

Mount Horeb Utilities

Enterprise Funds of the Village of Mount Horeb, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2021 and 2020

Mount Horeb Utilities

Enterprise Funds of the Village of Mount Horeb, Wisconsin

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Independent Auditors' Report

To the Utility Commission of
Mount Horeb Utilities

Opinions

We have audited the accompanying financial statements of the Mount Horeb Utilities (Utilities), enterprise funds of the Village of Mount Horeb, as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mount Horeb Utilities, as of December 31, 2021 and 2020 and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Mount Horeb Utilities, are intended to present the financial position, the changes in the financial position and cash flows of only the Utilities. They do not purport to, and do not, present fairly the financial position of the Village of Mount Horeb, as of December 31, 2021, and 2020, and the changes in financial position or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 10 to the financial statements, net position as of January 1, 2020 has been restated to correct a material misstatement due to the accrual of unbilled revenue to the correct period. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
May 13, 2022

ELECTRIC UTILITY

Mount Horeb Electric Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Assets		
Current Assets		
Cash and investments	\$ 722,101	\$ 806,209
Customer accounts receivable	732,744	1,015,707
Other accounts receivable	51,633	11,956
Due from municipality	13,203	3,743
Materials and supplies	<u>241,791</u>	<u>186,695</u>
Total current assets	<u>1,761,472</u>	<u>2,024,310</u>
Noncurrent Assets		
Restricted assets:		
Net pension asset	202,174	100,803
Other assets:		
Depreciation account	2,021,164	1,814,787
Property held for future use	107,042	-
Capital assets:		
Plant in service	16,646,596	15,946,591
Accumulated depreciation	(10,124,144)	(9,591,605)
Construction work in progress	<u>5,402</u>	<u>-</u>
Total noncurrent assets	<u>8,858,234</u>	<u>8,270,576</u>
Total assets	<u>10,619,706</u>	<u>10,294,886</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	-	178
Deferred outflows related to pension	<u>344,721</u>	<u>241,141</u>
Total deferred outflows of resources	<u>344,721</u>	<u>241,319</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 639,861	\$ 460,890
Due to municipality	311,955	350,198
Accrued interest	-	625
Commitment to community	28,200	17,865
Current portion of general obligation debt	<u>-</u>	<u>100,000</u>
Total current liabilities	<u>980,016</u>	<u>929,578</u>
Noncurrent Liabilities		
Unamortized debt premium	-	432
Customer advances for construction	<u>8,217</u>	<u>12,073</u>
Total noncurrent liabilities	<u>8,217</u>	<u>12,505</u>
Total liabilities	<u>988,233</u>	<u>942,083</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>447,978</u>	<u>307,189</u>
Net Position		
Net investment in capital assets	6,527,854	6,254,732
Restricted for:		
Pension	202,174	100,803
Unrestricted	<u>2,798,188</u>	<u>2,931,398</u>
Total net position	<u>\$ 9,528,216</u>	<u>\$ 9,286,933</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Sales of electricity	\$ 6,231,495	\$ 6,024,611
Other	76,863	54,995
Total operating revenues	<u>6,308,358</u>	<u>6,079,606</u>
Operating Expenses		
Operation and maintenance	5,692,925	5,414,628
Depreciation	487,088	467,151
Total operating expenses	<u>6,180,013</u>	<u>5,881,779</u>
Operating Income	<u>128,345</u>	<u>197,827</u>
Nonoperating Expenses		
Investment income	8,274	25,831
Interest expense	(625)	(3,094)
Amortization of premium	432	1,273
Amortization of loss on advance refunding	(178)	(523)
Miscellaneous expenses	(1,422)	(1,370)
Loss on retirement	-	(6,825)
Total nonoperating expenses	<u>6,481</u>	<u>15,292</u>
Income before contributions and transfers	134,826	213,119
Capital Contributions	299,782	47,220
Capital Contributions, Municipal	-	219,742
Transfers, Tax Equivalent	<u>(193,325)</u>	<u>(196,805)</u>
Change in net position	241,283	283,276
Net Position, Beginning (as restated)	<u>9,286,933</u>	<u>9,003,657</u>
Net Position, Ending	<u>\$ 9,528,216</u>	<u>\$ 9,286,933</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Cash Flows From Operating Activities		
Received from customers	\$ 6,434,413	\$ 5,861,505
Received from municipality for services	116,684	128,225
Paid to suppliers for goods and services	(5,025,656)	(4,878,926)
Paid to employees for operating payroll	<u>(568,655)</u>	<u>(505,777)</u>
Net cash flows from operating activities	<u>956,786</u>	<u>605,027</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	<u>(196,805)</u>	<u>(202,828)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(840,662)	(513,318)
Capital contributions received	295,926	271,515
Debt retired	(100,000)	(100,000)
Interest paid	<u>(1,250)</u>	<u>(3,688)</u>
Net cash flows from capital and related financing activities	<u>(645,986)</u>	<u>(345,491)</u>
Cash Flows From Investing Activities		
Investments sold and matured	-	12,107
Investment income	<u>8,274</u>	<u>25,860</u>
Net cash flows from investing activities	<u>8,274</u>	<u>37,967</u>
Net change in cash and cash equivalents	122,269	94,675
Cash and Cash Equivalents, Beginning	<u>2,620,996</u>	<u>2,526,321</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,743,265</u>	<u>\$ 2,620,996</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 128,345	\$ 197,827
Nonoperating revenue (expense)	(1,422)	(1,370)
Noncash items in operating income:		
Depreciation	487,088	467,151
Depreciation charged to clearing and other utilities	76,271	73,637
Changes in assets and liabilities:		
Customer accounts receivable	282,963	(89,096)
Other accounts receivable	(39,677)	1,086
Due from other funds	(9,460)	(2,019)
Materials and supplies	(55,096)	(63,590)
Pension related deferrals and liabilities	(64,162)	2,378
Accounts payable	176,364	37,777
Due to other funds	(34,763)	(20,277)
Commitment to community	10,335	1,523
	<u>956,786</u>	<u>605,027</u>
Net cash flows from operating activities	<u>\$ 956,786</u>	<u>\$ 605,027</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 722,101	\$ 806,209
Depreciation account	<u>2,021,164</u>	<u>1,814,787</u>
	<u>\$ 2,743,265</u>	<u>\$ 2,620,996</u>
Cash and cash equivalents		

