

VILLAGE OF MOUNT HOREB

Mount Horeb, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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, 2015, 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.

To the Village Board
Village of Mount Horeb

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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Mount Horeb adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 Vinchow Krause, LLP

Madison, Wisconsin
June 27, 2016

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, 2015

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, 2015. 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 \$52,529,835 (net position). Of this amount, \$5,362,541 is considered unrestricted net position, \$3,989,740 is restricted for specific purposes (restricted net position), and \$43,177,554 is the net investment in capital assets.
 - > The village's total net position increased by \$656,537. Governmental activities net position increased by \$90,502 while business-type net position increased by \$566,035.
 - > On December 31, 2015, the village's governmental funds reported combined fund balances of \$3,081,945, an increase of \$40,605 from 2014. Unassigned fund balance was \$593,021 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, 2015

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, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

The village maintains twenty (20) 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 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 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, 2015

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	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 8,548,938	\$ 8,178,935	\$ 7,545,748	\$ 6,892,583	\$ 16,094,686	\$ 15,071,518
Capital Assets	33,896,143	34,107,565	26,226,354	26,804,673	60,122,497	60,912,238
Total Assets	42,445,081	42,286,500	33,772,102	33,697,256	76,217,183	75,983,756
Deferred Outflows of Resources	642,410	266,708	174,130	7,896	816,540	274,604
Total Deferred Outflows	642,410	266,708	174,130	7,896	816,540	274,604
Long-term Liabilities	14,429,861	14,667,033	4,688,249	5,125,279	19,118,110	19,792,312
Other Liabilities	563,747	738,747	552,801	761,691	1,116,548	1,500,438
Total Liabilities	14,993,608	15,405,780	5,241,050	5,886,970	20,234,658	21,292,750
Deferred Inflows of Resources	4,265,703	4,156,653	3,527	3,450	4,269,230	4,160,103
Total Deferred Inflows	4,265,703	4,156,653	3,527	3,450	4,269,230	4,160,103
Net Investment in						
Capital Assets	21,728,425	21,641,046	22,658,856	22,790,449	43,177,554*	43,214,418
Restricted	1,273,238	705,451	2,716,502	2,674,082	3,989,740	3,379,533
Unrestricted	826,517	644,278	3,326,297	2,350,201	5,362,541*	4,211,556
Total Net Position	\$ 23,828,180	\$ 22,990,775	\$ 28,701,655	\$ 27,814,732	\$ 52,529,835	\$ 50,805,507

* Includes adjustment for utility assets financed with governmental activities debt. See Note I.D.11.

The largest portion of the village's net position (82%) 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 (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (10%) 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, 2015

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	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 870,263	\$ 842,076	\$ 9,085,394	\$ 9,016,438	\$ 9,955,657	\$ 9,858,514
Operating Grants and Contributions	727,771	806,913	-	-	727,771	806,913
Capital Grants and Contributions	153,224	294,191	70,175	123,995	223,399	418,186
General Revenues						
Property Taxes	4,157,525	4,156,862	-	-	4,157,525	4,156,862
Intergovernmental	235,453	222,008	-	-	235,453	222,008
Other	197,597	228,836	35,538	33,145	233,135	261,981
Total Revenues	<u>6,341,833</u>	<u>6,550,886</u>	<u>9,191,107</u>	<u>9,173,578</u>	<u>15,532,940</u>	<u>15,724,464</u>
Expenses:						
General Government	685,230	664,032	-	-	685,230	664,032
Public Safety	1,908,205	1,815,261	-	-	1,908,205	1,815,261
Public Works	1,799,585	1,644,954	-	-	1,799,585	1,644,954
Health and Human Services	132,454	123,438	-	-	132,454	123,438
Culture, Recreation and Education	1,519,326	1,635,989	-	-	1,519,326	1,635,989
Conservation and Development	152,236	406,293	-	-	152,236	406,293
Electric	-	-	5,891,559	6,091,715	5,891,559	6,091,715
Water	-	-	975,670	1,071,525	975,670	1,071,525
Sewer	-	-	1,373,064	1,352,258	1,373,064	1,352,258
Interest and Fiscal Charges	439,074	542,707	-	-	439,074	542,707
Total Expenses	<u>6,636,110</u>	<u>6,832,674</u>	<u>8,240,293</u>	<u>8,515,498</u>	<u>14,876,403</u>	<u>15,348,172</u>
Income (Loss) Before Transfers	(294,277)	(281,788)	950,814	658,080	656,537	376,292
Transfers	<u>384,779</u>	<u>396,450</u>	<u>(384,779)</u>	<u>(396,450)</u>	<u>-</u>	<u>-</u>
Changes in Net Position	90,502	114,662	566,035	261,630	656,537	376,292
Beginning Net Position (as restated)	<u>23,737,678</u>	<u>22,876,113</u>	<u>28,135,620</u>	<u>27,553,102</u>	<u>51,873,298</u>	<u>50,429,215</u>
Ending Net Position	<u>\$ 23,828,180</u>	<u>\$ 22,990,775</u>	<u>\$ 28,701,655</u>	<u>\$ 27,814,732</u>	<u>\$ 52,529,835</u>	<u>\$ 50,805,507</u>

The 2014 columns have not been restated.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2015

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 \$90,502 or approximately .38%.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$566,035 or approximately 2.01%

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, 2015, the village's governmental funds reported combined fund balances of \$3,081,945. Approximately 27% of this amount, \$818,994 is restricted for specific projects or expenditures. An additional \$593,021 constitutes unassigned fund balance, which is available to meet the village's current and future needs. Another \$931,517 is committed and \$310,654 is assigned. The remaining \$427,759 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 decreased \$71,597 or approximately 5%. Unassigned fund balance decreased \$28,101. The amount currently assigned to the 2016 budget is reported as assigned fund balance and totals \$26,658. In addition, nonspendable fund balances increased \$5,496 due an increase in prepaid items. Overall, the general fund balance decreased less than what was budgeted for due to higher than expected revenues for charges for services and the village's overall effort to reduce expenditures.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2015

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 \$1,002,964 and the 2016 general fund expenditure budget is \$4,244,387, resulting in an unassigned fund balance of 24%, which is within the village's policy.

Library

The village's library fund accounts for the activities of the library. The fund balance is \$328,220, an increase of \$156,656 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 \$48,261 is restricted for future debt service.

General Capital Projects

The village's general capital projects accounts for funding of general village projects. The fund balance is \$283,996, a decrease of \$96,555 from the prior year.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$964,087 and is comprised of nonspendable, 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, 2015, the village's proprietary funds reported combined net position of \$28,701,655.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2015

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

GOVERNMENTAL FUNDS (cont.)

Electric Utility

The electric utility net position increased \$255,801 or 3.29%. Operating revenues increased \$67,398 or 1.09%. Operating expenses decreased \$55,104 or less than one percent.

Water Utility

The water utility net position decreased \$125,796 or 1.48%. Operating revenues decreased \$11,775 or 1.12%. Operating expenses decreased \$139,998 or 14.20%.

Sewer Utility

The sewer utility net position increased \$436,030 or 3.68%. Operating revenues increased \$13,333 or .75%. Operating expenses decreased \$19,887 or 1.47%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total expenditure appropriations were \$4,179,390 and actual was \$4,157,305 resulting in a \$22,085 favorable variance. The primary reason for this was:

- > Many departments held expenditures within budgeted amounts.
- > There were fewer administrator and snow and ice control expenditures than budgeted.
- > Machinery and equipment purchases were less than budgeted.

Total revenues and other sources were \$4,085,708; \$28,998 more than the budget. The primary reason for this was:

- > Recreational programs exceeded the budget by \$72,982 which was the largest positive variance.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2015

CAPITAL ASSETS

At the end of 2015, the village had invested a total of \$60,122,497 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	
	2015	2014	2015	2014	2015	2014
Land and other assets not being depreciated	\$ 5,474,486	\$ 5,474,486	\$ 616,945	\$ 396,900	\$ 6,091,431	\$ 5,871,386
Land improvements	1,172,932	1,128,043	-	-	1,172,932	1,128,043
Buildings	4,331,466	4,331,466	-	-	4,331,466	4,331,466
Machinery and equipment	2,580,059	2,540,027	-	-	2,580,059	2,540,027
Infrastructure	33,488,647	33,072,749	-	-	33,488,647	33,072,749
Utility plant	-	-	45,553,066	45,172,799	45,553,066	45,172,799
Total Capital Assets	47,047,590	46,546,771	46,170,011	45,569,699	93,217,601	92,116,470
Less: Accumulated Depreciation	(13,151,447)	(12,439,206)	(19,943,657)	(18,765,026)	(33,095,104)	(31,204,232)
Net Capital Assets	<u>\$ 33,896,143</u>	<u>\$ 34,107,565</u>	<u>\$ 26,226,354</u>	<u>\$ 26,804,673</u>	<u>\$ 60,122,497</u>	<u>\$ 60,912,238</u>

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

- > Storm sewer improvements
- > Utility plant additions

See Note III.D. for additional information.

