

Village of Mount Horeb

138 E Main St
Mount Horeb, WI 53572
Phone (608) 437-6884/Fax (608) 437-3190
Email: mhinfo@mounthorebwi.info Website: www.mounthorebwi.info

**REVISED
VILLAGE BOARD
WEDNESDAY, AUGUST 2, 2017**

The Village Board of the Village of Mount Horeb will meet on the above date at 7:00pm in the Board Room of the Municipal Building, 138 E Main Street, Mount Horeb, WI. Agenda as follows:

- 1) Call to order
Pledge of Allegiance
Roll call
- 2) Public Comments – non agenda items
- 3) Consent Agenda:
 - a) July 5, 2017 Village Board minutes
 - b) Revised Employee Policy Handbook Number 500-1 regarding benefits
 - c) Operator's Licenses for approval: Courtney Wipperfurth, Jamie Schlingen, and Noel Michalski
 - d) Mount Horeb Fire Dept/Mount Horeb Volunteers Inc applications for 2017 Fire Jamboree fundraiser:
 1. Street Use Permit to close Front Street from Grove Street to First Street and First Street from Front Street to Post Office parking lot from 7:30am Saturday, September 2 thru 5pm September 4
 2. Public Amusements and Shows September 3 from 7:30am to 12 midnight
 3. Temporary Operator Licenses September 3-4, 2017: Dan Arntsen, Gerald Rick, Lee Ann Dillis, Casey McClyman
 - e) Street Use Permit Application for Fall Heritage Festival detour of Main Street from 4th Street to 1st Street from 6am October 7 to 6pm October 8, 2017
 - f) Abandonment of utility easements for Plat of Oak Glen in Village extraterritorial jurisdiction area
 - g) Waiver of parkland improvement fee and fee in lieu of parkland for Glacier Properties LLC assisted living community
- 4) 2016 Village audit presentation by Baker Tilly

- 5) Consider Maple Ridge Subdivision:
 - a. Final Plat of Maple Ridge Subdivision
 - b. Ordinance 2017-05, "AN ORDINANCE CHANGING THE ZONING CLASSIFICATION OF PROPERTY FROM A-1 AGRICULTURAL DISTRICT TO R-1 SINGLE FAMILY RESIDENTIAL DISTRICT MAPLE RIDGE SUBDIVISION"
- 6) Consider Resolution 2017-07, "IN OPPOSITION TO THE PROPOSED CARDINAL-HICKORY CREEK TRANSMISSION LINE"
- 7) Consider Youth In Government Handbook
- 8) Committee reports:
 - a. Mount Horeb Area Chamber of Commerce
 - b. Mount Horeb Area Joint Fire Department
 - c. Library Board
 - d. School Liaison
 - e. Parks, Recreation, and Forestry Commission
 - f. Plan Commission
 - g. Public Works Committee
 - h. Public Safety Committee
 - i. Finance/Personnel
 - j. Utility Commission
 - k. Dane County City & Villages Association
 - l. Public Safety Building Committee
 - m. Tourism Commission
- 9) Village President's report
- 10) Village Administrator's report
- 11) Village Clerk/Deputy Treasurer's report
- 12) Consideration and action of TID 5 incentives and term sheet request from Floss Please Real Estate LLC . The Village Board may convene in closed session as authorized by Wisconsin Statute Section 19.85(1)(e) for purposes of the investing of public funds or conducting other specified public business whenever competitive or bargaining reasons require a closed session.
- 13) Consider Village Administrator's Annual Performance Review. The Village Board may enter into closed session per Wis. Stat. § 19.85(1)(c) to consider employment, promotion, compensation or performance evaluation data of any public employee over which the governmental body has jurisdiction or exercises responsibility.

14) Return to open session for any action required as a result of the closed session agenda items.

15) Adjourn

UPON REASONABLE NOTICE, EFFORTS WILL BE MADE TO ACCOMMODATE THE NEEDS OF DISABLED INDIVIDUALS THROUGH APPROPRIATE AIDS AND SERVICES. FOR INFORMATION OR TO REQUEST THIS SERVICE, CONTACT ALYSSA GROSS, CLERK, AT 138 E MAIN STREET, MOUNT HOREB, WI (608) 437-6884.

**VILLAGE OF MOUNT HOREB
VILLAGE BOARD MEETING MINUTES
JULY 5, 2017**

The Village Board met in regular session in the Board Room of the Municipal Building, 138 E. Main Street, Mount Horeb, WI.

Call to Order/Roll Call: Village President Little called the meeting to order at 7:00pm. Present were Trustees Grindle, Monroe, Czyzewski, Scott, Goltz, and Pakkala. Also present were Assistant Administrator Kathy Hagen, Village Attorney Bryan Kleinmaier, and Clerk/Deputy Treasurer Alyssa Gross. Administrator Owen was absent. The Pledge of Allegiance was recited.

Public Comments: John Zimmer spoke about water runoff issues on his property and his trees that were cut down by the Village.

Consent Agenda: Czyzewski moved, Monroe seconded to approve the following consent agenda items: **May 24 and June 7, 2017 Village Board minutes; Operator's Licenses** for approval: Marissa Hoffman, Miguel Lopez, Michael Betts, Tonya Archi, Kristin Kadel, Karen Weihert, Ricky Henry Jr., Savannah Thomas, Dawn Haag, and Jordan Oyen; Applications for Symdon Motors Inc Car Parade/Event September 21-23, **2017: Temporary Operator's License, Public Amusements and Shows, and Street Use Permit;** Street Use Permit Application from Duluth Trading for August 26, 2017 for Main Street closure between Grove Street and S First Street from 7am-2pm; Applications for American Cancer Society/Relay for Life July 22, 2017 7am-11pm: Street Use Permit for Parkway Drive between Henry and Blue Mounds Streets, and section of Blue Mounds Street adjacent to Grundahl Park and Public Amusements and Shows Permit; Appointment of James Leary to Library Board for three year term thru July 1, 2020 to replace outgoing member John Kuse. Motion carried by unanimous voice vote.

Update on park facilities with Jeff Gorman, Parks and Urban Forestry Director: Gorman spoke about the water leak at the swimming pool and presented possible solutions to fix the ongoing problems.

Consider approvals for Glacier Properties LLC assisted living project:

- 1) Certified Survey Map: Czyzewski moved, Pakkala seconded to approve the CSM. Motion carried by unanimous voice vote.
- 2) Ordinance 2017-04, "AN ORDINANCE CHANGING ZONING CLASSIFICATIONS AT 325 N EIGHTH STREET FROM A-1 AGRICULTURE TO R-4 MULTI-FAMILY AND FURTHER TO PD-1 PLANNED DEVELOPMENT BASED ON R-4 STANDARDS FOR WEST 3.043 ACRES OF OUTLOT 117 PARCEL 0606-121-3157-6, AND FROM R-2 TWO FAMILY RESIDENTIAL TO R-4 MULTI-FAMILY AND FURTHER TO PD-1 PLANNED DEVELOPMENT BASED ON R-4 STANDARDS FOR PARCEL 0606-121-

4506-1": Monroe moved, Scott seconded to approve the ordinance. Motion carried by unanimous voice vote.

Presentation of proposed 15 lot single-family subdivision with Developer Chad Wuebben: Wuebben presented a brief summary of the proposed project. The public hearing for this project will be July 26th at 7:00pm.

Consider Youth In Government Program: Grindle stated that the program plan was reviewed during the Finance & Personnel Committee meeting. Grindle moved, Scott seconded to approve the program, contingent upon amending the program handbook as needed.

Consider approval of TID 5 incentive funding, programs, and participating bank agreement: Dan Johns, representing Vandewalle & Associates, presented details on this agenda item. The following motions were made on the listed items below: Czyzewski moved, Monroe seconded to approve item a. Monroe moved, Czyzewski seconded to approve items b thru e. Attorney Kleinmaier explained item f. Grindle moved, Pakkala seconded to approve item f. All motions carried by unanimous voice vote.

- a. Appropriation of \$250,000 in seed funding for grant programs
- b. Façade Improvement Grant Program
- c. Commercial Building Rehabilitation Loan Program
- d. Façade/Building Improvement Program Application Review Procedure
- e. Façade/Building Improvement Grant and Loan Application\
- f. Commercial Building Rehabilitation Loan Program Agreement

Consider Resolution 2017-05 to approve creation of and appointments to the TID 5 Grant/Loan Committee: Czyzewski moved, Scott seconded to approve the resolution.

Consider: a) Wisconsin Economic Development Corporation grant application for Floss Please Real Estate LLC for proposed dental office; and b) Resolution 2017-06 "AUTHORIZING SUBMITTAL OF APPLICATION TO THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION FOR A COMMUNITY DEVELOPMENT INVESTMENT GRANT FOR FLOSS PLEASE REAL ESTATE, LLC FOR PROPOSED 208-210 E MAIN ST PROJECT IN THE VILLAGE OF MOUNT HOREB": Amanda Hatch and Brittany Burger, owners of Floss Please Real Estate, LLC, and Dale Hatfield of Farmer's Savings Bank, presented their proposal. Grindle moved, Pakkala seconded to approve the resolution. Motion carried by unanimous voice vote.

Consider Cardinal-Hickory Creek recommendation: Czyzewski gave an update on the proposed routes. The board decided to get a resolution together before the next meeting.

Committee reports: Committee reports were heard with none requiring Village Board action.

Village President's report: Littel stated that he was happy to see so many people from out of town in the Village this past weekend.

Village Administrator's report: There was no report as Owen was absent.

Village Clerk/Deputy Treasurer's report: Gross reported on the electric disconnections for the current month.

Consideration of and action on Agreement for Land Division Improvements North Cape Commons Phase 4. The Village Board may convene in closed session as authorized by Wisconsin Statute Section 19.85(1)(e) for purposes of the investing of public funds or conducting other specified public business whenever competitive or bargaining reasons require a closed session: John DeWitt, owner of County ID, LLC, spoke before the board convened to closed session. Monroe moved, Grindle seconded to convene to closed session at 8:34pm. Motion carried by unanimous roll call vote.

The Village Board may reconvene to open session for any discussion or action on the subject matters discussed in closed session: Czyzewski moved, Goltz seconded to reconvene to open session at 9:17pm. Motion carried by unanimous voice vote. Monroe moved, Goltz seconded to approve the development agreement, subject to final review and approval by Village Administrator and Village Attorney, but the development agreement must contain the provision that Tyrol Terrace and St Olav Ave be completed as part of Phase 4. Motion carried by unanimous voice vote. DeWitt voiced his concerns about being able to finish the stub roads due to financial constraints.