See notes to the financial statements

WATER UTILITY

Mount Horeb Water Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Assets		
Current Assets		
Cash and investments	\$ 1,383,527	\$ 1,068,496
Restricted assets:		
Redemption account	111,313	111,008
Customer accounts receivable	123,835	196,355
Other accounts receivable	2,420	12,544
Due from municipality	5,854	2,602
Due from sewer utility	64,125	61,245
Materials and supplies	<u>35,148</u>	<u>14,033</u>
Total current assets	<u>1,726,222</u>	<u>1,466,283</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	164,340	163,828
Depreciation account	228,150	179,510
Net pension asset	74,889	41,347
Capital assets:		
Plant in service	15,373,199	14,683,481
Accumulated depreciation	(6,370,182)	(6,025,669)
Construction work in progress	<u>4,692</u>	<u>-</u>
Total noncurrent assets	<u>9,475,088</u>	<u>9,042,497</u>
Total assets	<u>11,201,310</u>	<u>10,508,780</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>131,173</u>	<u>94,496</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 17,420	\$ 19,871
Due to municipality	226,686	237,969
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	160,000	160,000
Accrued interest	<u>3,708</u>	<u>4,308</u>
Total current liabilities	<u>407,814</u>	<u>422,148</u>
Noncurrent Liabilities		
Revenue bonds	690,000	850,000
Unamortized debt premium	5,715	7,932
Customer deposits	<u>13,026</u>	<u>12,985</u>
Total noncurrent liabilities	<u>708,741</u>	<u>870,917</u>
Total liabilities	<u>1,116,555</u>	<u>1,293,065</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>177,102</u>	<u>124,952</u>
Net Position		
Net investment in capital assets	8,316,334	7,803,708
Restricted for:		
Debt service	107,605	106,700
Depreciation	228,150	179,510
Pension	74,889	41,347
Unrestricted	<u>1,311,848</u>	<u>1,053,994</u>
Total net position	<u>\$ 10,038,826</u>	<u>\$ 9,185,259</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Sales of water	\$ 1,193,687	\$ 1,190,292
Other	66,513	60,075
Total operating revenues	<u>1,260,200</u>	<u>1,250,367</u>
Operating Expenses		
Operation and maintenance	527,857	529,359
Depreciation	369,062	361,920
Total operating expenses	<u>896,919</u>	<u>891,279</u>
Operating Income	<u>363,281</u>	<u>359,088</u>
Nonoperating Expenses		
Investment income	5,346	13,675
Interest expense	(23,450)	(26,883)
Amortization of premium	2,217	2,526
Total nonoperating expenses	<u>(15,887)</u>	<u>(10,682)</u>
Income before contributions and transfers	347,394	348,406
Capital Contributions	554,629	-
Capital Contributions, Impact Fees	47,792	37,120
Capital Contributions, Municipal	116,760	43,179
Transfers, Tax Equivalent	<u>(213,008)</u>	<u>(224,039)</u>
Change in net position	853,567	204,666
Net Position, Beginning (as restated)	<u>9,185,259</u>	<u>8,980,593</u>
Net Position, Ending	<u>\$ 10,038,826</u>	<u>\$ 9,185,259</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Cash Flows From Operating Activities		
Received from customers	\$ 1,365,789	\$ 1,256,102
Paid to suppliers for goods and services	(368,681)	(309,401)
Paid to employees for operating payroll	<u>(199,367)</u>	<u>(216,323)</u>
Net cash flows from operating activities	<u>797,741</u>	<u>730,378</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	<u>(224,039)</u>	<u>(235,112)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(78,302)	(84,801)
Capital contributions received	47,792	37,120
Debt retired	(160,000)	(155,000)
Interest paid	<u>(24,050)</u>	<u>(27,400)</u>
Net cash flows from capital and related financing activities	<u>(214,560)</u>	<u>(230,081)</u>
Cash Flows From Investing Activities		
Investment income	<u>5,346</u>	<u>13,675</u>
Net change in cash and cash equivalents	364,488	278,860
Cash and Cash Equivalents, Beginning	<u>1,522,842</u>	<u>1,243,982</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,887,330</u>	<u>\$ 1,522,842</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 554,629</u>	<u>\$ -</u>
Municipality financed additions to utility plant	<u>\$ 116,760</u>	<u>\$ 43,179</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 363,281	\$ 359,088
Noncash items in operating income:		
Depreciation	369,062	361,920
Depreciation charged to clearing and other utilities	29,036	28,724
Changes in assets and liabilities:		
Customer accounts receivable	72,520	(15,738)
Other accounts receivable	10,124	(8,397)
Due from other funds	(6,132)	1,014
Materials and supplies	(21,115)	1,644
Pension related deferrals and liabilities	(18,069)	782
Accounts payable	(755)	85
Due to other funds	(252)	1,124
Customer deposits	41	132
	<u>41</u>	<u>132</u>
Net cash flows from operating activities	<u>\$ 797,741</u>	<u>\$ 730,378</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,383,527	\$ 1,068,496
Redemption account	111,313	111,008
Reserve account	164,340	163,828
Depreciation account	<u>228,150</u>	<u>179,510</u>
Cash and cash equivalents	<u>\$ 1,887,330</u>	<u>\$ 1,522,842</u>

See notes to the financial statements

SEWER UTILITY

Mount Horeb Sewer Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Assets		
Current Assets		
Cash and investments	\$ 1,193,517	\$ 881,604
Restricted assets:		
Redemption account	606,382	598,621
Customer accounts receivable	277,627	438,378
Other accounts receivable	437	31,648
Due from municipality	<u>7,494</u>	<u>18,614</u>
Total current assets	<u>2,085,457</u>	<u>1,968,865</u>
Noncurrent Assets		
Restricted assets:		
Replacement account	834,429	679,653
Net pension asset	134,494	64,696
Other assets:		
Depreciation account	747,195	637,026
Capital assets:		
Plant in service	37,702,042	37,274,146
Accumulated depreciation	(10,422,916)	(9,270,673)
Construction work in progress	<u>27,140</u>	<u>27,140</u>
Total noncurrent assets	<u>29,022,384</u>	<u>29,411,988</u>
Total assets	<u>31,107,841</u>	<u>31,380,853</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>227,706</u>	<u>161,034</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Net Position
December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 44,000	\$ 37,319
Due to municipality	24,233	27,524
Due to water utility	64,125	61,245
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	840,900	825,687
Accrued interest	<u>45,645</u>	<u>48,180</u>
Total current liabilities	<u>1,018,903</u>	<u>999,955</u>
Noncurrent Liabilities		
Revenue bonds	<u>14,173,281</u>	<u>15,014,180</u>
Total liabilities	<u>15,192,184</u>	<u>16,014,135</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>293,463</u>	<u>199,804</u>
Net Position		
Net investment in capital assets	12,292,085	12,190,746
Restricted for:		
Debt service	560,737	550,441
Equipment replacement	834,429	679,653
Pension	134,494	64,696
Unrestricted	<u>2,028,155</u>	<u>1,842,412</u>
Total net position	<u>\$ 15,849,900</u>	<u>\$ 15,327,948</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Treatment charges	\$ 2,440,152	\$ 2,485,310
Other	14,280	44,329
Total operating revenues	<u>2,454,432</u>	<u>2,529,639</u>
Operating Expenses		
Operation and maintenance	992,320	957,030
Depreciation	1,156,026	1,053,476
Total operating expenses	<u>2,148,346</u>	<u>2,010,506</u>
Operating Income	<u>306,086</u>	<u>519,133</u>
Nonoperating Expenses		
Investment income	9,584	23,961
Interest expense	(278,940)	(288,565)
Total nonoperating expenses	<u>(269,356)</u>	<u>(264,604)</u>
Income before contributions	36,730	254,529
Capital Contributions, Connection Fees	53,542	76,257
Capital Contributions	276,775	-
Capital Contributions, Municipal	<u>154,905</u>	<u>101,536</u>
Change in net position	521,952	432,322
Net Position, Beginning (as Restated)	<u>15,327,948</u>	<u>14,895,626</u>
Net Position, Ending	<u>\$ 15,849,900</u>	<u>\$ 15,327,948</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,657,514	\$ 2,452,406
Paid to suppliers for goods and services	(633,831)	(649,650)
Paid to employees for operating payroll	(395,030)	(385,410)
	<u>1,628,653</u>	<u>1,417,346</u>
Net cash flows from operating activities		
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	-	(251,298)
Capital contributions received	53,542	76,257
Debt retired	(825,686)	(795,916)
Interest paid	(281,474)	(291,042)
Proceeds from debt issue	-	430,927
	<u>(1,053,618)</u>	<u>(831,072)</u>
Net cash flows from capital and related financing activities		
Cash Flows From Investing Activities		
Investment income	<u>9,584</u>	<u>23,961</u>
Net change in cash and cash equivalents	584,619	610,235
Cash and Cash Equivalents, Beginning	<u>2,796,904</u>	<u>2,186,669</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,381,523</u>	<u>\$ 2,796,904</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ 276,775</u>	<u>\$ -</u>
Municipality financed additions to utility plant	<u>\$ 154,905</u>	<u>\$ 101,536</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 306,086	\$ 519,133
Noncash items in operating income:		
Depreciation	1,156,026	1,053,476
Changes in assets and liabilities:		
Customer accounts receivable	160,751	(31,988)
Other accounts receivable	31,211	(29,614)
Due from other funds	11,120	(15,631)
Pension related deferrals and liabilities	(42,811)	(7,539)
Accounts payable	6,681	(75,358)
Due to other funds	(411)	4,867
	<u>\$ 1,628,653</u>	<u>\$ 1,417,346</u>
Net cash flows from operating activities		
	<u>\$ 1,628,653</u>	<u>\$ 1,417,346</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,193,517	\$ 881,604
Redemption account	606,382	598,621
Replacement account	834,429	679,653
Depreciation account	747,195	637,026
	<u>\$ 3,381,523</u>	<u>\$ 2,796,904</u>
Cash and cash equivalents		
	<u>\$ 3,381,523</u>	<u>\$ 2,796,904</u>

See notes to the financial statements

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

1. Summary of Significant Accounting Policies

The financial statements of Mount Horeb Utilities (the Utilities) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Utilities are described below.