LONG-TERM DEBT

At December 31, 2015, the village had \$18,411,777 of long-term bonds and loans outstanding. \$3,902,944 of this is revenue debt, and the rest relates to general obligation issues.

At the end of the year, the village was at 47% 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, 2015

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2016 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 Cheryl Sutter, Finance Manager at 608 437 6884 or Cheryl.Sutter@mounthorebwi.info.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION

As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 2,978,757	\$ 3,327,874	\$ 6,306,631
Receivables (net)			
Taxes	4,324,789	-	4,324,789
Delinquent personal property taxes	2,538	-	2,538
Accounts	19,252	666,896	686,148
Special assessments	128,677	-	128,677
Loans	209,451	-	209,451
Interest	4,465	5,426	9,891
Internal balances	445,863	(445,863)	-
Prepaid items and inventories	57,785	140,878	198,663
Other noncurrent assets	-	913,328	913,328
Restricted Assets			
Cash and investments	-	2,775,085	2,775,085
Net pension asset	377,361	162,124	539,485
Capital Assets (net of accumulated depreciation)			
Land	5,474,486	171,513	5,645,999
Construction in progress	-	445,432	445,432
Other capital assets, net of depreciation	<u>28,421,657</u>	<u>25,609,409</u>	<u>54,031,066</u>
Total Assets	<u>42,445,081</u>	<u>33,772,102</u>	<u>76,217,183</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	244,483	5,909	250,392
Pension related amounts	<u>397,927</u>	<u>168,221</u>	<u>566,148</u>
Total Deferred Outflows of Resources	<u>642,410</u>	<u>174,130</u>	<u>816,540</u>
LIABILITIES			
Accounts payable and accrued expenses	558,992	540,725	1,099,717
Deposits	4,755	-	4,755
Other noncurrent liabilities	-	12,076	12,076
Noncurrent Liabilities			
Due within one year	1,225,561	591,470	1,817,031
Due in more than one year	<u>13,204,300</u>	<u>4,096,779</u>	<u>17,301,079</u>
Total Liabilities	<u>14,993,608</u>	<u>5,241,050</u>	<u>20,234,658</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	4,257,492	-	4,257,492
Pension related amounts	<u>8,211</u>	<u>3,527</u>	<u>11,738</u>
Total Deferred Inflows of Resources	<u>4,265,703</u>	<u>3,527</u>	<u>4,269,230</u>
NET POSITION			
Net investment in capital assets	21,728,425	22,658,856	43,177,554
Restricted for			
Debt service	261,386	2,259,619	2,521,005
Library	328,220	-	328,220
TIF districts	42,861	-	42,861
Pension	377,361	162,124	539,485
Equipment replacement	-	153,144	153,144
Revolving loans	263,410	-	263,410
Connection fees	-	141,615	141,615
Unrestricted net assets	<u>826,517</u>	<u>3,326,297</u>	<u>5,362,541</u>
TOTAL NET POSITION	<u><u>\$ 23,828,180</u></u>	<u><u>\$ 28,701,655</u></u>	<u><u>\$ 52,529,835</u></u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 685,230	\$ 66,595	\$ 6,269	\$ -
Public safety	1,908,205	21,049	36,519	-
Public works	1,799,585	414,590	426,820	150,124
Health and human services	132,454	-	77,211	-
Culture, recreation and education	1,519,326	368,029	180,952	-
Conservation and development	152,236	-	-	3,100
Interest and fiscal charges	439,074	-	-	-
Total Governmental Activities	6,636,110	870,263	727,771	153,224
Business-type Activities				
Electric	5,891,559	6,263,780	-	38,399
Water	975,670	1,038,938	-	15,776
Sewer	1,373,064	1,782,676	-	16,000
Total Business-type Activities	8,240,293	9,085,394	-	70,175
Total	\$ 14,876,403	\$ 9,955,657	\$ 727,771	\$ 223,399

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 (as restated)

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>
\$ (612,366)	\$ -	\$ (612,366)
(1,850,637)	-	(1,850,637)
(808,051)	-	(808,051)
(55,243)	-	(55,243)
(970,345)	-	(970,345)
(149,136)	-	(149,136)
<u>(439,074)</u>	<u>-</u>	<u>(439,074)</u>
<u>(4,884,852)</u>	<u>-</u>	<u>(4,884,852)</u>
-	410,620	410,620
-	79,044	79,044
-	<u>425,612</u>	<u>425,612</u>
-	<u>915,276</u>	<u>915,276</u>
<u>(4,884,852)</u>	<u>915,276</u>	<u>(3,969,576)</u>
3,269,508	-	3,269,508
385,000	-	385,000
503,017	-	503,017
27,674	-	27,674
235,453	-	235,453
39,859	35,538	75,397
762	-	762
<u>129,302</u>	<u>-</u>	<u>129,302</u>
<u>4,590,575</u>	<u>35,538</u>	<u>4,626,113</u>
<u>384,779</u>	<u>(384,779)</u>	<u>-</u>
<u>4,975,354</u>	<u>(349,241)</u>	<u>4,626,113</u>
90,502	566,035	656,537
<u>23,737,678</u>	<u>28,135,620</u>	<u>51,873,298</u>
<u>\$ 23,828,180</u>	<u>\$ 28,701,655</u>	<u>\$ 52,529,835</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General Fund	Library	General Debt Service	General Capital Projects
ASSETS				
Cash and investments	\$ 874,365	\$ 351,044	\$ 48,261	\$ 365,066
Receivables				
Taxes	2,373,669	436,796	510,048	422,000
Delinquent personal property tax	2,538	-	-	-
Accounts	17,841	13	-	-
Special assessments	-	-	128,677	-
Loans	8,281	-	-	-
Interest	4,465	-	-	-
Due from other funds	462,719	-	-	-
Advances to other funds	359,155	-	-	-
Prepaid items	57,785	-	-	-
	<u>\$ 4,160,818</u>	<u>\$ 787,853</u>	<u>\$ 686,986</u>	<u>\$ 787,066</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 175,953	\$ 16,963	\$ -	\$ 81,070
Accrued liabilities	140,099	5,874	-	-
Due to other funds	7,117	-	-	-
Deposits	4,755	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>327,924</u>	<u>22,837</u>	<u>-</u>	<u>81,070</u>
Deferred Inflows of Resources				
Unearned revenues	2,366,270	436,796	450,150	422,000
Unavailable revenues	9,243	-	188,575	-
Total Deferred Inflows of Resources	<u>2,375,513</u>	<u>436,796</u>	<u>638,725</u>	<u>422,000</u>
Fund Balances (Deficit)				
Nonspendable	427,759	-	-	-
Restricted	-	328,220	48,261	-
Committed	-	-	-	-
Assigned	26,658	-	-	283,996
Unassigned (deficit)	1,002,964	-	-	-
Total Fund Balances	<u>1,457,381</u>	<u>328,220</u>	<u>48,261</u>	<u>283,996</u>
	<u>\$ 4,160,818</u>	<u>\$ 787,853</u>	<u>\$ 686,986</u>	<u>\$ 787,066</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,340,021	\$ 2,978,757
582,276	4,324,789
-	2,538
1,398	19,252
-	128,677
201,170	209,451
-	4,465
49,020	511,739
201,420	560,575
<u>-</u>	<u>57,785</u>
<u>\$ 2,375,305</u>	<u>\$ 8,798,028</u>

\$ 6,595	\$ 280,581
1,843	147,816
58,759	65,876
-	4,755
<u>560,575</u>	<u>560,575</u>
<u>627,772</u>	<u>1,059,603</u>

582,276	4,257,492
<u>201,170</u>	<u>398,988</u>
<u>783,446</u>	<u>4,656,480</u>

-	427,759
442,513	818,994
931,517	931,517
-	310,654
<u>(409,943)</u>	<u>593,021</u>
<u>964,087</u>	<u>3,081,945</u>

<u>\$ 2,375,305</u>	<u>\$ 8,798,028</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, 2015

Total Fund Balances - Governmental Funds	\$ 3,081,945
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	5,474,486
Other capital assets	28,421,657
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.	
	398,988
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	
	377,361
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	397,927
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	
	(8,211)
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	(13,763,833)
Compensated absences	(434,550)
Compensated absences - retirees	(103,383)
Accrued interest	(130,595)
Unamortized debt discount (premium)	(128,095)
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>244,483</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 23,828,180</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