Adjournment: There being no further business before the Board, Monroe moved, Pakkala seconded to adjourn the meeting at 9:28pm. Motion carried by unanimous voice vote.

Minutes by Alyssa Gross, Clerk/Deputy Treasurer



Village of Mount Horeb

Policies & Procedures

<u>Policy:</u> Employee Benefits & Reimbursements	<u>Number:</u> 500-1	<u>Effective:</u>
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Scope: All Eligible Employees

Policy

Section 1: General Overview

Benefits offered to employees by the Village may vary from year-to-year. Employees are encouraged to contact the ~~Village Clerk~~ **Finance Director/Treasurer** for the most updated information on currently offered employee benefits.

Section 2: Non-union Employee Wellness Plan (per Resolution 2008-23)

The Village wishes to endorse healthy living for employees. It is documented that exercise and a recognition of a healthy lifestyle can lead to decreased health care expense for the employee and decreased insurance expense to the village in addition to increased productivity and employee morale. Under the Employee Wellness Plan, employees may be reimbursed up to 25% of the cost for health, wellness, and fitness programs (see examples below). The maximum reimbursement amount for each employee is \$120 per calendar year. All programs must be located at facilities in the Village of Mount Horeb (or a member of the Mount Horeb Chamber of Commerce?). This program does not include any costs that would normally be covered or reimbursed under an insurance policy. According to IRS rules, any reimbursement under this program is considered a taxable benefit to the employee and shall be treated as such.

Examples of wellness programs:

- Gym memberships
- Exercise, weight loss, nutrition, dance and martial arts classes
- Tobacco use cessation classes and healthy lifestyle support groups

Section 3: Safety Clothing, Equipment & other reimbursements for Public Works, Parks, and Utility employees.

Work Boots: Employees that are required to use safety gear or clothing as part of their job shall be reimbursed up to \$30 per year for steel-toed work boots. Employees must submit a paid receipt to their supervisor for approval.

Safety Glasses: Employees that are required to use safety gear or clothing as part of their job shall be reimbursed for safety glasses as necessary. Reimbursement shall be limited to the reasonable cost for frame and lenses, including prescription lenses if required. This does not include physician fees or any costs that would normally be covered under an insurance policy. Employees must submit a paid receipt to their supervisor for approval.

Driver License Fees: Employees that are required to hold a Commercial driver license (CDL) shall be reimbursed the additional cost for CDL fees. The reimbursement amount will be calculated using the CDL (Class A, B, C) fee minus the Regular driver license fee. License fees are determined by the Wisconsin Department of Motor Vehicles (WDOT). Other license endorsements will not be included in the reimbursement calculation. Employees must submit proof of the CDL license and a paid receipt to their supervisor for approval.

Village of Mt Horeb
Street Use Permit Application

\$20.00

Applicant Name: DAN ARNTSEN

Address: 170 S 1st St Telephone: 608-234-8145

Event Sponsor (if different than above): Mount Horeb Fire Dept/Volunteers Inc

Address: _____ Telephone: _____

Responsible Person(s) (if different than above): _____

Address: _____ Telephone: _____

Event Information

Start date: 9-2-17 Time: 7:30 am End Date: 9-2-17 Time: 5:00 pm

Include set-up and tear-down/clean-up time

Detailed description of street(s) proposed to be used: Front St from Grove St to 1st St. 1st St North to Post office parking lot

Estimated number of persons: 800 (Certificate of Insurance may be required)

Use of street (include a detailed description of all activities such as vending, music, selling of food or alcohol beverages, location and use of tents, stages, or other equipment, and a detailed plan for clean-up after the event): Music, Food sales, Kids Inflatables
Beer tent

If using recording or sound amplification equipment please describe: Band equipment
will be in tent on front St.

Designate any public facilities or equipment to be used (additional costs may be incurred): _____

I certify that I have read and understand the Village of Mount Horeb Ordinance 2006-17 An Ordinance To Require Street Use Permits, and agree to adhere to all of the rules and requirements outlined in the Ordinance and that all information provided on this application is true and correct.

[Signature]
Signature

9-18-17
Date

CHIEF OF POLICE: _____ ACCEPTED _____ DECLINED VILLAGE ADMINISTRATOR: _____ ACCEPTED _____ DECLINED

RECEIPT#: _____ LICENSE# _____

**Village of Mt Horeb
Street Use Permit Application**

\$20.00

Applicant Name: Mount Horeb Area Chamber of Commerce - Fall Heritage Festival

Address: 300 E. Main Street, Mount Horeb, WI 53572 Telephone: 608-437-5914

Event Sponsor (if different than above): _____

Address: _____ Telephone: _____

Responsible Person(s) (if different than above): Melissa Theisen

Address: _____ Telephone: 608-225-1068

Event Information

Start date: 10/7/2017 Time: 6 am End Date: 10/8/2017 Time: 6pm
(Include set-up and tear-down/clean-up time)

Detailed description of street(s) proposed to be used: Detour of Main Street from 4th to 1st Street

Closure of 300 Blok of Main from 3rd to 4th from 11am-2pm Sunday only.

Estimated number of persons: 10,000 (Certificate of Insurance may be required)

Use of street (include a detailed description of all activities such as vending, music, selling of food or alcohol beverages, location and use of tents, stages, or other equipment, and a detailed plan for clean-up after the event): Crafters tents, stages, kids area, mini pedal tractor pulls, crafter displays and demonstrations.

If using recording or sound amplification equipment please describe: some amplication in the 300 block
for bands, entertainment, dance performances, mini tractor pulls

Designate any public facilities or equipment to be used (additional costs may be incurred): Municipal building
bike trail shelters buildings to be open for restroom use. Specifically the Municipal Building at 6am for our vendors.

I certify that I have read and understand the Village of Mount Horeb Ordinance 2006-17 An Ordinance To Require Street Use Permits, and agree to adhere to all of the rules and requirements outlined in the Ordinance and that all information provided on this application is true and correct.

Melissa Theisen _____ 7/27/2017 _____

Signature Date

CHIEF OF POLICE: ACCEPTED DECLINED VILLAGE ADMINISTRATOR: ACCEPTED DECLINED

RECEIPT#: _____ LICENSE# _____

**RELEASE, TERMINATION AND
ABANDONMENT OF
UTILITY EASEMENTS**

This document is not a "conveyance" as defined in Section 77.21(1) of the Wisconsin Statutes and is not subject to the Wisconsin real estate transfer fee.

In accordance with Section 236.293 of the Wisconsin Statutes, the Village of Mount Horeb, a Wisconsin Municipal Corporation, does hereby release, terminate, and abandon (hereinafter "Release") all of its right, title, and interest to:

Part of the 12' wide utility easements shown on the Plat of Oak Glen, as recorded on October 2, 2009, in Volume 59-073B of Plats, on Pages 336-338, as Document No. 4599764, in the office of the Register of Deeds for Dane County, Wisconsin, as more particularly described on attached Exhibit A and depicted on Exhibit B, both incorporated herein.

Return to:

Boardman & Clark LLP
PO Box 128
Poynette, WI 53955

054/0607-062-2035-0 &
054/0607-062-2070-0 &
054/0607-062-2105-0

Parcel Identification Number (PIN)

This Release does not affect any other easements set forth on the Plat of Oak Glen which remain in full force and effect.

This Release is being made for the benefit of all current owners of the real estate within which the released easements are located, together with their heirs, personal representatives, successors and assigns. This Release shall be binding upon the Village and its successors and assigns.

IN WITNESS WHEREOF, said Village of Mount Horeb has caused these presents to be signed this ____ day of August, 2017.

VILLAGE OF MOUNT HOREB

By: _____ (SEAL)
Randy J. Littel, Village President

By: _____ (SEAL)
Alyssa Gross, Village Clerk

ACKNOWLEDGEMENT

STATE OF WISCONSIN)
) ss.
COUNTY OF _____)

Personally came before me this ____ day of August, 2017 the above-named Randy J. little, President, and Alyssa Gross, Clerk, to me known to be the person(s) who executed the foregoing instrument and acknowledged the same.

Print Name: _____
Notary Public, State of Wisconsin
My Commission expires: _____

Attachments: Exhibit A – Legal Descriptions of Utility Easements to be Abandoned
Exhibit B – Map of Utility Easements to be Abandoned

This instrument drafted by:
Attorney Jeffrey P. Clark
Boardman & Clark LLP
213 N. Main Street, Suite 200
P.O. Box 128
Poynette, WI 53955
(608) 635-4324
7/13/2017 N:\DOCS\WD\51356\41\A2837033.DOCX

Utility Easements to be Abandoned:

Being a part of Lot 1, Certified Survey Map No. 14112, as recorded in Volume 95 of Certified Survey Maps, Pages 104 - 112 as Document No. 5194406 located in part of the Northwest Quarter of the Northwest Quarter, Section 6, Town 6 North, Range 7 East, Town of Springdale, Dane County, Wisconsin, described as follows:

Commencing at the Northwest corner of Lot 1, Certified Survey Map No. 14112, said point also being the Northwest corner of Section 6;
thence South 89°52'06" East along the North line of said Lot 1 and the North line of the Northwest Quarter of said Section 6, 292.20 feet;
thence South 12.00 feet to the point of beginning;
thence South 89°52'06" East, 6.00 feet;
thence South, 919.63 feet;
thence South 47°25'28" West, 16.30 feet;
thence North, 930.69 feet;
thence South 89°52'06" East, 6.00 feet to the point of beginning.
Containing 11,102 square feet, (0.25 acres), more or less.

Utility Easements to be Abandoned:

Being a part of Lot 1, Certified Survey Map No. 14112, as recorded in Volume 95 of Certified Survey Maps, Pages 104 - 112 as Document No. 5194406 located in part of the Southwest Quarter of the Northwest Quarter and the Northwest Quarter of the Northwest Quarter, Section 6, Town 6 North, Range 7 East, Town of Springdale, Dane County, Wisconsin, described as follows:

Commencing at the most Easterly corner of Lot 4, Certified Survey Map No. 11994;
thence North 35°53'35" West, 153.91 feet to the point of beginning;
thence continuing North 35°53'35" West, 14.81 feet;
thence East, 61.09 feet;
thence South 45°58'42" East, 171.65 feet;
thence South 22°59'47" West, 334.24 feet;
thence Northwesterly along a 195.00 foot radius curve to the left having a central angle of 03°55'56" and whose long chord bears North 40°45'11" West, 13.38 feet;
thence North 22°59'47" East, 320.08 feet;
thence North 45°58'42" West, 158.55 feet;
thence West, 47.56 feet to the point of beginning.
Containing 6,558 square feet, (0.15 acres), more or less.