Reporting Entity

The Utilities are separate enterprise funds of the Village of Mount Horeb (Municipality). The Utilities are managed by a utility commission. The Utilities provide electric, water and sewer service to properties within the Municipality.

The electric and water utilities operate under service rules and rates established by the Public Service Commission of Wisconsin (PSCW). The sewer utility operates under rules and rates established by the utility commission.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Utilities are presented as enterprise funds of the Municipality. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements 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.

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investment of the utilities' funds are restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Utilities have adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. 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. Market values may have changed significantly after year end.

Receivables/Payables

Transactions between the Utilities and other funds of the Municipality that are representative of lending/borrowing arrangements outstanding at year end are referred to as advances to/from other funds. All other outstanding balances between the Utilities and other funds of the Municipality are reported as due to/from other funds.

The Utilities have the right under Wisconsin statutes to place delinquent electric, water and sewer bills on the tax roll for collection. As such, no allowance for uncollectible customer accounts is considered necessary.

Materials and Supplies

Materials and supplies are generally used for construction, operation and maintenance work, not for resale. They are valued at the lower of cost or market utilizing the average cost method and charged to construction or expense when used.

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.

Property Held for Future Use

The Electric Utility has purchased land with the intent of it being the future site of a new substation.

Capital Assets

Capital assets are generally defined by the Utilities as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Capital assets of the Utilities are recorded at cost or the estimated acquisition value at the time of contribution to the Utilities. Major outlays for utility plant are capitalized as projects are constructed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	<u>Years</u>
Electric Plant	
Distribution	20-40
General	7-40
Water Plant	
Source of supply	34
Pumping	23-31
Water treatment	17
Transmission and distribution	18-77
General	4-34
Sewer Plant	
Collecting system	50-100
Collecting system pumping	20-40
Treatment and disposal	15-40
General	7-40

Pensions

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

Deferred Outflow of Resources

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

Customer Advances for Construction

The balance represents fees collected for future capital improvements. The fees may be refundable based on rules filed with the PSCW or statutory requirements.

Commitment to Community

The Electric Utility charges fees to all customers as required by the 1999 Energy Reliability Act and 2006 Act 141. Revenues generated from the fees are used to fund energy conservation and low-income energy assistance (Commitment to Community) programs. The Utility is acting as an agent administering the program so net collections and expenditures/remittances associated with the program are recorded as a current liability on the statements of net position.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Long-Term Obligations

Long-term debt and other obligations are reported as utility liabilities. Bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.

Deferred Inflows of Resources

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

Revenues and Expenses

The Utilities 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 the utility's principal ongoing operations. The principal operating revenues of the Utilities are charges to customers for sales and services. Operating expenses for enterprise 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.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utilities do accrue revenues beyond billing dates.

Current electric rates were approved by the PSCW effective April of 2009 and are designed to provide a 7.00 percent return on rate base.

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

Current sewer rates were approved by the utility commission on and became effective May of 2018.

Capital Contributions

Cash and capital assets are contributed to the Utilities from customers, the Municipality or external parties. The value of property contributed to the Utilities are reported as revenue on the statements of revenues, expenses and changes in net position.

Connection or Impact Fee

The water and sewer utilities charge new customers an impact fee and connection fee, respectively, to connect to the system. Fees collected are recorded as capital contributions on the statements of revenues, expenses and changes in net position.

Transfers

Transfers include the payment in lieu of taxes to the Municipality.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Effect of New Accounting Standards on Current Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2021	2020	
Checking and money market	\$ 8,011,593	\$ 6,940,217	Custodial credit risk
Cash on hand	<u>525</u>	<u>525</u>	Not applicable
Total	<u>\$ 8,012,118</u>	<u>\$ 6,940,742</u>	

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 (SDGF) in the amount of \$400,000.

The Utilities may also maintain separate cash and investment accounts at the same financial institutions utilized by the Municipality. Federal depository insurance and the SDGF apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the Utilities alone. Therefore, coverage for the Utilities may be reduced. Investment income on commingled investments of the entire Municipality is allocated based on average investment balances.

In addition, the Utilities and other funds of the city have collateral or depository insurance agreements in the amount of \$25,000,000 at December 31, 2021 and 2020 respectively.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Custodial Credit Risk

Deposits

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

The Utilities maintain certain deposits in the same institutions as the Municipality. The following is a summary of the Utilities' total deposit balances at these institutions.

	2021		2020	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Local and area banks	<u>\$ 8,011,593</u>	<u>\$ 8,011,593</u>	<u>\$ 6,940,217</u>	<u>\$ 6,940,217</u>

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2021 and 2020:

Due To	Due From	2021		2020	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric, Water and Sewer	\$ 562,874	Tax equivalent, accrued payroll	\$ 615,691	Tax equivalent, accrued payroll
Electric, Water and Sewer	Municipality	26,551	Tax roll	24,959	Tax roll
Water	Sewer	64,125	Joint metering allocation	61,245	Joint metering allocation

The following is a schedule of transfer balances for the years ending December 31, 2021 and 2020:

To	From	2021		2020	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric	\$ 193,325	Tax equivalent	\$ 196,805	Tax equivalent
Municipality	Water	213,008	Tax equivalent	224,039	Tax equivalent

4. Restricted Assets

Restricted Accounts

Certain proceeds of the utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as restricted assets:

- 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.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Depreciation - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Replacement Account

As a condition of receiving state and federal funds for wastewater plant construction, the Utilities have established an account for replacement of certain mechanical equipment.

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.

Restricted Net Position

The following calculation supports the amount of electric restricted net position:

	<u>2021</u>	<u>2020</u>
Restricted assets:		
Net pension asset	\$ 202,174	\$ 100,803

The purpose of the restricted net position is as follows:

	<u>2021</u>	<u>2020</u>
Pension	\$ 202,174	\$ 100,803

The following calculation supports the amount of water restricted net position:

	<u>2021</u>	<u>2020</u>
Restricted assets:		
Redemption account	\$ 111,313	\$ 111,008
Reserve account	164,340	163,828
Depreciation account	228,150	179,510
Net pension asset	74,889	41,347
Total restricted assets	<u>578,692</u>	<u>495,693</u>
Less restricted assets not funded by revenues:		
Reserve from borrowing	<u>(164,340)</u>	<u>(163,828)</u>
Current liabilities payable from restricted assets	<u>(3,708)</u>	<u>(4,308)</u>
Total restricted net position as calculated	<u>\$ 410,644</u>	<u>\$ 327,557</u>

The purpose of the restricted net position is as follows:

	<u>2021</u>	<u>2020</u>
Debt service	\$ 107,605	\$ 106,700
Depreciation	228,150	179,510
Pension	74,889	41,347
Total restricted net position	<u>\$ 410,644</u>	<u>\$ 327,557</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

The following calculation supports the amount of sewer restricted net position:

	<u>2021</u>	<u>2020</u>
Restricted assets:		
Redemption account	\$ 606,382	\$ 598,621
Replacement account	834,429	679,653
Net pension asset	<u>134,494</u>	<u>64,696</u>
Total restricted assets	<u>1,575,305</u>	<u>1,342,970</u>
Current liabilities payable from restricted assets	<u>(45,645)</u>	<u>(48,180)</u>
Total restricted net position as calculated	<u>\$ 1,529,660</u>	<u>\$ 1,294,790</u>