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

For the Year Ended December 31, 2015

	General Fund	Library	General Debt Service	General Capital Projects
REVENUES				
Taxes	\$ 2,232,921	\$ 424,074	\$ 385,040	\$ 553,500
Intergovernmental	631,315	169,891	-	24,847
Licenses and permits	59,510	-	-	-
Fines, forfeitures and penalties	20,827	-	-	-
Public charges for services	639,410	26,850	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	143,720	-
Investment income	17,172	146	6,998	-
Miscellaneous	99,774	2,386	-	22,000
Total Revenues	3,700,929	623,347	535,758	600,347
EXPENDITURES				
Current				
General government	603,119	-	-	-
Public safety	1,873,112	-	-	-
Public works	1,012,458	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	541,032	609,640	-	-
Conservation and development	127,584	-	-	-
Capital Outlay	-	6,715	-	782,664
Debt Service				
Principal	-	-	718,116	-
Interest and fiscal charges	-	-	184,695	-
Total Expenditures	4,157,305	616,355	902,811	782,664
Excess (deficiency) of revenues over expenditures	(456,376)	6,992	(367,053)	(182,317)
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	762
Long-term debt issued	-	-	-	500,000
Transfers in	384,779	149,664	415,000	-
Transfers out	-	-	-	(415,000)
Total Other Financing Sources (Uses)	384,779	149,664	415,000	85,762
Net Change in Fund Balances	(71,597)	156,656	47,947	(96,555)
FUND BALANCES - Beginning of Year	1,528,978	171,564	314	380,551
FUND BALANCES - END OF YEAR	\$ 1,457,381	\$ 328,220	\$ 48,261	\$ 283,996

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 590,227	\$ 4,185,762
13,242	839,295
-	59,510
-	20,827
78,526	744,786
89,412	89,412
-	143,720
21,991	46,307
<u>89,218</u>	<u>213,378</u>
<u>882,616</u>	<u>6,342,997</u>
33,044	636,163
-	1,873,112
-	1,012,458
133,766	133,766
153,192	1,303,864
23,236	150,820
12,733	802,112
97,966	816,082
<u>274,861</u>	<u>459,556</u>
<u>728,798</u>	<u>7,187,933</u>
<u>153,818</u>	<u>(844,936)</u>
-	762
-	500,000
372,827	1,322,270
<u>(522,491)</u>	<u>(937,491)</u>
<u>(149,664)</u>	<u>885,541</u>
4,154	40,605
<u>959,933</u>	<u>3,041,340</u>
<u>\$ 964,087</u>	<u>\$ 3,081,945</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, 2015

Net change in fund balances - total governmental funds	\$	40,605
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		802,112
Some items reported as capital outlay were not capitalized		(148,247)
Depreciation is reported in the government-wide financial statements		(865,287)
<p>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.</p>		
Special assessments		6,404
Loans		(8,330)
<p>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.</p>		
Debt issued		(500,000)
Principal repaid		816,082
<p>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.</p>		
Amortization of debt discount/premium		15,444
Amortization of loss on advance refunding		(22,225)
<p>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.</p>		
Compensated absences		(4,806)
Compensated absences - retirees		(89,548)
Accrued interest on debt		28,124
Net pension asset/liability		(214,886)
Deferred outflows of resources related to pensions		243,271
Deferred inflows of resources related to pensions		(8,211)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>90,502</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 795,300	\$ 534,305	\$ 1,441,582	\$ 2,771,187
Receivables				
Accounts receivable	454,147	74,538	138,211	666,896
Interest	3,677	-	1,749	5,426
Due from other funds	11,776	1,187	6,638	19,601
Inventories	126,243	14,635	-	140,878
Current portion of advance	25,000	-	-	25,000
Restricted Assets				
Redemption account	<u>68,293</u>	<u>91,637</u>	<u>159,709</u>	<u>319,639</u>
Total Current Assets	<u>1,484,436</u>	<u>716,302</u>	<u>1,747,889</u>	<u>3,948,627</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	53,736	201,514	-	255,250
Depreciation account	1,676,989	228,448	-	1,905,437
Net pension asset	79,271	30,934	51,919	162,124
Replacement account	-	-	153,144	153,144
Connection fee account	-	-	141,615	141,615
Capital Assets				
Property and equipment	13,408,724	13,709,631	18,606,224	45,724,579
Construction work in progress	387,242	-	58,190	445,432
Less: Accumulated depreciation	(7,420,952)	(4,345,094)	(8,177,611)	(19,943,657)
Other Assets				
Depreciation account	-	-	556,687	556,687
Property held for future use	-	-	913,328	913,328
Advance to other funds	79,000	-	-	79,000
Total Noncurrent Assets	<u>8,264,010</u>	<u>9,825,433</u>	<u>12,303,496</u>	<u>30,392,939</u>
Total Assets	<u>9,748,446</u>	<u>10,541,735</u>	<u>14,051,385</u>	<u>34,341,566</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	5,909	-	-	5,909
Pension related amounts	<u>81,785</u>	<u>31,667</u>	<u>54,769</u>	<u>168,221</u>
Total Deferred Outflows of Resources	<u>87,694</u>	<u>31,667</u>	<u>54,769</u>	<u>174,130</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	450,102	22,466	37,114	509,682
Accrued liabilities	7,368	3,459	5,693	16,520
Accrued interest	3,313	1,054	342	4,709
Commitment to community	(9,379)	-	-	(9,379)
Due to other funds	205,559	239,522	20,383	465,464
Current portion of general obligation debt	100,000	-	145,000	245,000
Current portion of advance	-	25,000	-	25,000
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	125,000	150,000	71,470	346,470
Accrued interest	5,268	6,825	7,100	19,193
Total Current Liabilities	<u>887,231</u>	<u>448,326</u>	<u>287,102</u>	<u>1,622,659</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt (including unamortized premium)	514,366	-	-	514,366
Revenue bonds (including unamortized discount)	395,000	1,638,347	1,549,066	3,582,413
Advances from other funds	-	79,000	-	79,000
Customer deposits	-	12,076	-	12,076
Total Noncurrent Liabilities	<u>909,366</u>	<u>1,729,423</u>	<u>1,549,066</u>	<u>4,187,855</u>
Total Liabilities	<u>1,796,597</u>	<u>2,177,749</u>	<u>1,836,168</u>	<u>5,810,514</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>1,725</u>	<u>673</u>	<u>1,129</u>	<u>3,527</u>
Total Deferred Inflows of Resources	<u>1,725</u>	<u>673</u>	<u>1,129</u>	<u>3,527</u>
NET POSITION				
Net investment in capital assets	5,246,557	7,777,704	9,634,595	22,658,856
Restricted for				
Debt requirements	1,793,750	313,260	152,609	2,259,619
Connection fees	-	-	141,615	141,615
Equipment replacement	-	-	153,144	153,144
Pension	79,271	30,934	51,919	162,124
Unrestricted net position	<u>918,240</u>	<u>273,082</u>	<u>2,134,975</u>	<u>3,326,297</u>
TOTAL NET POSITION	<u>\$ 8,037,818</u>	<u>\$ 8,394,980</u>	<u>\$ 12,268,857</u>	<u>\$ 28,701,655</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, 2015