Utility Easements to be Abandoned:

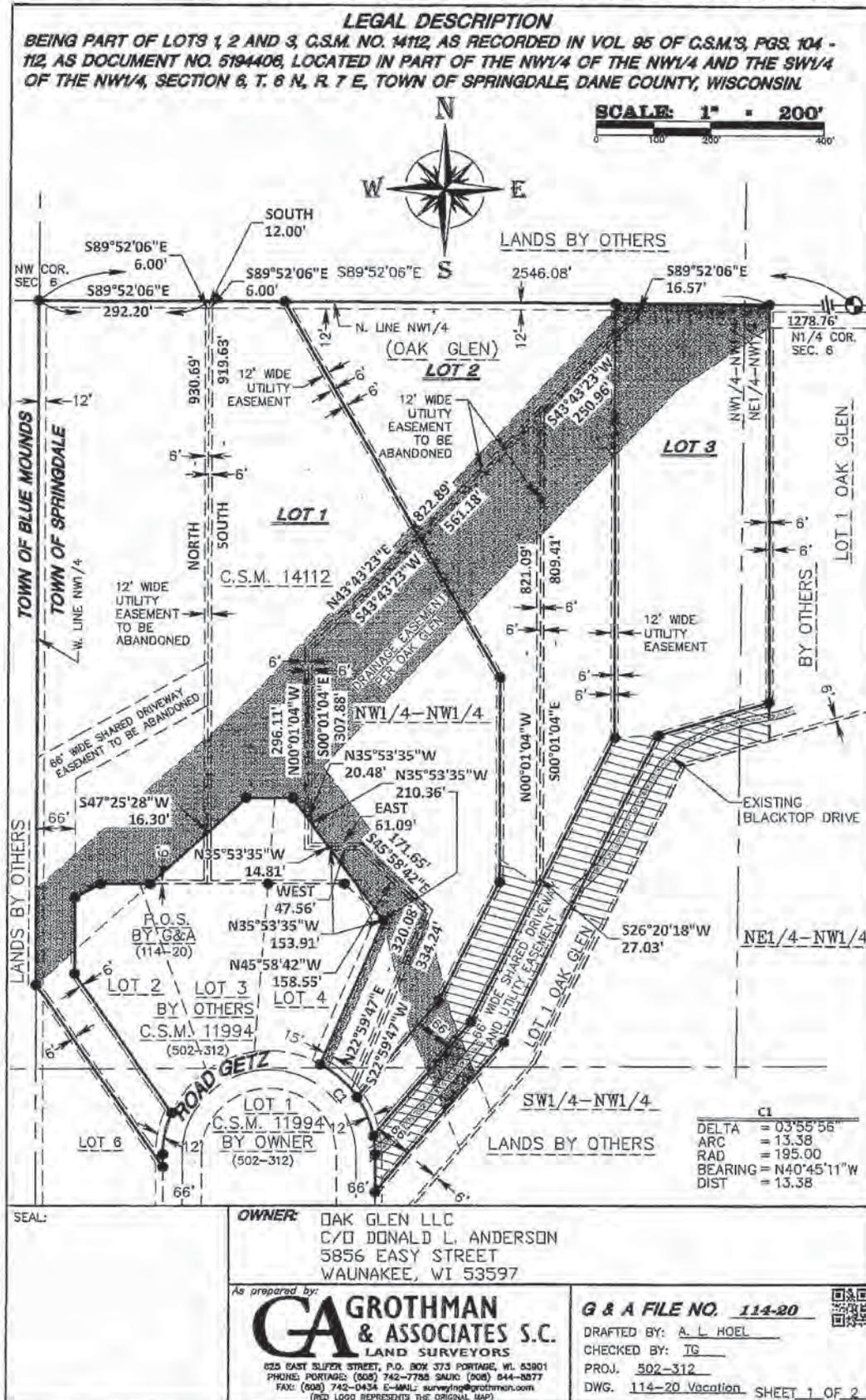
Being a part of Lots 1, 2 and 3, Certified Survey Map No. 14112, as recorded in Volume 95 of Certified Survey Maps, Pages 104 - 112 as Document No. 5194406 located in part of the Northwest Quarter of the Northwest Quarter, Section 6, Town 6 North, Range 7 East, Town of Springdale, Dane County, Wisconsin, described as follows:

Commencing at the most Easterly corner of Lot 4, Certified Survey Map No. 11994;
thence North $35^{\circ}53'35''$ West, 210.36 feet to the point of beginning;
thence continuing North $35^{\circ}53'35''$ West, 20.48 feet;
thence North $00^{\circ}01'04''$ West, 296.11 feet;
thence North $43^{\circ}43'23''$ East, 822.89 feet;
thence South $89^{\circ}52'06''$ East, 16.57 feet;
thence South $43^{\circ}43'23''$ West, 250.96 feet;
thence South $00^{\circ}01'04''$ East, 809.41 feet;
thence South $26^{\circ}20'18''$ West, 27.03 feet;
thence North $00^{\circ}01'04''$ West, 821.09 feet;
thence South $43^{\circ}43'23''$ West, 561.18 feet;
thence South $00^{\circ}01'04''$ East, 307.88 feet to the point of beginning.
Containing 23,321 square feet, (0.54 acres), more or less.

EXHIBIT B
[MAP OF UTILITY EASEMENTS TO BE ABANDONED]
{attached}

EXHIBIT B

UTILITY EASEMENT ABANDONMENT



Kathy Hagen

From: Nicole Imbus [nic.imbus@outlook.com]
Sent: Thursday, July 06, 2017 10:44 PM
To: Kathy Hagen
Cc: Uriah Miller
Subject: request to waive park fees

July 6, 2017

Mount Horeb Village Board
Park, Recreation and Forestry Commission
138 E. Main St.
Mount Horeb, WI 53572

To whom it may concern,

Glacier Properties, LLC is purchasing approximately 3 acres at 325 N. 8th Street to build a 16-room assisted living facility. We understand that there are Playground Improvement Fees of \$867.00 and Fee in Lieu of Land Dedication for \$695.00 (total of \$1562.00 per unit). Our residents rarely use these facilities so we are asking if you would consider waiving these fees for our project. Please let us know if you have any further questions.

Sincerely,

Nicole Imbus & Uriah Miller

Glacier Properties, LLC

Kathy Hagen

From: Mike Slavney [mslavney@vandewalle.com]
Sent: Thursday, June 29, 2017 9:17 AM
To: Kathy Hagen
Subject: Park Fees and Senior Housing Land Uses

Hi Kathy

You asked me if park fees for land and improvements apply to senior housing development.

The typical approach I encounter is:

1. Park fees typically apply to age-restricted apartments and condos that will usually have active seniors living in them.
 - This includes apartment units within continuum-of-care complexes where residents can move from apartments to assisted living to nursing; and/or apartments where a menu of personal care services are available
 - These apartment units are physically distinguished by having full or partial-service kitchens, as well as a bedroom and bath and living area
 - These senior apartment residents have ready access to village parks, trails, and recreation programs.
2. Park fees typically do not apply to Institutional Residential land uses, including CBRFs.
 - Memory care, rehabilitation care, and nursing home facilities are examples of these uses
 - These units may be called “apartments” in that they have a bedroom and bath, but they are physically distinguished by having no kitchen (although they may have a sink and counter), and common dining and living areas.
 - These residents rarely use village recreation facilities or programs.

Please let me know if you have other questions about this.

Mike

VILLAGE OF MOUNT HOREB

Mount Horeb, Wisconsin

COMMUNICATION TO THOSE CHARGED
WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2016

VILLAGE OF MOUNT HOREB

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**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

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

In planning and performing our audit of the financial statements of the Village of Mount Horeb ("village") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

A separate Communication to Those Charged with Governance and Management was issued to the Utility Commission. The information contained in that report is not included with this report.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the village's internal control to be a material weakness:

> Internal Control Over Financial Reporting

This communication is intended solely for the information and use of management, the village board, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Veitchau Krause, LLP

Madison, Wisconsin
May 5, 2017

Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the year-end financial reporting process and preparation of your financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout the year and at year-end.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements, including footnotes, are prepared.
- > Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports. Specifically, management has not prepared financial statements that are in conformity with generally accepted accounting principles and relies on the auditors to provide this service.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare financial statements.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements.
 - > Consider factors that affect the risks of material misstatement.
 - > Design tests of controls, when applicable, and substantive procedures.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.
- d. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, which we also audit.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the village board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the village concerning:

- a. The village's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We typically do preliminary audit work during the months of October-December, and sometimes early January. Our final fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that, while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS,
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

PRIOR YEAR POINT

TIF DISTRICT STATUS (PER DECEMBER 31, 2009 LETTER)

Several years ago we began to report to you the financial status of several of your TIF districts and the need for you to be aware of their long-term viability. While audits focus on historical data, TIF districts should be closely monitored to determine, or project, whether they will be able to sufficiently recover their costs to the extent that they can pay back TID debt issued, as well as pay back any other village funds that have loaned (advanced) funds to them. The status of the TIF districts is reported annually in a compilation report that we prepare for the village. These reports identify the costs to be recovered by each district, the cumulative revenues and expenditures of each district, and the long-term debt outstanding. Copies of these reports are available from village management.

In 2009, the first year that this was reported to you, TIF District No. 3 had \$7,565,264 of costs to be recovered. The district is able to collect increment through 2026. The expenditures of TIF District No. 3 were funded primarily through long-term debt issued.

TIF District No. 4 had \$253,209 of costs to be recovered as of December 31, 2009. The district is able to collect increment through 2027. The expenditures of TIF District No. 4 were funded primarily through long-term debt issued.

Status (12/31/16)

As of December 31, 2016, TIF District No. 3 had approximately \$7.4M in net costs to be recovered. The village has a development guarantee in place to recover a significant portion of these costs in the event the tax increment is not sufficient.