The purpose of the restricted net position is as follows:

	<u>2021</u>	<u>2020</u>
Debt service	\$ 560,737	\$ 550,441
Equipment replacement	834,429	679,653
Pension	<u>134,494</u>	<u>64,696</u>
Total restricted net position	<u>\$ 1,529,660</u>	<u>\$ 1,294,790</u>

5. Changes in Capital Assets

Electric Utility

A summary of changes in electric capital assets for 2021 follows:

	<u>Balance 1/1/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/21</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 52,269	\$ -	\$ -	\$ 52,269
Capital assets being depreciated:				
Distribution	13,052,468	696,168	19,367	13,729,269
General	<u>2,841,854</u>	<u>48,046</u>	<u>24,842</u>	<u>2,865,058</u>
Total capital assets being depreciated	<u>15,894,322</u>	<u>744,214</u>	<u>44,209</u>	<u>16,594,327</u>
Total capital assets	<u>15,946,591</u>	<u>744,214</u>	<u>44,209</u>	<u>16,646,596</u>
Less accumulated depreciation	<u>(9,591,605)</u>	<u>(576,748)</u>	<u>44,209</u>	<u>(10,124,144)</u>
Construction in progress	<u>-</u>	<u>5,402</u>	<u>-</u>	<u>5,402</u>
Net capital assets	<u>\$ 6,354,986</u>			<u>\$ 6,527,854</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

A summary of changes in electric capital assets for 2020 follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 52,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,269</u>
Capital assets being depreciated:				
Distribution	12,602,877	485,758	36,167	13,052,468
General	<u>2,810,373</u>	<u>43,692</u>	<u>12,211</u>	<u>2,841,854</u>
Total capital assets being depreciated	<u>15,413,250</u>	<u>529,450</u>	<u>48,378</u>	<u>15,894,322</u>
Total capital assets	<u>15,465,519</u>	<u>529,450</u>	<u>48,378</u>	<u>15,946,591</u>
Less accumulated depreciation	<u>(9,107,919)</u>	<u>(532,064)</u>	<u>48,378</u>	<u>(9,591,605)</u>
Net capital assets	<u>\$ 6,357,600</u>			<u>\$ 6,354,986</u>

Water Utility

A summary of changes in water capital assets for 2021 follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
Capital assets, not being depreciated:				
Land and land rights	<u>\$ 62,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,950</u>
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	11,220,268	731,735	52,441	11,899,562
General	<u>925,923</u>	<u>18,704</u>	<u>8,280</u>	<u>936,347</u>
Total capital assets being depreciated	<u>14,620,531</u>	<u>750,439</u>	<u>60,721</u>	<u>15,310,249</u>
Total capital assets	<u>14,683,481</u>	<u>750,439</u>	<u>60,721</u>	<u>15,373,199</u>
Less accumulated depreciation	<u>(6,025,669)</u>	<u>(405,234)</u>	<u>60,721</u>	<u>(6,370,182)</u>
Construction in progress	<u>-</u>	<u>4,692</u>	<u>-</u>	<u>4,692</u>
Net capital assets	<u>\$ 8,657,812</u>			<u>\$ 9,007,709</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

A summary of changes in water capital assets for 2020 follows:

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 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	11,142,715	117,816	40,263	11,220,268
General	<u>924,085</u>	<u>14,049</u>	<u>12,211</u>	<u>925,923</u>
Total capital assets being depreciated	<u>14,541,140</u>	<u>131,865</u>	<u>52,474</u>	<u>14,620,531</u>
Total capital assets	<u>14,604,090</u>	<u>131,865</u>	<u>52,474</u>	<u>14,683,481</u>
Less accumulated depreciation	<u>(5,685,823)</u>	<u>(392,320)</u>	<u>52,474</u>	<u>(6,025,669)</u>
Net capital assets	<u>\$ 8,918,267</u>			<u>\$ 8,657,812</u>

Sewer Utility

A summary of changes in sewer capital assets for 2021 follows:

	<u>Balance 1/1/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/21</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 969,622	\$ -	\$ -	\$ 969,622
Capital assets being depreciated:				
Collecting system	9,138,101	431,679	3,783	9,565,997
Collecting system pumping	2,308,708	-	-	2,308,708
Treatment and disposal	23,622,521	-	-	23,622,521
General	<u>1,235,194</u>	<u>-</u>	<u>-</u>	<u>1,235,194</u>
Total capital assets being depreciated	<u>36,304,524</u>	<u>431,679</u>	<u>3,783</u>	<u>36,732,420</u>
Total capital assets	<u>37,274,146</u>	<u>431,679</u>	<u>3,783</u>	<u>37,702,042</u>
Less accumulated depreciation	<u>(9,270,673)</u>	<u>(1,156,026)</u>	<u>3,783</u>	<u>(10,422,916)</u>
Construction in progress	<u>27,140</u>	<u>-</u>	<u>-</u>	<u>27,140</u>
Net capital assets	<u>\$ 28,030,613</u>			<u>\$ 27,306,266</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

A summary of changes in sewer capital assets for 2020 follows:

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
Capital assets, not being depreciated:				
Land and land rights	\$ 969,622	\$ -	\$ -	\$ 969,622
Capital assets being depreciated:				
Collecting system	9,041,275	101,536	4,710	9,138,101
Collecting system pumping	2,136,430	172,278	-	2,308,708
Treatment and disposal	4,859,926	18,812,231	49,636	23,622,521
General	903,781	337,744	6,331	1,235,194
Completed construction not classified	<u>19,246,358</u>	<u>(19,246,358)</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>36,187,770</u>	<u>177,431</u>	<u>60,677</u>	<u>36,304,524</u>
Total capital assets	<u>37,157,392</u>	<u>177,431</u>	<u>60,677</u>	<u>37,274,146</u>
Less accumulated depreciation	<u>(8,277,874)</u>	<u>(1,053,476)</u>	<u>60,677</u>	<u>(9,270,673)</u>
Construction in progress	<u>-</u>	<u>27,140</u>	<u>-</u>	<u>27,140</u>
Net capital assets	<u>\$ 28,879,518</u>			<u>\$ 28,030,613</u>

6. Long-Term Obligations

Revenue Debt - Water Utility

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/21</u>
06/17/15	Refund the 2006 water revenue bonds	05/01/26	2.00 %	\$ 1,765,000	\$ 850,000

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 160,000	\$ 20,650	\$ 180,650
2023	165,000	17,400	182,400
2024	170,000	13,200	183,200
2025	175,000	8,025	183,025
2026	<u>180,000</u>	<u>2,700</u>	<u>182,700</u>
Total	<u>\$ 850,000</u>	<u>\$ 61,975</u>	<u>\$ 911,975</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

All utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2021 and 2020 were \$184,050 and \$182,400, respectively. Total customer gross revenues as defined for the same periods were \$1,313,338 and \$1,301,162. Annual principal and interest payments are expected to require 14 percent of gross revenues on average.

Revenue Debt - Sewer Utility

The following bonds have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/21</u>
09/25/13	Improvements to the wastewater treatment plant	05/01/33	2.63 %	\$ 1,685,220	\$ 1,159,981 * (1)
12/31/17	Improvements to the wastewater treatment plant	05/01/37	1.76 %	13,031,858	13,854,200 * (1)

* The debt noted is directly placed with a third party.

- (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, 2021. The repayment schedule is for the amount issued.
- During 2017 the utility was authorized to issue \$16,750,650 of Sewer System Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2021. The repayment schedule is for the amount issued.

Revenue bonds debt service requirements to maturity follows:

<u>Years Ending December 31,</u>	<u>Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 840,900	\$ 266,118	\$ 1,107,018
2023	856,399	250,473	1,106,872
2024	872,190	234,534	1,106,724
2025	888,278	218,295	1,106,573
2026	904,668	201,750	1,106,418
2027-2031	4,780,205	749,467	5,529,672
2032-2036	4,887,995	300,130	5,188,125
2037	983,546	8,640	992,186
Total	<u>\$ 15,014,181</u>	<u>\$ 2,229,407</u>	<u>\$ 17,243,588</u>

All utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2021 and 2020 were \$1,107,161 and \$1,086,958, respectively. Total customer gross revenues as defined for the same periods were \$2,517,558 and \$2,629,857. Annual principal and interest payments are expected to require 43 percent of gross revenues on average.