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 6,200,960	\$ 980,634	\$ 1,767,155	\$ 8,948,749
Other operating revenue	<u>62,820</u>	<u>58,304</u>	<u>15,521</u>	<u>136,645</u>
Total Operating Revenues	<u>6,263,780</u>	<u>1,038,938</u>	<u>1,782,676</u>	<u>9,085,394</u>
OPERATING EXPENSES				
Operation and maintenance	5,386,301	508,003	800,767	6,695,071
Depreciation	<u>440,377</u>	<u>337,987</u>	<u>528,789</u>	<u>1,307,153</u>
Total Operating Expenses	<u>5,826,678</u>	<u>845,990</u>	<u>1,329,556</u>	<u>8,002,224</u>
Operating Income	<u>437,102</u>	<u>192,948</u>	<u>453,120</u>	<u>1,083,170</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	19,162	5,958	10,418	35,538
Interest expense	(37,716)	(64,901)	(45,664)	(148,281)
Interest charged to construction	9,604	-	-	9,604
Amortization of debt premium (discount)	4,831	(17,506)	2,156	(10,519)
Debt issuance costs	-	(47,273)	-	(47,273)
Loss on retirement	(39,613)	-	-	(39,613)
Amortization of loss on advance refunding	<u>(1,987)</u>	<u>-</u>	<u>-</u>	<u>(1,987)</u>
Total Nonoperating Revenues (Expenses)	<u>(45,719)</u>	<u>(123,722)</u>	<u>(33,090)</u>	<u>(202,531)</u>
Income Before Contributions and Transfers	<u>391,383</u>	<u>69,226</u>	<u>420,030</u>	<u>880,639</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	38,399	15,776	16,000	70,175
Transfers out	<u>(173,981)</u>	<u>(210,798)</u>	<u>-</u>	<u>(384,779)</u>
Total Contributions and Transfers	<u>(135,582)</u>	<u>(195,022)</u>	<u>16,000</u>	<u>(314,604)</u>
Change in Net Position	255,801	(125,796)	436,030	566,035
NET POSITION - Beginning of Year (as restated)	<u>7,782,017</u>	<u>8,520,776</u>	<u>11,832,827</u>	<u>28,135,620</u>
NET POSITION - END OF YEAR	<u>\$ 8,037,818</u>	<u>\$ 8,394,980</u>	<u>\$ 12,268,857</u>	<u>\$ 28,701,655</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 6,121,018	\$ 1,121,594	\$ 1,781,758	\$ 9,024,370
Received from other funds for services	140,758	-	-	140,758
Paid to suppliers for goods and services	(5,108,768)	(347,810)	(537,250)	(5,993,828)
Paid to employees for services	(413,903)	(172,216)	(325,013)	(911,132)
Net Cash Flows From Operating Activities	<u>739,105</u>	<u>601,568</u>	<u>919,495</u>	<u>2,260,168</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	-	147,970	-	147,970
Investments purchased	(138,026)	-	(239,988)	(378,014)
Investment income	17,349	5,647	12,734	35,730
Net Cash Flows From Investing Activities	<u>(120,677)</u>	<u>153,617</u>	<u>(227,254)</u>	<u>(194,314)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(173,981)	(218,682)	-	(392,663)
Advances repaid from other funds	28,020	-	-	28,020
Net Cash Flows From Noncapital Financing Activities	<u>(145,961)</u>	<u>(218,682)</u>	<u>-</u>	<u>(364,643)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	1,789,753	54,973	1,844,726
Debt retired	(215,000)	(1,870,000)	(207,275)	(2,292,275)
Debt issuance costs	-	(47,273)	-	(47,273)
Interest paid	(39,098)	(70,835)	(46,722)	(156,655)
Acquisition and construction of capital assets	(496,588)	(452,055)	(333,063)	(1,281,706)
Capital contributions received	38,399	15,776	16,000	70,175
Repayment of capital related advances	-	(23,000)	-	(23,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(712,287)</u>	<u>(657,634)</u>	<u>(516,087)</u>	<u>(1,886,008)</u>
Net Change in Cash and Cash Equivalents	(239,820)	(121,131)	176,154	(184,797)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,258,766</u>	<u>1,177,035</u>	<u>1,893,001</u>	<u>5,328,802</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,018,946</u>	<u>\$ 1,055,904</u>	<u>\$ 2,069,155</u>	<u>\$ 5,144,005</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	\$ 437,102	\$ 192,948	\$ 453,120	\$ 1,083,170
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	440,377	337,987	528,789	1,307,153
Depreciation charged to other funds	25,159	23,672	-	48,831
Changes in assets and liabilities				
Accounts receivable	5,302	839	202	6,343
Due from other funds	(9,655)	58,581	(1,120)	47,806
Inventories	(25,281)	(454)	-	(25,735)
Accounts payable	(102,344)	(10,412)	(8,568)	(121,324)
Due to other funds	(29,747)	(457)	(50,130)	(80,334)
Customer deposits	-	(436)	-	(436)
Commitment to community	4,074	-	-	4,074
Unearned revenues	(1,725)	-	-	(1,725)
Pension related deferrals and liabilities	(4,157)	(700)	(2,798)	(7,655)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 739,105	\$ 601,568	\$ 919,495	\$ 2,260,168
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 795,300	\$ 534,305	\$ 1,441,582	\$ 2,771,187
Redemption account	68,293	91,637	159,709	319,639
Reserve account	53,736	201,514	-	255,250
Depreciation account	1,676,989	228,448	556,687	2,462,124
Replacement account	-	-	153,144	153,144
Connection fee account	-	-	141,615	141,615
Total Cash and Investments	2,594,318	1,055,904	2,452,737	6,102,959
Less: Noncash equivalents	(575,372)	-	(383,582)	(958,954)
CASH AND CASH EQUIVALENTS	\$ 2,018,946	\$ 1,055,904	\$ 2,069,155	\$ 5,144,005
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Unrealized loss on investments	\$ (3,062)	\$ 1,167	\$ 3,209	
Interest charged to construction	\$ 9,604	\$ -	\$ -	

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2015

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 6,301,160
Taxes receivable	<u>1,987,090</u>
TOTAL ASSETS	<u>\$ 8,288,250</u>
LIABILITIES	
Due to other governments	<u>\$ 8,288,250</u>
TOTAL LIABILITIES	<u>\$ 8,288,250</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, 2015

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, 2015

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 2015 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

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

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.

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, 2015

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

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

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, 2015

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, 2015

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, 2015

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 quoted market prices. 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, 2015

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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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 electric, 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 grant funds for economic development 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 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, 2015

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 fair 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. \$9,604 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, 2015

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. Other Assets

The sewer utility has purchased land with the intent of it being the future site of a wastewater treatment plant expansion. This is recorded as property held for future use.

7. 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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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. 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.

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 \$5,433. The number of participants currently eligible to receive benefits is one. The total amount outstanding at year end is \$103,383 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, 2015, are determined on the basis of current salary rates and include salary related payments.

9. 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 and accrued compensated absences.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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.)

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

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.

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 \$5,162,926, made up of two issues.

10. 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.

11. 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."

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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.)

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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	\$ 21,728,425	\$ 22,658,856	\$ (1,209,727)	\$ 43,177,554
Unrestricted	826,517	3,326,297	1,209,727	5,362,541

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

- 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.

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 \$1,002,964, or 24%, and is included in unassigned general fund balance.

See Note III. G. for further information.

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 August of 2014 and are designed to provide a 7.00% return on the rate base.

Sewer Utility

Current sewer rates were approved by the utility commission and became effective in July of 2013.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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
General capital projects	\$ 1,141,500	\$ 1,197,664	\$ 56,164
Subdividers park deposits	9,000	14,903	5,903
Special projects fund	-	3,100	3,100
Employee retirement fund	18,963	22,773	3,810
Library special projects	5,000	157,479	152,479
TIF District No. 4	25,871	28,992	3,121

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, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 3 Amendment	\$ 409,943	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, 2015

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 13,498,225	\$ 12,459,860	Custodial credit
Money markets	26,728	26,728	Custodial credit
Mutual funds	138,388	138,388	N/A
State and local bonds	1,717,910	1,717,910	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,625	-	N/A
Total Deposits and Investments	\$ 15,382,876	\$ 14,342,886	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 6,306,631		
Restricted cash and investments	2,775,085		
Per statement of assets and liabilities			
Agency Fund	6,301,160		
Total Deposits and Investments	\$ 15,382,876		

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).

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 maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$17,559,568 to secure the village's deposits.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

As of December 31, 2015, the village's various state and local bonds were rated AAA, A+, AA-, and SP-1+ by Standard & Poors and Aa2, Aa3, and MIG1 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 AAA, BBB, 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, 2015, the village held eight state and local bond issues that exceeded 5% of the total investment portfolio. These bond issues range from 5% to 13% of the portfolio.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2015, 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	\$ 1,717,910	\$ 942,397	\$ 775,513	\$ -
Mutual funds - bond funds	<u>19,959</u>	<u>-</u>	<u>8,721</u>	<u>11,238</u>
Totals	<u>\$ 1,737,869</u>	<u>\$ 942,397</u>	<u>\$ 784,234</u>	<u>\$ 11,238</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	Nonmajor and Other Funds	Totals
Amounts not expected to be collected within one year	<u>\$ 10,819</u>	<u>\$ 128,677</u>	<u>\$ 201,170</u>	<u>\$ 340,666</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 4,257,492	\$ -
Special assessments not yet due	-	189,537
Loans receivable	-	209,451
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 4,257,492	 \$ 398,988

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.