TIF District No. 4 had approximately \$100,000 of net costs to be recovered as of December 31, 2016.

The TIF compiled financial statements provide additional details on the activity and status of each district. We continue to recommend regular and ongoing monitoring of these districts.

INFORMATIONAL POINTS

DECENTRALIZED CASH COLLECTIONS

Many governments collect cash at numerous decentralized locations that are separate from the primary system of accounting procedures and controls. The opportunity for theft is often higher at those locations because one person is frequently involved in most, if not all, aspects of a transaction (i.e. lack of segregation of duties).

Examples in your government that fit this situation include: municipal court, library, and recreation department.

Management is responsible for designing and implementing controls and procedures to detect and prevent fraud. As a result, we recommend that management review its decentralized cash collection procedures and controls on a periodic basis and make changes as necessary to strengthen the internal control environment. Reviewing the adequacy of the controls is a responsibility of the governing body.

Below are example procedures and controls to help mitigate the risk of loss at decentralized cash collection points:

- > Implement a centralized receipting process with adequate segregation of duties
- > For cash collections, ensure pre-numbered receipts are being used and all receipts in the sequence are being reviewed by someone other than the person receipting the cash and receipts tie to deposits
- > Perform surprise procedures at decentralized locations (cash counts, walkthrough of processes, etc.)
- > Require regular cash deposits to minimize collection on-hand
- > Limit the number of separate bank accounts
- > Segregate duties as much as possible – the person receipting cash should be separate from the person preparing deposits and the person reconciling bank accounts should be separate from the cash collection activity
- > Perform a month-to-month or year-to-year comparisons to look for unusual changes in collections
- > If collecting from a drop box site, consider sending two people to collect the funds, especially during peak times

As always, the cost of controls and staffing must be weighed against the benefits of safeguarding your assets.

CYBER SECURITY

It's no surprise that cybersecurity continues to be a top concern for management and those charged with governance across governments of all sizes and types. Protecting citizen's data is critical for any government. In addition, there have been several incidents of critical malware or ransomware threats to communities of various sizes.

We recommend performing a cyber-risk assessment to identify the types and location of data on your system as well as considering the sensitivity or potential regulations associated with your data. This will allow you to make informed decisions about spending on cyber risk mitigation.

Our professionals are also available to assist with your cybersecurity questions, assessments, and programs.

INFORMATIONAL POINTS (cont.)

GOVERNMENT FRAUD PREVENTION AND DETECTION: NOW IS THE TIME TO ACT

When it comes to preventing and detecting fraud in government, being proactive is critical. In fact, government is the second most likely industry to be impacted by fraud. According to the audit standards, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. To get started, your government should conduct a fraud risk assessment to identify where and how fraud might occur and what individuals may be in a position to commit fraud. Once you've identified your entity's fraud risk areas, the next step is to develop a fraud risk assessment and investigation policy.

As you begin your fraud risk assessment or develop tools to prevent and detect fraud, it is important to keep in mind the following information provided by the Association of Certified fraud Examiners:

- > Misappropriation of assets accounts for 80 percent of fraud
- > The primary internal control weaknesses observed are lack of internal controls, lack of management review, override of existing internal controls and poor tone at the top
- > A tip is the most effective tool to catch a fraudster followed by management review
- > The professional requirements and objectives of a financial audit are different than a forensic audit. Due to the nature of a financial audit, less than 10 percent of frauds have been discovered as a result of a financial audit conducted by an independent accounting firm.

If your government has not gone through a fraud risk assessment or does not have a plan to prevent and detect fraud, we recommend that this be done and then updated on a regular basis. We are available to assist you with this process.

GASB UPDATES

The Government Accounting Standard Board (GASB) has been very active in recent years, issuing new standards at a fast pace. Over the next few years, your government will have many new standards to evaluate and implement. Here are the standards likely to impact you the most in the upcoming year:

- > GASB 73 includes accounting and reporting for pension plans that are not reported in a trust
- > GASB 74 and 75 are Other Post Employment Benefit (OPEB) standards that parallel the recent pension standards
- > GASB 80 clarifies the presentation requirements for some component units
- > GASB 81 provides guidance for accounting for irrevocable split interest agreements

There are two significant GASB projects drawing to conclusion in 2017. While the implementation dates for these are a few years away, both are anticipated to have significant impacts on many government financial statements:

- > Fiduciary Activities
- > Leases

INFORMATIONAL POINTS (cont.)

GASB UPDATES (cont.)

Looking even further ahead, one of the most significant current GASB projects is the financial reporting model reexamination. The GASB is currently revisiting GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, as well as reporting model-related pronouncements including Statements Nos. 37, 41, and No. 46 and Interpretation No. 6. The GASB has indicated that they are revisiting the following major provisions of these standards: management’s discussion and analysis, government-wide financial statements, fund financial statements, proprietary fund and business-type activity financial statements, fiduciary fund financial statements, budgetary comparisons, and other issues. The first of a series of Invitations to Comment was issued in December 2016. This Invitation to Comment addresses governmental fund topics.

Through our firm involvement on AICPA committees, Baker Tilly follows these developments closely so that we can help you prepare for the changes as they evolve. This participation also allows us to share with GASB the experiences and perspectives of our clients to potentially influence the direction of future projects.

Full lists of projects, as well as many resources, are available on GASB’s website which is located at www.gasb.org.

NEW RESOURCES FOR STATE AND LOCAL GOVERNMENT BOARDS

In recent years, our clients have told us that the roles of their board members have become increasingly demanding. Expectations and accountability are at all-time high and the knowledge required to be an effective board member is substantial. For these reasons, we have compiled a number of resources dedicated to educating state and local government board members. Go to our website www.bakertilly.com and click on the State and Local Government page.

Included in the “insights” section at the bottom of the State and Local Government page are four quick-hitting, informative videos:

1. Government financial statements 101
2. Understanding your government’s fraud risk
3. Financial ratios and benchmarks
4. Fund balance and other financial policies

Also included are links to other videos, case studies and news / events that you might find of interest.

We encourage you to subscribe to our complimentary newsletter “Government Connection” to stay abreast of the latest issues impacting state and local governments. You can do so by clicking on the “subscribe” button and indicating “State and Local Government” as an area of interest on the subscription form. Also, if you or your board members have suggested topics to feature on our Board Governance webpage or Government Connection newsletter, we invite you to submit your ideas in person or online.

INFORMATIONAL POINTS (cont.)

WISCONSIN RETIREMENT SYSTEM AND GASB No. 68

As you begin your second year reporting your pension activity under the requirements of GASB Statement No. 68, let's review how this information affects your financial statements.

Wisconsin Retirement System (WRS) pension information is reported on a one year lag in your financial statements, so current year balances are the WRS amounts reported for the plan year ended December 31, 2015. The following is a summary of the status of the WRS for the current and previous year (amounts are in billions).

	Current Year 2015	Previous Year 2014	Change
Total Pension Liability	\$ 90.1	\$ 89.7	\$ 0.4
Net Assets Available for Benefits	<u>88.5</u>	<u>92.1</u>	<u>(3.6)</u>
Net Pension Liability (Asset)	<u>\$ 1.6</u>	<u>\$ (2.4)</u>	<u>\$ 4.0</u>

As noted above, for the current year, WRS reports a net pension liability compared to a net pension asset for the previous year. Although 2015 contributions to WRS from employers and employees was consistent with the 2014 amounts, net investment income for 2015 decreased from \$4.9 billion to a net loss of \$0.7 billion, a \$5.6 billion swing. This decrease in net investment income was primarily due to declines in investment returns and market values as a result of the 2015 market closing at its lowest point since 2008. In addition, benefit payments increased \$0.3 billion or 6.3% from 2014 to 2015 partially as a result of an additional 6,200 retirees receiving benefits. Your government's proportionate share of the current year net pension liability is reported in your government-wide financial statements.

It should be noted that since the net pension liability (asset) is heavily dependent upon the market value of the net assets available for benefits, increases and decreases in the market can and will significantly change the amounts reported on your financial statements in the future.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

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

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the Village of Mount Horeb (“village”) for the year ended December 31, 2016, and have issued our report thereon dated May 5, 2017. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Village Board of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our Communication to Those Charged with Governance and Management dated June 27, 2016, and our meeting on July 6, 2016.

To the Village Board
Village of Mount Horeb

QUALITATIVE ASPECTS OF ACCOUNTING POLICIES

Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Mount Horeb are described in Note I to the financial statements. As described in Note I to the financial statements, the Village of Mount Horeb changed accounting policies related to financial reporting for pensions by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the accounting change has been applied to the current period presented, no retrospective application was necessary. We noted no transactions entered into by the Village of Mount Horeb during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management's estimate of the net pension liability and related deferred outflows and inflows of resources is based on information obtained from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability and deferred outflows and inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Management has corrected all such misstatements except the following: In the general fund, the village has recognized revenue in the current year that should have been recognized in the prior year for franchise fees and payments in lieu of taxes. Additionally, the village didn't record a receivable and related revenue during the current year for franchise fees and payment in lieu of taxes collected shortly after year-end for fiscal 2016. The result is that assets have been understated by \$60,149 and revenues have been understated by \$2,534.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually, or in the aggregate, to the financial statements taken as a whole.

We also prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

To the Village Board
Village of Mount Horeb

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Village of Mount Horeb that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the Village of Mount Horeb for the year ended December 31, 2016, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Village of Mount Horeb in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants, and provided no services to the Village of Mount Horeb other than audit services provided in connection with the audit of the current year's financial statements and the following nonaudit services which, in our judgment, do not impair our independence:

- > Financial statement preparation
- > Adjusting journal entries
- > Compiled regulatory reports
- > TIF compilation reports
- > Civic Systems software
- > Utility rate consulting

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village of Mount Horeb's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Village Board
Village of Mount Horeb

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

RESTRICTION ON USE

This information is intended solely for the use of the village board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 5, 2017

MANAGEMENT REPRESENTATIONS



Village of Mount Horeb

138 E Main St
Mount Horeb, WI 53572
Phone (608) 437-6884/Fax (608) 437-3190
Email: mhinfo@mounthorebwi.info Website: www.mounthorebwi.info

May 5, 2017

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Mount Horeb as of December 31, 2016 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mount Horeb and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the Village of Mount Horeb required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, if any, are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. In the general fund, the village has recognized revenue in the current year that should have been recognized in the prior year for franchise fees and payments in lieu of taxes. Additionally, the village didn't recorded a receivable and related revenue related to the current year for receipts that were received after year-end that related to franchise fee and payment in lieu of taxes revenues. The result is that assets have been understated by \$60,149 and revenues have been understated by \$2,534. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
10. Guarantees, whether written or oral, under which the Village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data , documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
15. There are no known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. There are no known related parties or related party relationships and transactions of which we are aware.