Mount Horeb Utilities

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General Obligation Debt - Electric Utility

The following general obligation bonds and notes have been issued:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/21</u>
06/19/13	Refund the 2002 electric system revenue bonds	04/01/21	1.00 %	\$ 805,000	\$ -

The last payment on the electric general obligation debt was made in 2021.

Long-Term Obligations Summary - Electric Utility

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21 Balance</u>	<u>Due Within One Year</u>
General obligation debt	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
Customer advances for construction	12,073	-	3,856	8,217	-
Unamortized debt premium	<u>432</u>	<u>-</u>	<u>432</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 112,505</u>	<u>\$ -</u>	<u>\$ 104,288</u>	<u>\$ 8,217</u>	<u>\$ -</u>

Long-term obligation activity for the year ended December 31, 2020 is as follows:

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
General obligation debt	\$ 200,000	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
Customer advances for construction	7,520	4,553	-	12,073	-
Unamortized debt premium	<u>1,705</u>	<u>-</u>	<u>1,273</u>	<u>432</u>	<u>-</u>
Total	<u>\$ 209,225</u>	<u>\$ 4,553</u>	<u>\$ 101,273</u>	<u>\$ 112,505</u>	<u>\$ 100,000</u>

Long-Term Obligations Summary - Water Utility

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 1,010,000	\$ -	\$ 160,000	\$ 850,000	\$ 160,000
Customer deposits	12,985	41	-	13,026	-
Unamortized premium	<u>7,932</u>	<u>-</u>	<u>2,217</u>	<u>5,715</u>	<u>-</u>
Total	<u>\$ 1,030,917</u>	<u>\$ 41</u>	<u>\$ 162,217</u>	<u>\$ 868,741</u>	<u>\$ 160,000</u>

Mount Horeb Utilities

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Long-term obligation activity for the year ended December 31, 2020 is as follows:

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 1,165,000	\$ -	\$ 155,000	\$ 1,010,000	\$ 160,000
Customer deposits	12,853	132	-	12,985	-
Unamortized premium	10,458	-	2,526	7,932	-
Total	<u>\$ 1,188,311</u>	<u>\$ 132</u>	<u>\$ 157,526</u>	<u>\$ 1,030,917</u>	<u>\$ 160,000</u>

Long-Term Obligations Summary - Sewer Utility

Long-term obligation activity for the year ended December 31, 2021 is as follows:

	<u>1/1/21 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/21 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 15,839,867	\$ -	\$ 825,686	\$ 15,014,181	\$ 840,900
Total	<u>\$ 15,839,867</u>	<u>\$ -</u>	<u>\$ 825,686</u>	<u>\$ 15,014,181</u>	<u>\$ 840,900</u>

Long-term obligation activity for the year ended December 31, 2020 is as follows:

	<u>1/1/20 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/20 Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ 16,204,856	\$ 430,927	\$ 795,916	\$ 15,839,867	\$ 825,687
Total	<u>\$ 16,204,856</u>	<u>\$ 430,927</u>	<u>\$ 795,916</u>	<u>\$ 15,839,867</u>	<u>\$ 825,687</u>

In addition to the liabilities above, information on the net pension liability (asset) for electric, water and sewer utilities is provided in Note 8.

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the electric utility, water utility and sewer utility revenue bonds:

Insurance

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

Mount Horeb Utilities

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The Utilities are covered under the following insurance policies at December 31, 2021:

<u>Type</u>	<u>Coverage</u>	<u>Expiration</u>
Automobile	\$ 3,000,000	01/01/2022
Personal and Advertising Injury and Law Enforcement	3,000,000	01/01/2022
Premises medical payments	10,000	01/01/2022
	2,000,000	01/01/2022
Public Officials Errors and Omissions	3,000,000	01/01/2022
Damage to Premises Rented to You	250,000	01/01/2022

Number of Customers and Billed Volumes, Electric

The Utility has the following number of customers and billed volumes for 2021 and 2020:

	<u>Customers</u>		<u>Sales (000 kWh)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Residential	3,514	3,456	29,778	29,212
General	474	436	8,125	7,401
Small power	60	59	14,066	13,435
Large power	6	5	4,168	4,122
Street and highway lighting	103	107	411	486
Total	<u>4,157</u>	<u>4,063</u>	<u>56,548</u>	<u>54,656</u>

Number of Customers and Billed Volumes, Water

The Utility has the following number of customers and billed volumes for 2021 and 2020:

	<u>Customers</u>		<u>Sales (000 gals)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Residential	2,913	2,716	116,008	119,097
Multifamily residential	33	33	6,975	7,371
Commercial	194	191	17,538	16,319
Public authority	33	29	2,937	1,980
Irrigation	926	906	7,809	6,840
Total	<u>4,099</u>	<u>3,875</u>	<u>151,267</u>	<u>151,607</u>

Utility Budget

The 2021 and 2020 utility budgets were prepared and approved as required by the bond resolutions.

The debt coverage requirement was met for all Utilities at December 31, 2021 and 2020.

Mount Horeb Utilities

Notes to Financial Statements
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7. Net Position

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets."

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

The following calculation supports the electric net investment in capital assets:

	<u>2021</u>	<u>2020</u>
Plant in service	\$ 16,646,596	\$ 15,946,591
Accumulated depreciation	(10,124,144)	(9,591,605)
Construction work in progress	<u>5,402</u>	<u>-</u>
Subtotal	<u>6,527,854</u>	<u>6,354,986</u>
Less capital related debt:		
Current portion of capital related long-term debt	-	100,000
Unamortized debt premium	-	432
Unamortized loss on advance refunding	<u>-</u>	<u>(178)</u>
Subtotal	<u>-</u>	<u>100,254</u>
Total net investment in capital assets	<u>\$ 6,527,854</u>	<u>\$ 6,254,732</u>

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The following calculation supports the water net investment in capital assets:

	<u>2021</u>	<u>2020</u>
Plant in service	\$ 15,373,199	\$ 14,683,481
Accumulated depreciation	(6,370,182)	(6,025,669)
Construction work in progress	<u>4,692</u>	<u>-</u>
Subtotal	<u>9,007,709</u>	<u>8,657,812</u>
Less capital related debt:		
Current portion of capital related long-term debt	160,000	160,000
Long-term portion of capital related long-term debt	690,000	850,000
Unamortized debt premium	<u>5,715</u>	<u>7,932</u>
Subtotal	<u>855,715</u>	<u>1,017,932</u>
Add unspent debt proceeds:		
Reserve from borrowing	<u>164,340</u>	<u>163,828</u>
Total net investment in capital assets	<u>\$ 8,316,334</u>	<u>\$ 7,803,708</u>

The following calculation supports the sewer net investment in capital assets:

	<u>2021</u>	<u>2020</u>
Plant in service	\$ 37,702,042	\$ 37,274,146
Accumulated depreciation	(10,422,916)	(9,270,673)
Construction work in progress	<u>27,140</u>	<u>27,140</u>
Subtotal	<u>27,306,266</u>	<u>28,030,613</u>
Less capital related debt:		
Current portion of capital related long-term debt	840,900	825,687
Long-term portion of capital related long-term debt	<u>14,173,281</u>	<u>15,014,180</u>
Subtotal	<u>15,014,181</u>	<u>15,839,867</u>
Total net investment in capital assets	<u>\$ 12,292,085</u>	<u>\$ 12,190,746</u>

8. Employees Retirement System

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 expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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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, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Post-retirement adjustments: The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. 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>
2011	(1.2)%	11.0%
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

Contributions: Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

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Notes to Financial Statements
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The WRS recognized \$78,680 and \$68,797 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates for the plan year reported as of December 31, 2021 and December 31, 2020 are:

	2021		2020	
	Employee	Employer	Employee	Employer
General (including Executives and Elected Officials)	6.75 %	6.75 %	6.55 %	6.55 %
Protective with Social Security	6.75 %	11.65 %	6.55 %	10.55 %
Protective without Social Security	6.75 %	16.25 %	6.55 %	14.95 %

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

At December 31, 2021, the Utilities reported a liability (asset) of \$(411,557) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village of Mount Horeb's proportion was 0.02428 percent, which was an increase of 0.00086567 percent from its proportion measured as of December 31, 2019.