Equipment Replacement Account

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

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Connection Fee Account

The sewer utility has received connection fees which must be spent in accordance with local ordinances.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets for the business-type activities at December 31, 2015:

Restricted Assets	
Redemption account	\$ 319,639
Reserve account	255,250
Depreciation account	1,905,437
Replacement account	153,144
Connection fee account	141,615
Net pension asset	<u>162,124</u>
Total Restricted Assets	2,937,209
Less: Restricted assets not funded by revenues	
Reserve from borrowing	(201,514)
Current Liabilities Payable From Restricted Assets	<u>(19,193)</u>
Total Restricted Net Position	<u><u>\$ 2,716,502</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,474,486	\$ -	\$ -	\$ 5,474,486
Total Capital Assets Not Being Depreciated	<u>5,474,486</u>	<u>-</u>	<u>-</u>	<u>5,474,486</u>
Capital assets being depreciated				
Land improvements	1,128,043	44,889	-	1,172,932
Buildings	4,331,466	-	-	4,331,466
Machinery and equipment	2,540,027	40,032	-	2,580,059
Streets	24,492,260	245,176	65,952	24,671,484
Storm sewers	5,366,688	323,768	87,094	5,603,362
Street lighting	541,762	-	-	541,762
Sidewalks	<u>2,672,039</u>	<u>-</u>	<u>-</u>	<u>2,672,039</u>
Total Capital Assets Being Depreciated	<u>41,072,285</u>	<u>653,865</u>	<u>153,046</u>	<u>41,573,104</u>
Total Capital Assets	<u>46,546,771</u>	<u>653,865</u>	<u>153,046</u>	<u>47,047,590</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (501,099)	\$ (49,145)	\$ -	\$ (550,244)
Buildings	(1,563,600)	(111,247)	-	(1,674,847)
Machinery and equipment	(994,670)	(169,662)	-	(1,164,332)
Streets	(6,895,800)	(381,198)	65,952	(7,211,046)
Storm sewers	(1,224,074)	(93,389)	87,094	(1,230,369)
Street lighting	(61,811)	(7,205)	-	(69,016)
Sidewalks	(1,198,152)	(53,441)	-	(1,251,593)
Total Accumulated Depreciation	(12,439,206)	(865,287)	153,046	(13,151,447)
Net Capital Assets Being Depreciated	28,633,079	(211,422)	-	28,421,657
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 34,107,565	\$ (211,422)	\$ -	\$ 33,896,143

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 17,148
Public safety	38,975
Public works, which includes the depreciation of infrastructure	605,950
Culture, recreation and education	203,214
Total Governmental Activities Depreciation Expense	\$ 865,287

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	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	<u>225,387</u>	<u>161,855</u>	<u>-</u>	<u>387,242</u>
Total Capital Assets Not Being Depreciated	<u>277,656</u>	<u>161,855</u>	<u>-</u>	<u>439,511</u>
Capital assets being depreciated				
Distribution	10,527,629	312,311	104,624	10,735,316
General	<u>2,599,596</u>	<u>61,683</u>	<u>40,140</u>	<u>2,621,139</u>
Total Capital Assets Being Depreciated	<u>13,127,225</u>	<u>373,994</u>	<u>144,764</u>	<u>13,356,455</u>
Total Capital Assets	<u>13,404,881</u>	<u>535,849</u>	<u>144,764</u>	<u>13,795,966</u>
Less: Accumulated depreciation for				
Electric plant	<u>(7,038,318)</u>	<u>(487,787)</u>	<u>105,153</u>	<u>(7,420,952)</u>
Total Accumulated Depreciation	<u>(7,038,318)</u>	<u>(487,787)</u>	<u>105,153</u>	<u>(7,420,952)</u>
Net Capital Assets Being Depreciated	<u>6,088,907</u>	<u>(113,793)</u>	<u>39,611</u>	<u>5,935,503</u>
Net Electric Capital Assets	<u>\$ 6,366,563</u>	<u>\$ 48,062</u>	<u>\$ 39,611</u>	<u>\$ 6,375,014</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	10,206,408	116,096	40,743	10,281,761
General	872,132	45,208	26,760	890,580
Total Capital Assets Being Depreciated	13,552,880	161,304	67,503	13,646,681
Total Capital Assets	13,615,830	161,304	67,503	13,709,631
Less: Accumulated depreciation for				
Water plant	(4,041,386)	(371,211)	67,503	(4,345,094)
Total Accumulated Depreciation	(4,041,386)	(371,211)	67,503	(4,345,094)
Net Capital Assets Being Depreciated	9,511,494	(209,907)	-	9,301,587
Net Water Capital Assets	\$ 9,574,444	\$ (209,907)	\$ -	\$ 9,364,537

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 56,294	\$ -	\$ -	\$ 56,294
Construction in process	-	58,190	-	58,190
Total Capital Assets Not Being Depreciated	56,294	58,190	-	114,484
Capital assets being depreciated				
Collecting system	8,561,461	22,874	4,000	8,580,335
Collecting system pumping	2,075,978	64,093	27,900	2,112,171
Treatment and disposal	6,963,929	6,769	4,600	6,966,098
General	891,326	-	-	891,326
Total Capital Assets Being Depreciated	18,492,694	93,736	36,500	18,549,930
Total Capital Assets	18,548,988	151,926	36,500	18,664,414
Less: Accumulated depreciation for				
Sewer plant	(7,685,322)	(528,789)	36,500	(8,177,611)
Total Accumulated Depreciation	(7,685,322)	(528,789)	36,500	(8,177,611)
Net Capital Assets Being Depreciated	10,807,372	(435,053)	-	10,372,319
Net Sewer Capital Assets	\$ 10,863,666	\$ (376,863)	\$ -	\$ 10,486,803
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 26,804,673	\$ (538,708)	\$ 39,611	\$ 26,226,354

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 440,377
Water	337,987
Sewer	528,789
Total Business-type Activities Depreciation Expense	\$ 1,307,153

Depreciation expense may be different from business-type activity capital asset 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, 2015

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	\$ 205,559
General fund	Water utility	236,777
General fund	Sewer utility	20,383
Employee retirement fund	Water utility	2,745
TIF District No. 3	TIF debt service	46,275
Electric utility	General fund	3,737
Water utility	General fund	1,187
Sewer utility	General fund	2,193
Sewer utility	Employee retirement fund	4,445
Electric utility	Employee retirement fund	8,039
Total - Fund Financial Statements		531,340
Less: Fund eliminations		(46,275)
Less: Government-wide eliminations		(39,202)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 445,863
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 465,464
Business-type Activities	Governmental Activities	(19,601)
Total Government-Wide Financial Statements		\$ 445,863

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, 2015

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, and TIF District No. 4. 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. 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	170,211	170,211
TIF debt service	TIF District No. 3	31,209	31,209
Electric utility	Water utility	104,000	79,000
Total - Fund Financial Statements		664,575	
Less: Fund eliminations		(664,575)	
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	Principal	Interest
2016	\$ 25,000	\$ 4,214	\$ 29,214
2017	26,000	3,246	29,246
2018	26,000	2,180	28,180
2019	27,000	1,114	28,114
Totals	\$ 104,000	\$ 10,754	\$ 114,754

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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 debt service	General capital projects	\$ 415,000	Supplement debt payments Close library special projects fund
Library TIF debt service	Library special projects TIF District No. 3 TIF District No. 3	149,664 292,569	TIF share of debt payments
TIF debt service	amendment	57,937	TIF share of debt payments
TIF debt service	TIF District No. 4	22,321	TIF share of debt payments
General fund	Electric utility	173,981	Payment in lieu of taxes
General fund	Water utility	<u>210,798</u>	Payment in lieu of taxes
Total - Fund Financial Statements		1,322,270	
Less: Fund eliminations		<u>(937,491)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 384,779</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 384,779	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u>\$ 384,779</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, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 14,079,915	\$ 500,000	\$ 816,082	\$ 13,763,833	\$ 1,124,536
Add/(Subtract) Deferred Amounts for (Discounts)/Premiums	143,539	-	15,444	128,095	-
Sub-totals	14,223,454	500,000	831,526	13,891,928	1,124,536
Other Liabilities					
Vested compensated absences	429,744	111,144	106,338	434,550	101,025
Compensated absences - retirees	13,835	95,648	6,100	103,383	-
Total Other Liabilities	443,579	206,792	112,438	537,933	101,025
Total Governmental Activities Long-Term Liabilities	\$ 14,667,033	\$ 706,792	\$ 943,964	\$ 14,429,861	\$ 1,225,561
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 985,000	\$ -	\$ 240,000	\$ 745,000	\$ 245,000
Revenue bonds	4,135,246	1,819,973	2,052,275	3,902,944	346,470
Add/(Subtract) Deferred Amounts for (Discounts)/Premiums	5,033	24,752	(10,520)	40,305	-
Total Business-type Activities Long-Term Liabilities	\$ 5,125,279	\$ 1,844,725	\$ 2,281,755	\$ 4,688,249	\$ 591,470

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, 2015, was \$30,794,980. Total general obligation debt outstanding at year end was \$14,508,833.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
2008 promissory notes	6/20/08	2/15/18	3.37%	\$ 600,000	\$ 199,067
2009 refunding bonds	3/30/09	4/1/27	4.00-4.50%	4,135,000	4,135,000
2010 refunding bonds	10/20/10	4/1/21	2.00-3.50%	2,530,000	1,550,000
2010 promissory notes	10/20/10	4/1/20	2.00-3.25%	530,000	305,000
2012 bank note	10/2/12	10/2/17	1.80%	230,000	94,396
2012 refunding bonds	10/18/12	4/1/26	1.00-2.50%	1,320,000	1,190,000
2013 state trust fund loan	1/10/13	3/15/22	2.75%	175,000	140,370
2014 bonds	2/3/14	2/1/24	1.00-3.00%	2,875,000	2,650,000
2014 refunding bonds	8/28/14	4/1/27	2.00-3.00%	3,035,000	3,000,000
2015 bank note	4/1/2015	4/1/2025	2.23%	500,000	<u>500,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 13,763,833</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
2012 taxable refunding notes	10/18/12	10/1/16	2.00%	\$ 555,000	\$ 145,000
2013 refunding bonds	6/19/13	10/1/21	1.00-2.38%	805,000	<u>600,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 745,000</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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
2016	\$ 1,124,536	\$ 415,101	\$ 245,000	\$ 14,700
2017	1,179,077	383,412	100,000	11,250
2018	1,130,270	350,156	100,000	9,250
2019	1,103,287	316,520	100,000	7,124
2020	1,424,903	280,530	100,000	4,874
2021-2025	6,016,760	810,009	100,000	2,500
2026-2027	1,785,000	64,713	-	-
Totals	<u>\$ 13,763,833</u>	<u>\$ 2,620,441</u>	<u>\$ 745,000</u>	<u>\$ 49,698</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 \$573,766. Principal and interest paid for the current year and total customer gross revenues were \$140,098 and \$6,282,942, respectively.