Other

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have a process to track the status of audit findings and recommendations.
19. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
22. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
23. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Adjusting journal entries
 - c. Compiled TIF financial statements
 - d. Compiled regulatory reports
 - e. Civic Systems software
 - f. Utility rate consulting

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24. The Village of Mount Horeb has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25. The Village of Mount Horeb has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
26. The financial statements include all component units, joint ventures, and other related organizations.
27. The financial statements properly classify all funds and activities.
28. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
29. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
30. The Village of Mount Horeb has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
31. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
32. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
33. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
34. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
35. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
36. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
37. Tax-exempt bonds issued have retained their tax-exempt status.
38. We have appropriately disclosed the Village of Mount Horeb's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.
39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
40. With respect to the supplementary information, (SI):

a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

41. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

Sincerely,

Village of Mount Horeb



Nicholas Owen, Village Administrator



Cheryl Sutter, Finance Director/Treasurer

VILLAGE OF MOUNT HOREB

Mount Horeb, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

VILLAGE OF MOUNT HOREB

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mount Horeb, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Mount Horeb's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Mount Horeb's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Mount Horeb's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Village Board
Village of Mount Horeb

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mount Horeb, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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



Madison, Wisconsin
May 5, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

The management of the Village of Mount Horeb offers all persons interested in the financial position of the village this narrative overview and analysis of the village's financial performance during the fiscal year ended December 31, 2016. You are invited to read this narrative in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Mount Horeb exceeded its liabilities by \$52,540,757 (net position). Of this amount, \$4,641,549 is considered unrestricted net position, \$3,253,929 is restricted for specific purposes (restricted net position), and \$44,645,279 is the net investment in capital assets.
- > The village's total net position increased by \$10,922. Governmental activities net position decreased by \$429,223 while business-type net position increased by \$440,145.
- > On December 31, 2016, the village's governmental funds reported combined fund balances of \$4,263,312, an increase of \$1,181,367 from 2015. Unassigned fund balance was \$455,308 at year end.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The village maintains twenty (21) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, library fund, general debt service fund, and general capital projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

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

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

**Table 1
Condensed Statements of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	\$ 9,763,215	\$ 8,548,938	\$ 6,781,383	\$ 7,545,748	\$ 16,544,598	\$ 16,094,686
Capital Assets	35,227,200	33,896,143	26,912,060	26,226,354	62,139,260	60,122,497
Total Assets	44,990,415	42,445,081	33,693,443	33,772,102	78,683,858	76,217,183
Deferred Outflows of Resources	1,654,673	642,410	610,139	174,130	2,264,812	816,540
Total Deferred Outflows	1,654,673	642,410	610,139	174,130	2,264,812	816,540
Long-term Liabilities	17,261,343	14,429,861	4,193,771	4,688,249	21,455,114	19,118,110
Other Liabilities	631,370	563,747	734,293	552,801	1,365,663	1,116,548
Total Liabilities	17,892,713	14,993,608	4,928,064	5,241,050	22,820,777	20,234,658
Deferred Inflows of Resources	5,353,418	4,265,703	233,718	3,527	5,587,136	4,269,230
Total Deferred Inflows	5,353,418	4,265,703	233,718	3,527	5,587,136	4,269,230
Net Investment in						
Capital Assets*	21,877,447	21,728,425	23,946,014	22,658,856	44,645,279	43,177,554
Restricted	865,153	1,273,238	2,388,776	2,716,502	3,253,929	3,989,740
Unrestricted	656,357	826,517	2,807,010	3,326,297	4,641,549	5,362,541
Total Net Position	\$ 23,398,957	\$ 23,828,180	\$ 29,141,800	\$ 28,701,655	\$ 52,540,757	\$ 52,529,835

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

The largest portion of the village's net position (85%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (9%) may be used to meet the government's ongoing obligation to citizens and creditors.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

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

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

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues						
Charges for Services	\$ 910,764	\$ 870,263	\$ 9,013,369	\$ 9,085,394	\$ 9,924,133	\$ 9,955,657
Operating Grants and Contributions	754,911	727,771	-	-	754,911	727,771
Capital Grants and Contributions	1,525	153,224	98,144	70,175	99,669	223,399
General Revenues						
Property Taxes	4,257,942	4,157,525	-	-	4,257,942	4,157,525
Intergovernmental	159,379	235,453	-	-	159,379	235,453
Other	254,824	197,597	46,262	35,538	301,086	233,135
Total Revenues	<u>6,339,345</u>	<u>6,341,833</u>	<u>9,157,775</u>	<u>9,191,107</u>	<u>15,497,120</u>	<u>15,532,940</u>
Expenses:						
General Government	775,760	685,230	-	-	775,760	685,230
Public Safety	2,027,152	1,908,205	-	-	2,027,152	1,908,205
Public Works	1,781,100	1,799,585	-	-	1,781,100	1,799,585
Health and Human Services	153,704	132,454	-	-	153,704	132,454
Culture, Recreation and Education	1,547,510	1,519,326	-	-	1,547,510	1,519,326
Conservation and Development	476,000	152,236	-	-	476,000	152,236
Electric	-	-	5,886,086	5,891,559	5,886,086	5,891,559
Water	-	-	947,367	975,670	947,367	975,670
Sewer	-	-	1,439,009	1,373,064	1,439,009	1,373,064
Interest and Fiscal Charges	452,510	439,074	-	-	452,510	439,074
Total Expenses	<u>7,213,736</u>	<u>6,636,110</u>	<u>8,272,462</u>	<u>8,240,293</u>	<u>15,486,198</u>	<u>14,876,403</u>
Income (Loss) Before Transfers	(874,391)	(294,277)	885,313	950,814	10,922	656,537
Transfers	445,168	384,779	(445,168)	(384,779)	-	-
Changes in Net Position	(429,223)	90,502	440,145	566,035	10,922	656,537
Beginning Net Position (as restated)	<u>23,828,180</u>	<u>23,737,678</u>	<u>28,701,655</u>	<u>28,135,620</u>	<u>52,529,835</u>	<u>51,873,298</u>
Ending Net Position	<u>\$ 23,398,957</u>	<u>\$ 23,828,180</u>	<u>\$ 29,141,800</u>	<u>\$ 28,701,655</u>	<u>\$ 52,540,757</u>	<u>\$ 52,529,835</u>

Net position was restated at January 1, 2015.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities net position decreased \$429,223 or approximately 1.80%.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$440,145 or approximately 1.53%

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

GOVERNMENTAL FUNDS

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

At December 31, 2016, the village's governmental funds reported combined fund balances of \$4,263,312. Approximately 20% of this amount, \$863,566 is restricted for specific projects or expenditures. An additional \$455,308 constitutes unassigned fund balance, which is available to meet the village's current and future needs. Another \$906,397 is committed and \$1,545,470 is assigned. The remaining \$492,571 is considered to be nonspendable due to noncurrent asset balances such as advances to other funds.

General Fund

The village's general fund is the chief operating fund of the village. Total fund balance in the general fund increased \$63,224 or approximately 4%. Unassigned fund balance increased \$11,951. The amount currently assigned to the 2017 budget is reported as assigned fund balance and totals \$13,119. In addition, nonspendable fund balances increased \$64,812 due to a \$69,714 increase in advances to other funds. Overall, the general fund balance was budgeted to decrease by \$26,658, but as previously noted, increased \$63,224. This was primarily due to higher than expected revenues, mainly from building related activities; and the village's continued effort to reduce expenditures.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
As of and for the Year Ended December 31, 2016

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

GOVERNMENTAL FUNDS (cont.)

General Fund (cont.)

The village evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the subsequent year's general fund budget. The village's fund balance policy indicates the village's desired level of fund balance should fall within 20% to 25% of the subsequent year's budgeted expenditures. Unassigned fund balance is \$1,014,915 and the 2017 general fund expenditure budget is \$4,310,431, resulting in an unassigned fund balance of 24%, which is within the village's policy.

Library

The village's library fund accounts for the activities of the library. The fund balance is \$177,204, a decrease of \$151,016 from the prior year.

General Debt Service Fund

The village's debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs. The entire fund balance of \$5,477 is restricted for future debt service.

General Capital Projects

The village's general capital projects accounts for funding of general village projects. The fund balance is \$1,532,351, an increase of \$1,248,355 from the prior year. This increase is the result of the issuance of \$2,268,257 in debt used to purchase the Norsk Golf Bowl facility. Of this amount, approximately \$1.4M was still on hand at year-end within the cash balance and it will be used to make the final two payments for this purchase.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$1,027,675 and is comprised of nonspendable, restricted, committed, and unassigned (deficit) balances.

Proprietary Funds

The Village of Mount Horeb's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2016, the village's proprietary funds reported combined net position of \$29,141,800.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

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

GOVERNMENTAL FUNDS (cont.)

Electric Utility

The electric utility net position increased \$72,553 or .90%. Operating revenues decreased \$130,178 or 2.08%. Operating expenses increased \$94,976 or 1.63%.

Water Utility

The water utility net position decreased \$10,417 or .12%. Operating revenues increased \$72,947 or 7.02%. Operating expenses increased \$62,092 or 7.34%.

Sewer Utility

The sewer utility net position increased \$378,009 or 3.08%. Operating revenues decreased \$14,794 or .83%. Operating expenses increased \$69,738 or 5.25%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total expenditure appropriations were \$4,332,887 and actual was \$4,265,534 resulting in a \$67,353 favorable variance. The primary reason for this was:

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

Total revenues and other sources were \$4,328,758; \$61,029 more than the budget. The primary reason for this was:

- > Building and related permits exceeded the budget by \$25,795.
- > Recreational programs exceeded the budget by \$35,417.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

CAPITAL ASSETS

At the end of 2016, the village had invested a total of \$62,139,260 in capital assets. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure, and utility plant.