At December 31, 2020, the Utilities reported a liability (asset) of \$(206,846) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Village of Mount Horeb's proportion was 0.02341 percent, which was an increase of 0.00050104 percent from its proportion measured as of December 31, 2018.

For the years ended December 31, 2021 and 2020, the Utilities recognized pension expense of \$48,827 and \$65,439, respectively.

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

	<u>Electric Utility</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 294,494	\$ 62,559	\$ 115,067	\$ 24,872	\$ 196,285	\$ 47,761
Changes in assumption	5,416	-	1,159	-	3,826	-
Net differences between project and actual earnings on pension plan	-	385,068	-	152,188	-	245,531
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,073	351	807	42	1,397	171
Employer contributions subsequent to the measurement date	<u>42,738</u>	<u>-</u>	<u>14,140</u>	<u>-</u>	<u>26,198</u>	<u>-</u>
Total	<u>\$ 344,721</u>	<u>\$ 447,978</u>	<u>\$ 131,173</u>	<u>\$ 177,102</u>	<u>\$ 227,706</u>	<u>\$ 293,463</u>

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

	<u>Electric Utility</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 193,030	\$ 95,186	\$ 77,483	\$ 36,958	\$ 128,787	\$ 69,466
Changes in assumption	8,677	-	2,367	-	5,996	-
Net differences between project and actual earnings on pension plan	-	211,361	-	87,844	-	129,974
Changes in proportion and differences between employer contributions and proportionate share of contributions	783	642	329	150	539	364
Employer contributions subsequent to the measurement date	<u>38,651</u>	<u>-</u>	<u>14,317</u>	<u>-</u>	<u>25,712</u>	<u>-</u>
Total	<u>\$ 241,141</u>	<u>\$ 307,189</u>	<u>\$ 94,496</u>	<u>\$ 124,952</u>	<u>\$ 161,034</u>	<u>\$ 199,804</u>

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Notes to Financial Statements
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Deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date reported in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Years ending December 31,			
2022	\$ (37,488)	\$ (15,425)	\$ (23,611)
2023	(9,671)	(3,979)	(6,091)
2024	(69,484)	(28,589)	(43,765)
2025	(29,352)	(12,076)	(18,488)
2026	-	-	-
Thereafter	-	-	-
Total	<u>\$ (145,995)</u>	<u>\$ (60,069)</u>	<u>\$ (91,955)</u>

Actuarial assumptions: The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2021</u>	<u>2020</u>
Actuarial valuation date	December 31, 2019	December 31, 2018
Measurement date of net pension liability (asset)	December 31, 2020	December 31, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.0%
Discount rate	7.0%	7.0%
Salary increases		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments *	1.9%	1.9%

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

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

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Long-term expected return on plan assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2021 are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51 %	7.2 %	4.7 %
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.0 %	5.1 %
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.75 percent.
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate: A single discount rate of 7.00 percent was used to measure the total pension liability as of December 31, 2021 and December 31, 2020. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.0 percent and 2.75 percent, in 2021 and 2020 respectively. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020 and 2019, respectively. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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.

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Notes to Financial Statements
December 31, 2021 and 2020

Sensitivity of the Utilities' proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the Utilities' proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the Utilities' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2021 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 187,565	\$ (202,174)	\$ (479,547)
Water Utility's proportionate share of the net position liability (asset)	72,140	(74,889)	(184,441)
Sewer Utility's proportionate share of the net position liability (asset)	129,852	(134,494)	(331,994)

The sensitivity analysis as of December 31, 2020 follows:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Electric Utility's proportionate share of the net position liability (asset)	\$ 252,738	\$ (100,803)	\$ (360,468)
Water Utility's proportionate share of the net position liability (asset)	97,207	(41,347)	(138,642)
Sewer Utility's proportionate share of the net position liability (asset)	174,972	(64,696)	(249,555)

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

9. Commitments and Contingencies

Long-Term Contracts, WPPI Energy

The electric utility is one of 51 WPPI Energy members located throughout the states of Wisconsin, Michigan, and Iowa. 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.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2021 and 2020

Fifty members, representing approximately 99.8 percent of WPPI Energy's existing load, have long-term contracts through December 31, 2055. The remaining member has a long-term contract through December 31, 2037.

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$291 million as of December 31, 2021.

Claims and Judgments

From time to time, the Utilities are 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 Utilities' legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Utilities' financial position or results of operations.

10. Restatement of Net Position

Net position has been restated to correct an error in accounts receivable to correctly account for unbilled revenue. In the current year, the Utilities changed processes for the timing of customer collections. During this process, it was determined the December bills were not properly accrued in prior years.

Electric Utility

Net position, January 1, 2020 (as reported)	\$ 8,521,198
December 2019 revenue	<u>482,459</u>
Net position, January 1, 2020 (as restated)	<u>\$ 9,003,657</u>

Net income of the year ended December 31, 2020 increased by \$119,861 from the amount previously reported.

Water Utility

Net position, January 1, 2020 (as reported)	\$ 8,888,082
December 2019 revenue	<u>92,511</u>
Net position, January 1, 2020 (as restated)	<u>\$ 8,980,593</u>

Net income of the year ended December 31, 2020 increased by \$4,850 from the amount previously reported.

Sewer Utility

Net position, January 1, 2020 (as reported)	\$ 14,692,463
December 2019 revenue	<u>203,163</u>
Net position, January 1, 2020 (as restated)	<u>\$ 14,895,626</u>

Net income of the year ended December 31, 2020 increased by \$14,027 from the amount previously reported.

REQUIRED SUPPLEMENTARY INFORMATION

Mount Horeb Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2021

The required supplementary information presented below represents the proportionate information for the enterprise funds included in this report.

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) (Village)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/21	0.02427901%	\$ (411,557)	\$ 1,165,634	43.13%	105.26%
12/31/20	0.02341334%	(206,846)	1,050,325	23.53%	102.96%
12/31/19	0.02291230%	226,040	1,002,269	26.83%	96.45%
12/31/18	0.02291586%	(190,669)	970,191	-19.65%	102.93%
12/31/17	0.02266274%	61,296	997,939	6.14%	99.12%
12/31/16	0.02263951%	107,448	973,676	11.04%	98.20%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2021

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
12/31/21	\$ 83,076	\$ 83,076	\$ -	\$ 1,230,760	6.75%
12/31/20	78,680	78,680	-	1,165,634	6.75%
12/31/19	68,797	68,797	-	1,050,325	6.55%
12/31/18	67,152	67,152	-	1,002,269	6.70%
12/31/17	65,973	65,973	-	970,191	6.80%
12/31/16	65,864	65,864	-	997,939	6.60%

See notes to the required supplementary information

Mount Horeb Utilities

Notes to Required Supplementary Information
Year Ended December 31, 2021

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

Changes of assumptions.