The water utility 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 17% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$2,018,225. Principal and interest paid for the current year and total customer gross revenues were \$190,098 and \$1,060,672, respectively.

The sewer utility has pledged future utility revenues to repay revenue bonds issued in 2013. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 6.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$2,029,698. Principal and interest paid for the current year and total customer gross revenues were \$109,697 and \$1,809,094, respectively.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2015, 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, 2015</u>
<u>Electric Utility</u>					
2009 revenue bonds	8/19/09	10/1/19	2.50-4.13%	\$ 1,130,000	<u>\$ 520,000</u>
<u>Water Utility</u>					
2015 revenue refunding bonds	6/17/15	5/1/26	2.00-3.00%	1,765,000	<u>1,765,000</u>
<u>Sewer Utility</u>					
2013 Clean Water Fund Loan	9/25/13	5/1/33	2.63%	1,685,220	<u>1,617,944</u> (1)

(1) - During 2013 the utility was authorized to issue \$1,774,300 of sewer system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2015. The repayment schedule is for the amount issued.

Total Business-type Activities - Revenue Debt \$ 3,902,944

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 346,470	\$ 102,055
2017	353,346	92,310
2018	355,271	82,030
2019	362,247	71,698
2020	234,275	61,026
2021-2025	1,258,702	218,700
2026-2030	668,002	77,997
2031-2033	<u>324,631</u>	<u>12,929</u>
Totals	<u><u>\$ 3,902,944</u></u>	<u><u>\$ 718,745</u></u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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

Current Refunding

On June 17, 2015, the the Water Utility issued \$1,765,000 in revenue bonds with an average coupon rate of 2.50% to refund \$1,745,000 of outstanding bonds with an average coupon rate of 4.05%. The net proceeds along with existing funds of the the Water Utility were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$2,160,940 from 2016 through 2026. The cash flow requirements on the new refunding bonds are \$2,018,225 from 2016 through 2026. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$128,555.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 5,474,486
Other capital assets, net of accumulated depreciation	28,421,657
Less: Long-term debt outstanding	(13,763,833)
Plus: Noncapital debt proceeds	1,479,727
Plus: Unamortized debt discount	34,039
Plus: Unamortized loss on refunding	244,483
Less: Unamortized debt premium	<u>(162,134)</u>
Total Net Investment in Capital Assets	<u>\$ 21,728,425</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, include the following:

	General Fund	Library	General Debt Service	General Capital Projects	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	\$ 57,785	\$ -	\$ -	\$ -	\$ -	\$ 57,785
Advances	359,155	-	-	-	-	359,155
Non-current receivables	10,819	-	-	-	-	10,819
Restricted for:						
Revolving loans	-	-	-	-	62,240	62,240
Library - operations	-	307,234	-	-	-	307,234
Library - future technology	-	20,986	-	-	-	20,986
Debt service	-	-	48,261	-	155,145	203,406
TIF District No. 3	-	-	-	-	182,267	182,267
TIF District No. 4	-	-	-	-	42,861	42,861
Committed to:						
Highway 92 storm sewer	-	-	-	-	101,104	101,104
Subdividers park deposits	-	-	-	-	28,587	28,587
Terrace trees	-	-	-	-	214,924	214,924
Future streets	-	-	-	-	81,090	81,090
Public broadcasting	-	-	-	-	26,194	26,194
Outreach / nutrition	-	-	-	-	54,541	54,541
Welcome center	-	-	-	-	5,360	5,360
Employee retirement	-	-	-	-	387,459	387,459
Swimming pool	-	-	-	-	32,258	32,258
Assigned to:						
Capital projects	-	-	-	283,996	-	283,996
Subsequent year's budget	26,658	-	-	-	-	26,658
Unassigned (deficit):	<u>1,002,964</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,943)</u>	<u>593,021</u>
Total Fund Balances	<u>\$ 1,457,381</u>	<u>\$ 328,220</u>	<u>\$ 48,261</u>	<u>\$ 283,996</u>	<u>\$ 964,087</u>	<u>\$ 3,081,945</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 171,513
Construction in progress	445,432
Property held for future use	913,328
Other capital assets, net of accumulated depreciation	25,609,409
Less: Long-term debt outstanding	(4,647,944)
Plus: Unspent capital related debt proceeds	201,514
Less: Unamortized loss on refunding	5,909
Less: Unamortized debt premium	<u>(40,305)</u>
Total Net Investment in Capital Assets	<u><u>\$ 22,658,856</u></u>

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business- type Activities	Electric Utility	Water Utility	Sewer Utility
Net Position - December 31, 2014 (as reported)	\$ 22,990,775	\$ 27,814,732	\$ 7,625,118	\$ 8,459,548	\$ 11,730,066
Add: Net pension asset	592,247	254,444	124,411	48,550	81,483
Add: Deferred outflows related to pensions	<u>154,656</u>	<u>66,444</u>	<u>32,488</u>	<u>12,678</u>	<u>21,278</u>
Net Position - December 31, 2014 (as restated)	<u><u>\$ 23,737,678</u></u>	<u><u>\$ 28,135,620</u></u>	<u><u>\$ 7,782,017</u></u>	<u><u>\$ 8,520,776</u></u>	<u><u>\$ 11,832,827</u></u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

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.

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.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>
2005	2.6%	7%
2006	0.8	3
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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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. 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 \$219,407 in contributions from the village.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the village reported an asset of \$539,485 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the village's proportion was 0.02196340%, which was an increase of 0.00048740% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the village recognized pension expense of \$194,996.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2015, the village reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,208	\$ -
Net differences between projected and actual earnings on pension plan investments	261,245	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	11,738
Employer contributions subsequent to the measurement date	226,695	-
Totals	\$ 566,148	\$ 11,738

\$226,695 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, 2016. Other amounts reported as deferred outflows 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
2016	\$ 83,141	\$ 2,676
2017	83,141	2,676
2018	83,141	2,676
2019	83,141	2,676
2020	6,889	1,034

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
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% - 5.8%
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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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:

<u>Asset Class</u>	<u>Long-Term Real Rate of Return</u>	<u>Target Allocation</u>
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

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 3.56%. 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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the village's proportionate share of the net pension asset to changes in the discount rate. The following presents the village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 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 asset/(liability)	\$(1,521,979)	\$539,485	\$2,167,545

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://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the village reported a payable to the pension plan 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.

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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.

In 2002, all WPPI Energy members ratified a 13 year extension to their original 35 year contracts. The new contract expires at midnight on 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 \$437 million as of December 31, 2015.

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 \$369,585 in 2015.

Financial information of the district as of December 31, 2015 is available directly from the district's office.