Table 3
Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land and other assets not being depreciated	\$ 7,312,286	\$ 5,474,486	\$ 1,187,807	\$ 616,945	\$ 8,500,093	\$ 6,091,431
Land improvements	1,179,932	1,172,932	-	-	1,179,932	1,172,932
Buildings	4,538,666	4,331,466	-	-	4,538,666	4,331,466
Machinery and equipment	2,577,315	2,580,059	-	-	2,577,315	2,580,059
Infrastructure	33,520,477	33,488,647	-	-	33,520,477	33,488,647
Utility plant	-	-	46,770,389	45,553,066	46,770,389	45,553,066
Total Capital Assets	49,128,676	47,047,590	47,958,196	46,170,011	97,086,872	93,217,601
Less: Accumulated Depreciation	(13,901,476)	(13,151,447)	(21,046,136)	(19,943,657)	(34,947,612)	(33,095,104)
Net Capital Assets	<u>\$ 35,227,200</u>	<u>\$ 33,896,143</u>	<u>\$ 26,912,060</u>	<u>\$ 26,226,354</u>	<u>\$ 62,139,260</u>	<u>\$ 60,122,497</u>

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

- > Purchase of the Norsk Golf Bowl facility
- > Utility plant additions

See Note III.D. for additional information.

LONG-TERM DEBT

At December 31, 2016, the village had \$20,397,349 of long-term bonds and notes outstanding. \$3,556,474 of this is revenue debt, \$15,407,542 relates to general obligation issues, and \$1,433,333 is an installment note.

At the end of the year, the village was at 47% of its general obligation debt capacity.

See Note III.F. for additional information.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2016

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2017 village budget. None of these conditions are anticipated to change the overall financial position of the village.

REQUESTS FOR INFORMATION

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

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,962,796	\$ 3,065,408	\$ 7,028,204
Receivables (net)			
Taxes	4,824,257	-	4,824,257
Delinquent personal property taxes	668	-	668
Accounts	9,367	774,433	783,800
Special assessments	70,201	-	70,201
Loans	133,422	-	133,422
Interest	2,607	3,256	5,863
Internal balances	703,191	(703,191)	-
Prepaid items and inventories	56,706	119,447	176,153
Other noncurrent assets	-	913,328	913,328
Restricted Assets			
Cash and investments	-	2,608,702	2,608,702
Capital Assets (net of accumulated depreciation)			
Land	7,312,286	171,513	7,483,799
Construction in progress	-	1,016,294	1,016,294
Other capital assets, net of depreciation	27,914,914	25,724,253	53,639,167
Total Assets	44,990,415	33,693,443	78,683,858
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	222,258	4,170	226,428
Pension related amounts	1,432,415	605,969	2,038,384
Total Deferred Outflows of Resources	1,654,673	610,139	2,264,812
LIABILITIES			
Accounts payable and accrued expenses	626,586	722,142	1,348,728
Deposits	4,784	12,151	16,935
Noncurrent Liabilities			
Due within one year	2,088,931	453,346	2,542,277
Due in more than one year	15,172,412	3,740,425	18,912,837
Total Liabilities	17,892,713	4,928,064	22,820,777
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	4,787,251	-	4,787,251
Pension related amounts	566,167	233,718	799,885
Total Deferred Inflows of Resources	5,353,418	233,718	5,587,136
NET POSITION			
Net investment in capital assets	21,877,447	23,946,014	44,645,279
Restricted for			
Debt service	164,503	2,054,690	2,219,193
Library	340,128	-	340,128
TIF districts	90,781	-	90,781
Equipment replacement	-	175,784	175,784
Revolving loans	269,741	-	269,741
Connection fees	-	158,302	158,302
Unrestricted	656,357	2,807,010	4,641,549
TOTAL NET POSITION	\$ 23,398,957	\$ 29,141,800	\$ 52,540,757

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 775,760	\$ 61,655	\$ 1,259	\$ -
Public safety	2,027,152	31,132	33,028	-
Public works	1,781,100	453,896	432,331	-
Health and human services	153,704	-	103,097	-
Culture, recreation and education	1,547,510	364,081	185,196	-
Conservation and development	476,000	-	-	1,525
Interest and fiscal charges	<u>452,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>7,213,736</u>	<u>910,764</u>	<u>754,911</u>	<u>1,525</u>
Business-type Activities				
Electric	5,886,086	6,133,602	-	33,700
Water	947,367	1,111,885	-	32,944
Sewer	<u>1,439,009</u>	<u>1,767,882</u>	<u>-</u>	<u>31,500</u>
Total Business-type Activities	<u>8,272,462</u>	<u>9,013,369</u>	<u>-</u>	<u>98,144</u>
Total	<u>\$ 15,486,198</u>	<u>\$ 9,924,133</u>	<u>\$ 754,911</u>	<u>\$ 99,669</u>

General Revenues

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF districts

 Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (712,846)	\$ -	\$ (712,846)
(1,962,992)	-	(1,962,992)
(894,873)	-	(894,873)
(50,607)	-	(50,607)
(998,233)	-	(998,233)
(474,475)	-	(474,475)
<u>(452,510)</u>	<u>-</u>	<u>(452,510)</u>
<u>(5,546,536)</u>	<u>-</u>	<u>(5,546,536)</u>
-	281,216	281,216
-	197,462	197,462
-	<u>360,373</u>	<u>360,373</u>
-	<u>839,051</u>	<u>839,051</u>
<u>(5,546,536)</u>	<u>839,051</u>	<u>(4,707,485)</u>
3,313,553	-	3,313,553
450,600	-	450,600
493,789	-	493,789
33,549	-	33,549
159,379	-	159,379
59,805	46,262	106,067
50,907	-	50,907
<u>110,563</u>	<u>-</u>	<u>110,563</u>
<u>4,672,145</u>	<u>46,262</u>	<u>4,718,407</u>
<u>445,168</u>	<u>(445,168)</u>	<u>-</u>
<u>5,117,313</u>	<u>(398,906)</u>	<u>4,718,407</u>
(429,223)	440,145	10,922
<u>23,828,180</u>	<u>28,701,655</u>	<u>52,529,835</u>
<u>\$ 23,398,957</u>	<u>\$ 29,141,800</u>	<u>\$ 52,540,757</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2016

	General Fund	Library	General Debt Service	General Capital Projects
ASSETS				
Cash and investments	\$ 652,267	\$ 198,487	\$ 5,477	\$ 1,599,532
Receivables				
Taxes	2,388,355	449,900	822,106	440,000
Delinquent personal property tax	668	-	-	-
Accounts	7,751	855	-	-
Special assessments	-	-	70,201	-
Loans	6,328	-	-	-
Interest	2,607	-	-	-
Due from other funds	722,339	-	-	-
Advances to other funds	428,869	-	-	-
Prepaid items	56,706	-	-	-
	<u>\$ 4,265,890</u>	<u>\$ 649,242</u>	<u>\$ 897,784</u>	<u>\$ 2,039,532</u>
TOTAL ASSETS				
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 183,653	\$ 15,641	\$ -	\$ 67,181
Accrued liabilities	159,240	6,497	-	-
Due to other funds	1,909	-	-	-
Deposits	4,784	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>349,586</u>	<u>22,138</u>	<u>-</u>	<u>67,181</u>
Deferred Inflows of Resources				
Unearned revenues	2,388,355	449,900	785,100	440,000
Unavailable revenues	7,344	-	107,207	-
Total Deferred Inflows of Resources	<u>2,395,699</u>	<u>449,900</u>	<u>892,307</u>	<u>440,000</u>
Fund Balances (Deficit)				
Nonspendable	492,571	-	-	-
Restricted	-	177,204	5,477	-
Committed	-	-	-	-
Assigned	13,119	-	-	1,532,351
Unassigned (deficit)	1,014,915	-	-	-
Total Fund Balances	<u>1,520,605</u>	<u>177,204</u>	<u>5,477</u>	<u>1,532,351</u>
	<u>\$ 4,265,890</u>	<u>\$ 649,242</u>	<u>\$ 897,784</u>	<u>\$ 2,039,532</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 1,507,033	\$ 3,962,796
723,896	4,824,257
-	668
761	9,367
-	70,201
127,094	133,422
-	2,607
47,121	769,460
258,457	687,326
<u>-</u>	<u>56,706</u>
<u>\$ 2,664,362</u>	<u>\$ 10,516,810</u>

\$ 31,217	\$ 297,692
2,794	168,531
64,360	66,269
-	4,784
<u>687,326</u>	<u>687,326</u>
<u>785,697</u>	<u>1,224,602</u>

723,896	4,787,251
<u>127,094</u>	<u>241,645</u>
<u>850,990</u>	<u>5,028,896</u>

-	492,571
680,885	863,566
906,397	906,397
-	1,545,470
<u>(559,607)</u>	<u>455,308</u>
<u>1,027,675</u>	<u>4,263,312</u>

<u>\$ 2,664,362</u>	<u>\$ 10,516,810</u>
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See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2016

Total Fund Balances - Governmental Funds	\$ 4,263,312
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Amounts reported for governmental activities in the statement of net position are different because:

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

Land	7,312,286
Other capital assets	41,816,390
Less: Accumulated depreciation	(13,901,476)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	241,645
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The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(260,440)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,432,415
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Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(566,167)
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(14,907,542)
Compensated absences	(471,846)
Compensated absences - retirees	(75,530)
Accrued interest	(160,364)
Unamortized debt discount (premium)	(112,651)
Installment note payable	(1,433,333)

A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	<u>222,258</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 23,398,957</u>
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VILLAGE OF MOUNT HOREB

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

For the Year Ended December 31, 2016

	General Fund	Library	General Debt Service	General Capital Projects
REVENUES				
Taxes	\$ 2,399,646	\$ 436,796	\$ 450,600	\$ 422,000
Intergovernmental	617,839	173,220	-	-
Licenses and permits	89,320	-	-	-
Fines, forfeitures and penalties	31,043	-	-	-
Public charges for services	622,454	25,820	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	67,122	-
Investment income	22,401	111	7,054	4,882
Miscellaneous	100,887	5,969	-	-
Total Revenues	3,883,590	641,916	524,776	426,882
EXPENDITURES				
Current				
General government	651,464	-	-	-
Public safety	1,872,202	-	-	-
Public works	1,087,301	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	532,211	633,756	-	-
Conservation and development	122,356	-	-	-
Capital Outlay	-	9,512	-	2,523,024
Debt Service				
Principal	-	-	836,097	-
Interest and fiscal charges	-	-	146,463	-
Total Expenditures	4,265,534	643,268	982,560	2,523,024
Excess (deficiency) of revenues over expenditures	(381,944)	(1,352)	(457,784)	(2,096,142)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	50,907
Debt issued	-	-	-	2,268,257
Installment note issued	-	-	-	1,433,333
Transfers in	445,168	-	415,000	7,000
Transfers out	-	(149,664)	-	(415,000)
Total Other Financing Sources (Uses)	445,168	(149,664)	415,000	3,344,497
Net Change in Fund Balances	63,224	(151,016)	(42,784)	1,248,355
FUND BALANCES - Beginning of Year	1,457,381	328,220	48,261	283,996
FUND BALANCES - END OF YEAR	\$ 1,520,605	\$ 177,204	\$ 5,477	\$ 1,532,351