	<u>2016 - 2018</u>	<u>2019 - 2021</u>
Long-term expected rate of	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases		
Inflation	3.2%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	2.10%	1.90%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

SUPPLEMENTARY INFORMATION

Mount Horeb Electric Utility

Electric Utility Plant

Year Ended December 31, 2021

	<u>Balance</u> <u>1/1/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/21</u>
Distribution				
Land and land rights	\$ 51,998	\$ -	\$ -	\$ 51,998
Structures and improvements	50,868	-	-	50,868
Station equipment	1,147,209	-	-	1,147,209
Poles, towers and fixtures	883,270	14,303	3,180	894,393
Overhead conductors and devices	1,529,680	15,518	5,550	1,539,648
Underground conduit	1,683,724	196,807	750	1,879,781
Underground conductors and devices	3,201,897	244,588	1,550	3,444,935
Line transformers	2,002,842	77,420	50	2,080,212
Services	1,316,165	73,698	-	1,389,863
Meters	431,300	15,472	877	445,895
Installation on customers' premises	23,420	-	-	23,420
Street lighting and signal systems	782,093	58,362	7,410	833,045
Total distribution	<u>13,104,466</u>	<u>696,168</u>	<u>19,367</u>	<u>13,781,267</u>
General				
Land and land rights	271	-	-	271
Structures and improvements	1,506,400	-	-	1,506,400
Office furniture and equipment	110,906	-	-	110,906
Computer equipment	99,890	1,669	-	101,559
Transportation equipment	752,110	46,049	24,842	773,317
Tools, shop and garage equipment	108,056	-	-	108,056
Laboratory equipment	17,033	-	-	17,033
Power-operated equipment	201,740	-	-	201,740
Communication equipment	40,914	328	-	41,242
Miscellaneous equipment	4,805	-	-	4,805
Total general	<u>2,842,125</u>	<u>48,046</u>	<u>24,842</u>	<u>2,865,329</u>
Total electric utility plant	<u>\$ 15,946,591</u>	<u>\$ 744,214</u>	<u>\$ 44,209</u>	<u>\$ 16,646,596</u>

Mount Horeb Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 4,124,921	\$ 4,033,163
Small commercial and industrial	1,295,105	1,175,684
Large commercial and industrial	439,125	427,293
Public street and highway lighting	116,684	126,979
Sales for resale	50,540	53,506
Interdepartmental	205,120	207,986
	<u>6,231,495</u>	<u>6,024,611</u>
Total sales of electricity		
Other operating revenues:		
Forfeited discounts	17,135	6,919
Miscellaneous service revenues	2,925	1,725
Rent from electric property	3,840	3,840
Other	52,963	42,511
	<u>6,308,358</u>	<u>6,079,606</u>
Total operating revenues		
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	4,728,107	4,410,162
Distribution:		
Line and station labor	99,166	73,912
Line and station supplies	56,871	57,471
Street lighting and signal system	-	16
Meter	12,952	6,731
Miscellaneous	(20)	(40)
Maintenance:		
Structures and equipment	58,056	40,650
Lines	37,423	53,613
Line transformers	253	-
Street lighting and signal system	9,619	9,886
Meters	3,244	3,990
	<u>277,564</u>	<u>246,229</u>
Total distribution		
Customer accounts:		
Meter reading	42	1,035
Accounting and collecting	112,705	110,310
	<u>112,747</u>	<u>111,345</u>
Total customer accounts		

Mount Horeb Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Administrative and general:		
Salaries	\$ 138,377	\$ 102,802
Office supplies	14,562	17,076
Administrative expenses transferred	(47,964)	(38,509)
Outside services employed	104,924	99,351
Property insurance	8,102	8,155
Injuries and damages	19,804	19,819
Employee pensions and benefits	117,840	256,012
Miscellaneous	72,302	54,527
Transportation	63,342	49,175
Maintenance	112	1,602
Total administrative and general	<u>491,401</u>	<u>570,010</u>
Taxes	<u>83,106</u>	<u>76,882</u>
Total operation and maintenance	5,692,925	5,414,628
Depreciation	<u>487,088</u>	<u>467,151</u>
Total operating expenses	<u>6,180,013</u>	<u>5,881,779</u>
Operating income	<u>\$ 128,345</u>	<u>\$ 197,827</u>

Mount Horeb Electric Utility

Rate of Return - Regulatory Basis

Years Ended December 31, 2021 and 2020

	Electric	
	2021	2020
Utility Financed Plant in Service		
Beginning of year	\$ 13,472,703	\$ 13,026,087
End of year	<u>13,876,265</u>	<u>13,472,703</u>
Average	<u>13,674,484</u>	<u>13,249,395</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(7,970,993)	(7,562,379)
End of year	<u>(8,421,107)</u>	<u>(7,970,993)</u>
Average	<u>(8,196,050)</u>	<u>(7,766,686)</u>
Materials and Supplies		
Beginning of year	186,695	123,105
End of year	<u>241,791</u>	<u>186,695</u>
Average	<u>214,243</u>	<u>154,900</u>
Regulatory Liability		
Beginning of year	(76,713)	(102,285)
End of year	<u>(51,144)</u>	<u>(76,713)</u>
Average	<u>(63,929)</u>	<u>(89,499)</u>
Average net rate base	<u>\$ 5,628,748</u>	<u>\$ 5,548,110</u>
Operating income, regulatory basis	<u>\$ (43,378)</u>	<u>\$ (36,004)</u>
Rate of return (percent)	<u>(0.77)%</u>	<u>(0.65)%</u>
Authorized rate of return (percent)	<u>7.00 %</u>	<u>7.00 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

Mount Horeb Water Utility

Water Utility Plant

Year Ended December 31, 2021

	Balance 1/1/21	Additions	Retirements	Balance 12/31/21
Source of Supply				
Land and land rights	\$ 31,550	\$ -	\$ -	\$ 31,550
Wells and springs	583,486	-	-	583,486
Total source of supply	<u>615,036</u>	<u>-</u>	<u>-</u>	<u>615,036</u>
Pumping				
Structures and improvements	1,126,563	-	-	1,126,563
Other power production equipment	105,000	-	-	105,000
Electric pumping equipment	590,810	-	-	590,810
Diesel pumping equipment	35,147	-	-	35,147
Other pumping equipment	3,375	-	-	3,375
Total pumping	<u>1,860,895</u>	<u>-</u>	<u>-</u>	<u>1,860,895</u>
Water Treatment				
Water treatment equipment	29,959	-	-	29,959
Transmission and Distribution				
Land and land rights	31,400	-	-	31,400
Distribution reservoirs and standpipes	1,286,035	-	-	1,286,035
Transmission and distribution mains	6,377,618	497,753	18,430	6,856,941
Services	1,604,427	102,545	150	1,706,822
Meters	1,054,763	34,820	32,661	1,056,922
Hydrants	896,359	96,617	1,200	991,776
Other transmission and distribution plant	1,066	-	-	1,066
Total transmission and distribution	<u>11,251,668</u>	<u>731,735</u>	<u>52,441</u>	<u>11,930,962</u>
General				
Structures and improvements	358,816	-	-	358,816
Office furniture and equipment	22,675	-	-	22,675
Computer equipment	51,447	-	-	51,447
Transportation equipment	77,396	18,595	8,280	87,711
Stores equipment	2,135	-	-	2,135
Tools, shop and garage equipment	58,680	-	-	58,680
Laboratory equipment	1,932	-	-	1,932
Power-operated equipment	53,891	-	-	53,891
Communication equipment	39,421	109	-	39,530
SCADA equipment	251,080	-	-	251,080
Miscellaneous equipment	8,450	-	-	8,450
Total general	<u>925,923</u>	<u>18,704</u>	<u>8,280</u>	<u>936,347</u>
Total water utility plant	<u>\$ 14,683,481</u>	<u>\$ 750,439</u>	<u>\$ 60,721</u>	<u>\$15,373,199</u>