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENT

On June 30, 2016 the village will issue general obligation promissory notes in the amount of \$2,268,257 with an interest rate of 3.50%. This amount will be used to purchase the Norsk Golf Bowl property.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 2,205,587	\$ 2,205,587	\$ 2,205,211	\$ (376)
Payment in lieu of taxes - other	269	269	269	-
Interest on taxes	250	250	294	44
Taxes from other tax exempt entities	<u>28,352</u>	<u>28,352</u>	<u>27,147</u>	<u>(1,205)</u>
Total Taxes	<u>2,234,458</u>	<u>2,234,458</u>	<u>2,232,921</u>	<u>(1,537)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	218,600	218,600	209,590	(9,010)
Fire insurance tax (2% fire dues)	18,500	18,500	20,285	1,785
State aid - law enforcement	6,000	6,000	2,080	(3,920)
State aid - transportation	362,008	362,008	362,007	(1)
State aid - emergency government	9,800	9,800	14,154	4,354
State aid - recycling	18,300	18,300	17,823	(477)
State aid - exempt computer	<u>5,000</u>	<u>5,000</u>	<u>5,376</u>	<u>376</u>
Total Intergovernmental Revenues	<u>638,208</u>	<u>638,208</u>	<u>631,315</u>	<u>(6,893)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	15,000	15,000	15,303	303
Operator licenses	1,750	1,750	1,660	(90)
Cigarette licenses	300	300	275	(25)
Bicycle licenses	-	-	6	6
Dog and cat licenses	1,500	1,500	1,491	(9)
Electrical licenses	150	150	-	(150)
Building permits	45,675	45,675	35,185	(10,490)
Zoning permits	2,000	2,000	2,625	625
Other permits	<u>2,500</u>	<u>2,500</u>	<u>2,965</u>	<u>465</u>
Total Licenses and Permits	<u>68,875</u>	<u>68,875</u>	<u>59,510</u>	<u>(9,365)</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	35,000	35,000	19,710	(15,290)
Parking violations	<u>2,500</u>	<u>2,500</u>	<u>1,117</u>	<u>(1,383)</u>
Total Fines, Forfeitures and Penalties	<u>37,500</u>	<u>37,500</u>	<u>20,827</u>	<u>(16,673)</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, 2015

	<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	\$ 155	\$ 55
Sale of materials and supplies	750	750	1,281	531
Other general government	3,800	3,800	4,530	730
Law enforcement fees	150	150	222	72
Community center	650	650	434	(216)
Recreation programs	181,750	181,750	254,732	72,982
Swimming pools	1,200	1,200	384	(816)
Parks - other fees	650	650	2,177	1,527
Shelter fees	3,500	3,500	3,518	18
Recycling and garbage charges	<u>366,539</u>	<u>366,539</u>	<u>371,977</u>	<u>5,438</u>
Total Public Charges for Services	<u>559,089</u>	<u>559,089</u>	<u>639,410</u>	<u>80,321</u>
INVESTMENT INCOME				
Interest on investments	<u>11,675</u>	<u>11,675</u>	<u>17,172</u>	<u>5,497</u>
MISCELLANEOUS REVENUES				
Rent	36,304	36,304	36,304	-
Sale of village property	100	100	255	155
Insurance recoveries-highway	1,500	1,500	5,900	4,400
Donations	700	700	10	(690)
Cable TV franchise fee	24,550	24,550	28,278	3,728
Miscellaneous revenue	<u>16,545</u>	<u>17,665</u>	<u>29,027</u>	<u>11,362</u>
Total Miscellaneous Revenues	<u>79,699</u>	<u>80,819</u>	<u>99,774</u>	<u>18,955</u>
 Total Revenues	 <u>3,629,504</u>	 <u>3,630,624</u>	 <u>3,700,929</u>	 <u>70,305</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, 2015

	<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	\$ 22,462	\$ 6,165
Municipal court	60,435	60,435	56,696	3,739
Legal counseling	23,500	23,500	23,512	(12)
Codification of ordinances	2,250	2,250	700	1,550
Village president	4,906	4,906	4,336	570
Administrator	130,093	130,093	100,638	29,455
Clerk	77,564	90,684	87,036	3,648
Labor relations	10,000	10,000	427	9,573
Elections	15,228	15,228	7,331	7,897
Treasurer	56,733	56,733	47,490	9,243
Assessment of property	12,650	12,650	12,203	447
Independent auditing	38,500	38,500	40,185	(1,685)
Municipal building	44,470	44,470	36,760	7,710
Illegal taxes and refunds	-	-	29	(29)
Property and liability insurance	124,661	124,661	136,792	(12,131)
Other insurance	2,500	2,500	73	2,427
Other general government	29,194	29,194	26,449	2,745
Total General Government	<u>661,311</u>	<u>674,431</u>	<u>603,119</u>	<u>71,312</u>
PUBLIC SAFETY				
Police	483,225	483,225	378,575	104,650
Patrol	884,779	884,779	1,065,948	(181,169)
Criminal investigation	2,250	2,250	978	1,272
Training	22,177	22,177	9,976	12,201
Crossing guards	6,459	6,459	6,186	273
Fire protection	368,673	368,673	369,585	(912)
Ambulance	5,000	5,000	5,634	(634)
Inspection	41,400	41,400	34,339	7,061
Emergency government	3,000	3,000	1,891	1,109
Emergency communication system	14,165	14,165	-	14,165
Correction and detention	500	500	-	500
Total Public Safety	<u>1,831,628</u>	<u>1,831,628</u>	<u>1,873,112</u>	<u>(41,484)</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, 2015

	<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	\$ 3,396	\$ 4,104
Machinery and equipment	127,324	127,324	98,161	29,163
Street maintenance	109,196	109,196	113,064	(3,868)
Garages and sheds	63,879	63,879	62,255	1,624
Traffic control	21,981	21,981	21,532	449
Street cleaning	29,745	33,245	29,082	4,163
Snow and ice control	141,707	141,707	117,634	24,073
Street lighting	150,000	150,000	135,928	14,072
Sidewalks and crosswalks	9,904	9,904	8,326	1,578
Storm sewer maintenance	25,634	25,634	37,888	(12,254)
Refuse and garbage collection	238,109	238,109	240,722	(2,613)
Recycling	141,360	141,360	144,470	(3,110)
Total Public Works	<u>1,066,339</u>	<u>1,069,839</u>	<u>1,012,458</u>	<u>57,381</u>
CULTURE, RECREATION, AND EDUCATION				
Community center	35,919	35,919	36,683	(764)
Celebrations and entertainment	4,000	4,000	3,727	273
Parks	190,653	200,653	194,017	6,636
Recreation programs and events	101,871	101,871	145,208	(43,337)
Recreation director	118,172	128,502	145,397	(16,895)
Youth center	16,000	16,000	16,000	-
Total Culture, Recreation, and Education	<u>466,615</u>	<u>486,945</u>	<u>541,032</u>	<u>(54,087)</u>
CONSERVATION AND DEVELOPMENT				
Forestry	52,847	52,847	54,545	(1,698)
Planning	5,000	16,200	19,141	(2,941)
Economic development	15,000	15,000	21,398	(6,398)
Donation to Chamber of Commerce	32,500	32,500	32,500	-
Total Conservation and Development	<u>105,347</u>	<u>116,547</u>	<u>127,584</u>	<u>(11,037)</u>
Total Expenditures	<u>4,131,240</u>	<u>4,179,390</u>	<u>4,157,305</u>	<u>22,085</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(501,736)</u>	<u>(548,766)</u>	<u>(456,376)</u>	<u>92,390</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfer in - tax equivalent	\$ 426,086	\$ 426,086	\$ 384,779	\$ (41,307)
Total Other Financing Sources	<u>426,086</u>	<u>426,086</u>	<u>384,779</u>	<u>(41,307)</u>
Net Change in Fund Balance	(75,650)	(122,680)	(71,597)	51,083
FUND BALANCE - Beginning of Year	<u>1,528,978</u>	<u>1,528,978</u>	<u>1,528,978</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 1,453,328</u>	<u>\$ 1,406,298</u>	<u>\$ 1,457,381</u>	<u>\$ 51,083</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
TAXES				
General property taxes	\$ 424,074	\$ 424,074	\$ 424,074	\$ -
INTERGOVERNMENTAL REVENUES				
County aid - libraries	169,892	169,892	169,891	(1)
PUBLIC CHARGES FOR SERVICES				
Library	24,835	24,835	26,850	2,015
INVESTMENT INCOME				
Interest on investments	500	500	146	(354)
MISCELLANEOUS REVENUES				
Donations	75	75	978	903
Miscellaneous revenue	-	-	1,408	1,408
Total Miscellaneous Revenues	75	75	2,386	2,311
Total Revenues	619,376	619,376	623,347	3,971
EXPENDITURES				
CULTURE, RECREATION AND EDUCATION				
Library	651,483	651,483	609,640	41,843
CAPITAL OUTLAY				
Library	7,000	7,000	6,715	285
Total Expenditures	658,483	658,483	616,355	42,128
OTHER FINANCING SOURCES				
Transfers in	-	-	149,664	149,664
Total Other Financing Sources	-	-	149,664	149,664
Net Change in Fund Balance	(39,107)	(39,107)	156,656	195,763
FUND BALANCE - Beginning of Year	171,564	171,564	171,564	-
FUND BALANCE - END OF YEAR	<u>\$ 132,457</u>	<u>\$ 132,457</u>	<u>\$ 328,220</u>	<u>\$ 195,763</u>

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

VILLAGE OF MOUNT HOREB

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

Fiscal Year Ending	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
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, 2015

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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, 2015

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 that occurred within the fiscal year.

