No. 5	
\$ -	\$ 724,056
-	81,547
84,321	101,177
-	180,803
-	110,600
309	121,413
650	135,401
<u>85,280</u>	<u>1,454,997</u>
40,927	162,363
-	152,680
-	199,264
233,405	248,132
292,198	298,563
-	338,968
-	346,031
<u>566,530</u>	<u>1,746,001</u>
<u>(481,250)</u>	<u>(291,004)</u>
500,000	500,000
-	199,945
-	(3,162,955)
-	3,055,000
-	624,476
<u>-</u>	<u>(647,763)</u>
<u>500,000</u>	<u>568,703</u>
18,750	277,699
<u>(92,627)</u>	<u>1,027,675</u>
<u>\$ (73,877)</u>	<u>\$ 1,305,374</u>