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 583,109	\$ 4,292,151
12,574	803,633
-	89,320
-	31,043
97,361	745,635
103,023	103,023
-	67,122
27,794	62,242
<u>143,710</u>	<u>250,566</u>
<u>967,571</u>	<u>6,444,735</u>
145,488	796,952
-	1,872,202
-	1,087,301
147,538	147,538
153,373	1,319,340
15,875	138,231
27,295	2,559,831
288,450	1,124,547
<u>268,628</u>	<u>415,091</u>
<u>1,046,647</u>	<u>9,461,033</u>
<u>(79,076)</u>	<u>(3,016,298)</u>
-	50,907
-	2,268,257
-	1,433,333
722,041	1,589,209
<u>(579,377)</u>	<u>(1,144,041)</u>
<u>142,664</u>	<u>4,197,665</u>
63,588	1,181,367
<u>964,087</u>	<u>3,081,945</u>
<u>\$ 1,027,675</u>	<u>\$ 4,263,312</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$	1,181,367
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		2,559,831
Some items reported as capital outlay were not capitalized		(298,066)
Depreciation is reported in the government-wide financial statements		(868,008)
Net book value of assets retired		(62,700)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments		(81,368)
Loans		(75,975)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(3,701,590)
Principal repaid		1,124,547

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of debt discount/premium		15,444
Amortization of loss on advance refunding		(22,225)

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

Compensated absences		(37,296)
Compensated absences - retirees		27,853
Accrued interest on debt		(29,768)
Net pension asset/liability		(637,801)
Deferred outflows of resources related to pensions		1,034,488
Deferred inflows of resources related to pensions		(557,956)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>(429,223)</u>
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VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 610,215	\$ 591,243	\$ 1,223,556	\$ 2,425,014
Receivables				
Accounts receivable	522,421	94,736	157,276	774,433
Interest	2,278	-	978	3,256
Due from other funds	12,532	130	11,686	24,348
Inventories	106,123	13,324	-	119,447
Current portion of advance	26,000	-	-	26,000
Restricted Assets				
Redemption account	<u>118,075</u>	<u>110,648</u>	<u>58,890</u>	<u>287,613</u>
Total Current Assets	<u>1,397,644</u>	<u>810,081</u>	<u>1,452,386</u>	<u>3,660,111</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	54,073	202,779	-	256,852
Depreciation account	1,576,836	153,315	-	1,730,151
Replacement account	-	-	175,784	175,784
Connection fee account	-	-	158,302	158,302
Capital Assets				
Property and equipment	14,409,705	13,984,621	18,547,576	46,941,902
Construction work in progress	2,044	-	1,014,250	1,016,294
Less: Accumulated depreciation	(7,857,265)	(4,660,993)	(8,527,878)	(21,046,136)
Other Assets				
Depreciation account	-	-	640,394	640,394
Property held for future use	-	-	913,328	913,328
Advance to other funds	<u>53,000</u>	<u>-</u>	<u>-</u>	<u>53,000</u>
Total Noncurrent Assets	<u>8,238,393</u>	<u>9,679,722</u>	<u>12,921,756</u>	<u>30,839,871</u>
Total Assets	<u>9,636,037</u>	<u>10,489,803</u>	<u>14,374,142</u>	<u>34,499,982</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	4,170	-	-	4,170
Pension related amounts	<u>291,161</u>	<u>113,587</u>	<u>201,221</u>	<u>605,969</u>
Total Deferred Outflows of Resources	<u>295,331</u>	<u>113,587</u>	<u>201,221</u>	<u>610,139</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	494,760	29,871	159,046	683,677
Accrued liabilities	10,647	8,127	7,188	25,962
Accrued interest	2,813	812	-	3,625
Commitment to community	(3,915)	-	-	(3,915)
Due to other funds	243,061	384,934	95,190	723,185
Current portion of general obligation debt	100,000	-	-	100,000
Current portion of advance	-	26,000	-	26,000
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	130,000	150,000	73,346	353,346
Accrued interest	4,057	6,324	6,766	17,147
Total Current Liabilities	<u>981,423</u>	<u>606,068</u>	<u>341,536</u>	<u>1,929,027</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt (including unamortized premium)	410,139	-	-	410,139
Revenue bonds (including unamortized discount)	265,000	1,484,710	1,473,128	3,222,838
Net pension liability	51,780	19,802	35,866	107,448
Advances from other funds	-	53,000	-	53,000
Customer deposits	-	12,151	-	12,151
Total Noncurrent Liabilities	<u>726,919</u>	<u>1,569,663</u>	<u>1,508,994</u>	<u>3,805,576</u>
Total Liabilities	<u>1,708,342</u>	<u>2,175,731</u>	<u>1,850,530</u>	<u>5,734,603</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>112,655</u>	<u>43,096</u>	<u>77,967</u>	<u>233,718</u>
Total Deferred Inflows of Resources	<u>112,655</u>	<u>43,096</u>	<u>77,967</u>	<u>233,718</u>
NET POSITION				
Net investment in capital assets	5,653,515	7,891,697	10,400,802	23,946,014
Restricted for				
Debt service	1,744,927	257,639	52,124	2,054,690
Connection fees	-	-	158,302	158,302
Equipment replacement	-	-	175,784	175,784
Unrestricted net position	<u>711,929</u>	<u>235,227</u>	<u>1,859,854</u>	<u>2,807,010</u>
TOTAL NET POSITION	<u>\$ 8,110,371</u>	<u>\$ 8,384,563</u>	<u>\$ 12,646,866</u>	<u>\$ 29,141,800</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

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

For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 6,082,907	\$ 1,058,027	\$ 1,753,880	\$ 8,894,814
Other operating revenue	<u>50,695</u>	<u>53,858</u>	<u>14,002</u>	<u>118,555</u>
Total Operating Revenues	<u>6,133,602</u>	<u>1,111,885</u>	<u>1,767,882</u>	<u>9,013,369</u>
OPERATING EXPENSES				
Operation and maintenance	5,430,238	563,675	870,514	6,864,427
Depreciation	<u>441,416</u>	<u>344,407</u>	<u>528,780</u>	<u>1,314,603</u>
Total Operating Expenses	<u>5,871,654</u>	<u>908,082</u>	<u>1,399,294</u>	<u>8,179,030</u>
Operating Income	<u>261,948</u>	<u>203,803</u>	<u>368,588</u>	<u>834,339</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	22,384	6,242	17,636	46,262
Interest expense	(31,612)	(42,922)	(42,307)	(116,841)
Interest charged to construction	14,692	-	-	14,692
Amortization of debt premium (discount)	4,227	3,637	2,592	10,456
Amortization of loss on advance refunding	<u>(1,739)</u>	<u>-</u>	<u>-</u>	<u>(1,739)</u>
Total Nonoperating Revenues (Expenses)	<u>7,952</u>	<u>(33,043)</u>	<u>(22,079)</u>	<u>(47,170)</u>
Income Before Contributions and Transfers	<u>269,900</u>	<u>170,760</u>	<u>346,509</u>	<u>787,169</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	33,700	32,944	31,500	98,144
Transfers out	<u>(231,047)</u>	<u>(214,121)</u>	<u>-</u>	<u>(445,168)</u>
Total Contributions and Transfers	<u>(197,347)</u>	<u>(181,177)</u>	<u>31,500</u>	<u>(347,024)</u>
Change in Net Position	72,553	(10,417)	378,009	440,145
NET POSITION - Beginning of Year	<u>8,037,818</u>	<u>8,394,980</u>	<u>12,268,857</u>	<u>28,701,655</u>
NET POSITION - END OF YEAR	<u>\$ 8,110,371</u>	<u>\$ 8,384,563</u>	<u>\$ 12,646,866</u>	<u>\$ 29,141,800</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 5,931,459	\$ 1,117,013	\$ 1,743,769	\$ 8,792,241
Received from other funds for services	138,577	-	-	138,577
Paid to suppliers for goods and services	(4,854,602)	(370,685)	(551,599)	(5,776,886)
Paid to employees for services	(372,680)	(175,275)	(316,526)	(864,481)
Net Cash Flows From Operating Activities	<u>842,754</u>	<u>571,053</u>	<u>875,644</u>	<u>2,289,451</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(61,142)	-	(40,761)	(101,903)
Investments sold and matured	287,916	-	191,944	479,860
Investment income	15,433	6,242	15,650	37,325
Net Cash Flows From Investing Activities	<u>242,207</u>	<u>6,242</u>	<u>166,833</u>	<u>415,282</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(181,047)	(210,798)	-	(391,845)
Transfer to other funds	(50,000)	-	-	(50,000)
Advances repaid from other funds	29,215	-	-	29,215
Net Cash Flows From Noncapital Financing Activities	<u>(201,832)</u>	<u>(210,798)</u>	<u>-</u>	<u>(412,630)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(225,000)	(150,000)	(216,470)	(591,470)
Interest paid	(33,323)	(43,665)	(42,983)	(119,971)
Acquisition and construction of capital assets	(670,986)	(178,695)	(861,909)	(1,711,590)
Capital contributions received	33,700	32,944	31,500	98,144
Repayment of capital related advances	-	(25,000)	-	(25,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(895,609)</u>	<u>(364,416)</u>	<u>(1,089,862)</u>	<u>(2,349,887)</u>
Net Change in Cash and Cash Equivalents	(12,480)	2,081	(47,385)	(57,784)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,018,946</u>	<u>1,055,904</u>	<u>2,069,155</u>	<u>5,144,005</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,006,466</u>	<u>\$ 1,057,985</u>	<u>\$ 2,021,770</u>	<u>\$ 5,086,221</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 261,948	\$ 203,803	\$ 368,588	\$ 834,339
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	441,416	344,407	528,780	1,314,603
Depreciation charged to other funds	59,428	24,194	-	83,622
Changes in assets and liabilities				
Accounts receivable	(68,273)	(20,198)	(19,066)	(107,537)
Due from other funds	(757)	1,057	(5,047)	(4,747)
Inventories	20,120	1,311	-	21,431
Accounts payable	50,022	7,405	2,042	59,469
Due to other funds	40,781	(2,240)	(17,824)	20,717
Customer deposits	-	75	-	75
Commitment to community	5,464	-	-	5,464
Pension related deferrals and liabilities	32,605	11,239	18,171	62,015
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 842,754	\$ 571,053	\$ 875,644	\$ 2,289,451
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments - statement of net position	\$ 610,215	\$ 591,243	\$ 1,223,556	\$ 2,425,014
Redemption account	118,075	110,648	58,890	287,613
Reserve account	54,073	202,779	-	256,852
Depreciation account	1,576,836	153,315	640,394	2,370,545
Replacement account	-	-	175,784	175,784
Connection fee account	-	-	158,302	158,302
Total Cash and Investments	2,359,199	1,057,985	2,256,926	5,674,110
Less: Noncash equivalents	(352,733)	-	(235,156)	(587,889)
CASH AND CASH EQUIVALENTS	\$ 2,006,466	\$ 1,057,985	\$ 2,021,770	\$ 5,086,221
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Unrealized (loss) gain on investments	\$ 4,135	\$ -	\$ 2,757	
Interest charged to construction	\$ 14,692	\$ -	\$ -	