Mount Horeb Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Sales of water:		
Metered:		
Residential	\$ 614,520	\$ 631,187
Multifamily residential	28,812	30,079
Commercial	78,109	72,947
Public authorities	18,826	15,086
Irrigation	104,870	96,512
Service to other systems	<u>3,619</u>	<u>3,490</u>
Total metered sales	848,756	849,301
Private fire protection	15,673	14,705
Public fire protection	<u>329,258</u>	<u>326,286</u>
Total sales of water	<u>1,193,687</u>	<u>1,190,292</u>
Other operating revenues:		
Forfeited discounts	3,660	1,662
Miscellaneous service revenue	<u>62,853</u>	<u>58,413</u>
Total operating revenues	<u>1,260,200</u>	<u>1,250,367</u>
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	40,613	32,805
Fuel or power purchased for pumping	94,115	97,284
Operation supplies	<u>7,769</u>	<u>10,488</u>
Total pumping	<u>142,497</u>	<u>140,577</u>
Water treatment:		
Chemicals	17,637	20,588
Operation supplies	<u>5,146</u>	<u>373</u>
Total water treatment	<u>22,783</u>	<u>20,961</u>
Transmission and distribution:		
Operation supplies	3,391	12,349
Maintenance:		
Distribution reservoirs and standpipes	9,617	1,641
Mains	64,861	15,193
Services	11,699	39,562
Meters	10,504	7,916
Hydrants	<u>5,958</u>	<u>9,259</u>
Total transmission and distribution	<u>106,030</u>	<u>85,920</u>
Customer accounts:		
Meter reading labor	666	1,981
Accounting and collecting labor	<u>50,588</u>	<u>58,682</u>
Total customer accounts	<u>51,254</u>	<u>60,663</u>

Mount Horeb Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Administrative and general:		
Salaries	\$ 38,746	\$ 40,298
Office supplies	14,004	13,898
Outside services employed	38,269	35,546
Property insurance	8,798	7,336
Injuries and damages	6,467	7,376
Employee pensions and benefits	70,350	89,138
Miscellaneous	14,895	13,980
Transportation	3,777	2,930
Maintenance	-	1,202
Total administrative and general	<u>195,306</u>	<u>211,704</u>
Taxes	<u>9,987</u>	<u>9,534</u>
Total operation and maintenance	527,857	529,359
Depreciation	<u>369,062</u>	<u>361,920</u>
Total operating expenses	<u>896,919</u>	<u>891,279</u>
Operating income	<u>\$ 363,281</u>	<u>\$ 359,088</u>

Mount Horeb Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2021 and 2020

	Water	
	2021	2020
Utility Financed Plant in Service		
Beginning of year	\$ 6,950,228	\$ 6,869,596
End of year	<u>7,097,614</u>	<u>6,950,228</u>
Average	<u>7,023,921</u>	<u>6,909,912</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(3,354,506)	(3,171,819)
End of year	<u>(3,548,902)</u>	<u>(3,354,506)</u>
Average	<u>(3,451,704)</u>	<u>(3,263,163)</u>
Materials and Supplies		
Beginning of year	14,033	15,677
End of year	<u>35,148</u>	<u>14,033</u>
Average	<u>24,591</u>	<u>14,855</u>
Regulatory Liability		
Beginning of year	(66,392)	(88,477)
End of year	<u>(44,307)</u>	<u>(66,392)</u>
Average	<u>(55,350)</u>	<u>(77,435)</u>
Average net rate base	<u>\$ 3,541,458</u>	<u>\$ 3,584,169</u>
Operating income - regulatory basis	<u>\$ 294,617</u>	<u>\$ 289,379</u>
Rate of return (percent)	<u>8.32 %</u>	<u>8.07 %</u>
Authorized rate of return (percent)	<u>5.25 %</u>	<u>5.25 %</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States of America due to GASB No. 34 as well as PSC order 05-US-105.

Mount Horeb Sewer Utility

Sewer Utility Plant

Year Ended December 31, 2021

	Balance 1/1/21	Additions	Retirements	Adjustments	Balance 12/31/21
Collecting System					
Land and land rights	\$ 8,550	\$ -	\$ -	\$ -	\$ 8,550
Service connections	251,949	-	-	-	251,949
Collecting mains	7,289,226	431,679	3,783	-	7,717,122
Interceptor mains	491,884	-	-	-	491,884
Force mains	1,042,040	-	-	-	1,042,040
Other collecting system equipment	63,002	-	-	-	63,002
Total collecting system	<u>9,146,651</u>	<u>431,679</u>	<u>3,783</u>	<u>-</u>	<u>9,574,547</u>
Collecting System Pumping					
Land and land rights	46,844	-	-	-	46,844
Structures and improvements	707,944	-	-	-	707,944
Receiving wells	57,848	-	-	-	57,848
Electric pumping equipment	1,457,000	-	-	-	1,457,000
Miscellaneous pumping equipment	85,916	-	-	-	85,916
Total collecting system pumping	<u>2,355,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,355,552</u>
Treatment and Disposal					
Land and land rights	914,228	-	-	-	914,228
Structures and improvements	6,714,255	-	-	-	6,714,255
Preliminary treatment equipment	2,038,120	-	-	-	2,038,120
Primary treatment equipment	75,384	-	-	-	75,384
Secondary treatment equipment	7,238,076	-	-	-	7,238,076
Advanced treatment equipment	695,897	-	-	-	695,897
Chlorination equipment	1,103,465	-	-	-	1,103,465
Sludge treatment and disposal equipment	2,311,680	-	-	-	2,311,680
Plant site piping	2,816,047	-	-	-	2,816,047
Flow metering and monitoring equipment	73,815	-	-	-	73,815
Outfall sewer pipes	3,996	-	-	-	3,996
Other treatment and disposal equipment	551,786	-	-	-	551,786
Total treatment and disposal	<u>24,536,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,536,749</u>
General					
Structures and improvements	254,145	-	-	-	254,145
Office furniture and equipment	67,363	-	-	-	67,363
Computer equipment	70,001	-	-	-	70,001
Transportation equipment	429,380	-	-	-	429,380
Communication equipment	242,694	-	-	-	242,694
Other general equipment	114,995	-	-	-	114,995
Laboratory equipment	56,616	-	-	-	56,616
Total general	<u>1,235,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,235,194</u>
Total sewer utility plant	<u>\$37,274,146</u>	<u>\$ 431,679</u>	<u>\$ 3,783</u>	<u>\$ -</u>	<u>\$37,702,042</u>

Mount Horeb Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 2,039,413	\$ 2,104,406
Commercial	353,160	339,012
Public authorities	47,471	38,836
Other	108	3,056
	<u>2,440,152</u>	<u>2,485,310</u>
Total sewer revenues		
Other operating revenues:		
Forfeited discounts	8,022	3,805
Rent from sewer property	3,094	3,094
Miscellaneous	3,164	37,430
	<u>2,454,432</u>	<u>2,529,639</u>
Total operating revenues		
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	22,666	18,952
Power and fuel for pumping	120,656	122,927
Treatment charges	30,774	26,204
Phosphorous removal chemicals	5,861	10,771
Laboratory expenses	38,490	32,073
Other operating supplies	-	4,201
Joint metering costs	64,125	61,843
Transportation	11,676	5,245
Rents	9,060	9,060
	<u>303,308</u>	<u>291,276</u>
Total operation		
Maintenance:		
Collection system	49,836	25,911
Pumping equipment	43,782	36,570
Treatment and disposal plant equipment	112,943	85,544
General plant structures and equipment	91,812	68,357
	<u>298,373</u>	<u>216,382</u>
Total maintenance		
Customer accounts:		
Accounting and collecting	64,878	68,787
Meter Reading	666	1,981
	<u>65,544</u>	<u>70,768</u>
Total customer accounts		
Administrative and general:		
Salaries	29,634	31,422
Office supplies	16,905	18,378
Outside services employed	34,112	50,045
Insurance	28,682	37,150
Employees pensions and benefits	130,430	190,624
Regulatory commission	50,923	15,503
Miscellaneous	5,570	7,033
	<u>296,256</u>	<u>350,155</u>
Total administrative and general		

Mount Horeb Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>Restated 2020</u>
Taxes	\$ 28,839	\$ 28,449
Total operation and maintenance	992,320	957,030
Depreciation	<u>1,156,026</u>	<u>1,053,476</u>
Total operating expenses	<u>2,148,346</u>	<u>2,010,506</u>
Operating income	<u>\$ 306,086</u>	<u>\$ 519,133</u>