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

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, 2015

	Special Revenue Funds		
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees
ASSETS			
Cash and investments	\$ 101,104	\$ 30,109	\$ 214,924
Receivables			
Taxes	-	-	-
Accounts	-	-	-
Loans	-	-	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
	-	-	-
TOTAL ASSETS	<u>\$ 101,104</u>	<u>\$ 30,109</u>	<u>\$ 214,924</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 1,522	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	-	<u>1,522</u>	-
Deferred Inflows of Resources			
Unearned revenues	-	-	-
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Restricted	-	-	-
Committed	101,104	28,587	214,924
Unassigned (deficit)	-	-	-
Total Fund Balances	<u>101,104</u>	<u>28,587</u>	<u>214,924</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 101,104</u>	<u>\$ 30,109</u>	<u>\$ 214,924</u>

Special Revenue Funds

Future Streets	Outreach/ Nutrition	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Swimming Pool	Public Broadcasting
\$ 81,090	\$ 57,025	\$ 5,360	\$ 397,198	\$ 62,240	\$ 32,511	\$ 27,072
-	25,887	-	12,600	-	50,000	-
-	1,398	-	-	-	-	-
-	-	-	-	201,170	-	-
-	-	-	2,745	-	-	-
-	-	-	-	-	-	-
<u>\$ 81,090</u>	<u>\$ 84,310</u>	<u>\$ 5,360</u>	<u>\$ 412,543</u>	<u>\$ 263,410</u>	<u>\$ 82,511</u>	<u>\$ 27,072</u>
\$ -	\$ 2,364	\$ -	\$ -	\$ -	\$ 249	\$ 557
-	1,518	-	-	-	4	321
-	-	-	12,484	-	-	-
-	-	-	-	-	-	-
-	<u>3,882</u>	-	<u>12,484</u>	-	<u>253</u>	<u>878</u>
-	25,887	-	12,600	-	50,000	-
-	-	-	-	201,170	-	-
-	<u>25,887</u>	-	<u>12,600</u>	<u>201,170</u>	<u>50,000</u>	-
-	-	-	-	62,240	-	-
81,090	54,541	5,360	387,459	-	32,258	26,194
-	-	-	-	-	-	-
<u>81,090</u>	<u>54,541</u>	<u>5,360</u>	<u>387,459</u>	<u>62,240</u>	<u>32,258</u>	<u>26,194</u>
<u>\$ 81,090</u>	<u>\$ 84,310</u>	<u>\$ 5,360</u>	<u>\$ 412,543</u>	<u>\$ 263,410</u>	<u>\$ 82,511</u>	<u>\$ 27,072</u>

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Debt Service Fund	Capital Projects Funds	
	TIF Debt Service	TIF District No. 3	TIF District No. 3 Amendment
ASSETS			
Cash and investments	\$ -	\$ 219,578	\$ -
Receivables			
Taxes	57,038	366,740	-
Accounts	-	-	-
Loans	-	-	-
Due from other funds	-	46,275	-
Advances to other funds	<u>201,420</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 258,458</u></u>	<u><u>\$ 632,593</u></u>	<u><u>\$ -</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	46,275	-	-
Advances from other funds	<u>-</u>	<u>83,586</u>	<u>409,943</u>
Total Liabilities	<u>46,275</u>	<u>83,586</u>	<u>409,943</u>
Deferred Inflows of Resources			
Unearned revenues	57,038	366,740	-
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>57,038</u>	<u>366,740</u>	<u>-</u>
Fund Balances			
Restricted	155,145	182,267	-
Committed	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(409,943)</u>
Total Fund Balances	<u>155,145</u>	<u>182,267</u>	<u>(409,943)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 258,458</u></u>	<u><u>\$ 632,593</u></u>	<u><u>\$ -</u></u>

<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF District No. 4</u>	
\$ 111,810	\$ 1,340,021
70,011	582,276
-	1,398
-	201,170
-	49,020
<u>-</u>	<u>201,420</u>
<u>\$ 181,821</u>	<u>\$ 2,375,305</u>

\$ 1,903	\$ 6,595
-	1,843
-	58,759
<u>67,046</u>	<u>560,575</u>
<u>68,949</u>	<u>627,772</u>

70,011	582,276
<u>-</u>	<u>201,170</u>
<u>70,011</u>	<u>783,446</u>

42,861	442,513
-	931,517
<u>-</u>	<u>(409,943)</u>
<u>42,861</u>	<u>964,087</u>

<u>\$ 181,821</u>	<u>\$ 2,375,305</u>
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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, 2015

	Special Revenue Funds		
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Public charges for services	-	8,125	-
Intergovernmental charges for services	-	-	-
Investment income	704	230	1,573
Miscellaneous	-	3,860	143
Total Revenues	704	12,215	1,716
EXPENDITURES			
Current			
General government	-	-	-
Health and human services	-	-	-
Culture, recreation and education	-	2,170	-
Conservation and development	-	-	19,299
Capital Outlay	-	12,733	-
Debt Service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	-	14,903	19,299
Excess (deficiency) of revenues over expenditures	704	(2,688)	(17,583)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	704	(2,688)	(17,583)
FUND BALANCES (DEFICIT) - Beginning of Year	100,400	31,275	232,507
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 101,104	\$ 28,587	\$ 214,924

Special Revenue Funds

Future Streets	Outreach / Nutrition	Special Projects Fund	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Library Special Projects
\$ -	\$ 25,887	\$ -	\$ 2,000	\$ 18,836	\$ -	\$ -
-	-	-	-	-	-	5,000
-	89,412	-	-	-	-	-
565	239	-	-	2,778	13,106	(334)
-	22,385	3,100	-	-	-	1,200
<u>565</u>	<u>137,923</u>	<u>3,100</u>	<u>2,000</u>	<u>21,614</u>	<u>13,106</u>	<u>5,866</u>
-	-	-	-	22,773	-	-
-	133,766	-	-	-	-	-
-	-	3,100	837	-	-	7,815
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>133,766</u>	<u>3,100</u>	<u>837</u>	<u>22,773</u>	<u>-</u>	<u>7,815</u>
<u>565</u>	<u>4,157</u>	<u>-</u>	<u>1,163</u>	<u>(1,159)</u>	<u>13,106</u>	<u>(1,949)</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,664)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(149,664)</u>
565	4,157	-	1,163	(1,159)	13,106	(151,613)
<u>80,525</u>	<u>50,384</u>	<u>-</u>	<u>4,197</u>	<u>388,618</u>	<u>49,134</u>	<u>151,613</u>
<u>\$ 81,090</u>	<u>\$ 54,541</u>	<u>\$ -</u>	<u>\$ 5,360</u>	<u>\$ 387,459</u>	<u>\$ 62,240</u>	<u>\$ -</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>
	<u>Swimming Pool</u>	<u>Public Broadcasting</u>	<u>TIF Debt Service</u>
REVENUES			
Taxes	\$ 40,000	\$ -	\$ 50,674
Intergovernmental	-	-	-
Public charges for services	70,401	-	-
Intergovernmental charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	13	58,517	-
Total Revenues	<u>110,414</u>	<u>58,517</u>	<u>50,674</u>
EXPENDITURES			
Current			
General government	-	-	-
Health and human services	-	-	-
Culture, recreation and education	105,880	37,327	-
Conservation and development	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	97,966
Interest and fiscal charges	-	-	274,861
Total Expenditures	<u>105,880</u>	<u>37,327</u>	<u>372,827</u>
Excess (deficiency) of revenues over expenditures	<u>4,534</u>	<u>21,190</u>	<u>(322,153)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	372,827
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>372,827</u>
Net Change in Fund Balances	4,534	21,190	50,674
FUND BALANCES (DEFICIT) - Beginning of Year	<u>27,724</u>	<u>5,004</u>	<u>104,471</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 32,258</u>	<u>\$ 26,194</u>	<u>\$ 155,145</u>

<u>Capital Projects Funds</u>			
<u>TIF District No. 3</u>	<u>TIF District No. 3 Amendment</u>	<u>TIF District No. 4</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 397,585	\$ -	\$ 55,245	\$ 590,227
5,573	-	2,669	13,242
-	-	-	78,526
-	-	-	89,412
2,379	-	751	21,991
-	-	-	89,218
<u>405,537</u>	<u>-</u>	<u>58,665</u>	<u>882,616</u>
3,600	-	6,671	33,044
-	-	-	133,766
-	-	-	153,192
-	-	-	23,236
-	-	-	12,733
-	-	-	97,966
-	-	-	274,861
<u>3,600</u>	<u>-</u>	<u>6,671</u>	<u>728,798</u>
<u>401,937</u>	<u>-</u>	<u>51,994</u>	<u>153,818</u>
-	-	-	372,827
<u>(292,569)</u>	<u>(57,937)</u>	<u>(22,321)</u>	<u>(522,491)</u>
<u>(292,569)</u>	<u>(57,937)</u>	<u>(22,321)</u>	<u>(149,664)</u>
109,368	(57,937)	29,673	4,154
<u>72,899</u>	<u>(352,006)</u>	<u>13,188</u>	<u>959,933</u>
<u>\$ 182,267</u>	<u>\$ (409,943)</u>	<u>\$ 42,861</u>	<u>\$ 964,087</u>