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2016

	<u>Agency Fund Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 6,266,641
Taxes receivable	<u>2,357,731</u>
TOTAL ASSETS	<u>\$ 8,624,372</u>
LIABILITIES	
Accounts payable	\$ 8,817
Due to other governments	<u>8,615,555</u>
TOTAL LIABILITIES	<u>\$ 8,624,372</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

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VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. The Community Development Authority is part of the reporting entity of the Village of Mount Horeb. However, the CDA had no financial transactions during 2016 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements

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

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

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

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

The village reports the following major governmental funds:

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

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

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

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

The village reports the following major enterprise funds:

Electric Utility - accounts for operations of the electric system

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sewer system

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental funds:

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

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

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

Tax Incremental District (TIF) Debt Service

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

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

In addition, the village reports the following fund type:

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

Tax Collection Fund

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Fund Financial Statements (cont.)

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

1. Deposits and Investments (cont.)

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

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

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

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

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

See Note III. A. for further information.

2. Receivables

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

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

2. Receivables (cont.)

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$14,692 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

6. Other Assets

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

7. Deferred Outflows of Resources

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

8. Compensated Absences

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

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

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

Employees hired prior to January 1, 2012 may accrue a maximum of 1,040 hours of sick leave that may be used to pay health care premiums upon retirement. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the village. Funding for those costs is provided out of the current operating budget of the village. Total expenditures for such premiums during the year were \$27,803. The number of participants currently eligible to receive benefits is eight. The total amount outstanding at year end is \$75,530 and is recorded in the government-wide statement of net position.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations/Conduit Debt

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

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

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,794,324, made up of two issues.

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 21,877,447	\$ 23,946,014	\$ (1,178,182)	\$ 44,645,279
Unrestricted	656,357	2,807,010	1,178,182	4,641,549

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The board or management may take official action to assign amounts. Assignments may take place after the end of the reporting period.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a formal fund balance policy. That policy is to maintain unassigned general fund balance between 20% and 25% of budgeted general fund expenditures for the subsequent year. Unassigned general fund balance that exceeds this range shall be transferred to the capital improvement projects fund to reduce future borrowing needs. The balance at year end was \$1,014,915 or 24% of budgeted expenditures for the subsequent year.

See Note III. G. for further information.

12. Pension

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

13. Basis for Existing Rates

Electric Utility

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

Water Utility

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

Sewer Utility

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the all funds other than the TIF District No. 5. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Subdividers park deposits	\$ 9,400	\$ 20,779	\$ 11,379
Employee retirement fund	25,000	44,911	19,911
Library special projects	5,000	5,497	497
TIF District No. 4	25,871	26,075	204

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

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

As of December 31, 2016, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF District No. 3 Amendment	\$ (466,980)	Expenditures exceeding funding
TIF District No. 5	(92,627)	Expenditures exceeding funding

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

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 14,495,536	\$ 14,149,333	Custodial credit
Money markets	282,832	282,832	Custodial credit
Mutual funds other than bonds	128,554	128,554	N/A
Mutual funds-bond funds	21,811	21,811	Credit, Interest rate
State and local bonds	973,157	973,157	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,657	-	N/A
 Total Deposits and Investments	 \$ 15,903,547	 \$ 15,555,687	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 7,028,204		
Restricted cash and investments	2,608,702		
Per statement of assets and liabilities			
Agency Fund	6,266,641		
 Total Deposits and Investments	 \$ 15,903,547		

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

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

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

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

The village is a beneficiary of an irrevocable letter of credit in the amount of \$15,000,000.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

- > Quoted market prices

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Mutual funds - bond funds	\$ 21,812	\$ -	\$ -	\$ 21,812
Mutual funds - other than bonds	128,553	-	-	128,553
Municipal bonds	-	973,157	-	973,157
Total	<u>\$ 150,365</u>	<u>\$ 973,157</u>	<u>\$ -</u>	<u>\$ 1,123,522</u>

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

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

As of December 31, 2016, the village's various state and local bonds were rated AAA, AA, A+, and AA- by Standard & Poors and Aa1, Aa2, Aa3, Aaa, and A1 by Moody's Investor Services. The village also has a variety of mutual fund - bond funds for which ratings by Standard & Poors and Moody's were not available. These mutual fund - bond funds were rated A, BB, and B by MorningStar.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

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

At December 31, 2016, the village held five state and local bond issues that exceeded 5% of the total investment portfolio. These bond issues range from 7% to 14.3% of the portfolio.

Interest Rate Risk

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

As of December 31, 2016, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than 12	12-36	Greater than 36
State and local bonds	\$ 973,157	\$ 676,992	\$ 270,729	\$ 25,436
Mutual funds - bond funds	<u>21,812</u>	<u>8,531</u>	<u>4,188</u>	<u>9,093</u>
Totals	<u>\$ 994,969</u>	<u>\$ 685,523</u>	<u>\$ 274,917</u>	<u>\$ 34,529</u>

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

B. RECEIVABLES

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

	General Fund	General Debt Service	General Capital Projects	Totals
Amounts not expected to be collected within one year	<u>\$ 6,996</u>	<u>\$ 70,201</u>	<u>\$ 127,094</u>	<u>\$ 204,291</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 4,787,251	\$ -
Special assessments not yet due	-	107,207
Loans receivable	-	<u>134,438</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 4,787,251</u>	<u>\$ 241,645</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

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

Equipment Replacement Account

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

Connection Fee Account

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2016:

Restricted Assets	
Redemption account	\$ 287,613
Reserve account	256,852
Depreciation account	1,730,151
Replacement account	175,784
Connection fee account	<u>158,302</u>
Total Restricted Assets	<u>2,608,702</u>
Less: Restricted assets not funded by revenues	
Reserve from borrowing	<u>(202,779)</u>
Total Restricted Assets Not Funded by Revenues	<u>(202,779)</u>
Current Liabilities Payable From Restricted Assets	<u>(17,147)</u>
Total Restricted Net Position	<u><u>\$ 2,388,776</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 5,474,486	\$ 1,837,800	\$ -	\$ 7,312,286
Total Capital Assets Not Being Depreciated	<u>5,474,486</u>	<u>1,837,800</u>	<u>-</u>	<u>7,312,286</u>
Capital assets being depreciated				
Land improvements	1,172,932	7,000	-	1,179,932
Buildings	4,331,466	207,200	-	4,538,666
Machinery and equipment	2,580,059	166,222	168,966	2,577,315
Streets	24,671,484	31,690	8,525	24,694,649
Storm sewers	5,603,362	11,853	3,188	5,612,027
Street lighting	541,762	-	-	541,762
Sidewalks	<u>2,672,039</u>	<u>-</u>	<u>-</u>	<u>2,672,039</u>
Total Capital Assets Being Depreciated	<u>41,573,104</u>	<u>423,965</u>	<u>180,679</u>	<u>41,816,390</u>
Total Capital Assets	<u>47,047,590</u>	<u>2,261,765</u>	<u>180,679</u>	<u>49,128,676</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land improvements	\$ (550,244)	\$ (50,323)	\$ -	\$ (600,567)
Buildings	(1,674,847)	(116,427)	-	(1,791,274)
Machinery and equipment	(1,164,332)	(165,416)	106,266	(1,223,482)
Streets	(7,211,046)	(381,662)	8,525	(7,584,183)
Storm sewers	(1,230,369)	(93,534)	3,188	(1,320,715)
Street lighting	(69,016)	(7,205)	-	(76,221)
Sidewalks	(1,251,593)	(53,441)	-	(1,305,034)
Total Accumulated Depreciation	<u>(13,151,447)</u>	<u>(868,008)</u>	<u>117,979</u>	<u>(13,901,476)</u>
Net Capital Assets Being Depreciated	<u>28,421,657</u>	<u>(444,043)</u>	<u>62,700</u>	<u>27,914,914</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 33,896,143</u>	<u>\$ 1,393,757</u>	<u>\$ 62,700</u>	<u>\$ 35,227,200</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 16,097
Public safety	37,604
Public works, which includes the depreciation of infrastructure	603,540
Culture, recreation and education	210,767
Total Governmental Activities Depreciation Expense	<u>\$ 868,008</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 52,269	\$ -	\$ -	\$ 52,269
Construction in process	<u>387,242</u>	<u>149,844</u>	<u>535,042</u>	<u>2,044</u>
Total Capital Assets Not Being Depreciated	<u>439,511</u>	<u>149,844</u>	<u>535,042</u>	<u>54,313</u>
Capital assets being depreciated				
Distribution	10,735,316	982,624	67,988	11,649,952
General	<u>2,621,139</u>	<u>86,345</u>	<u>-</u>	<u>2,707,484</u>
Total Capital Assets Being Depreciated	<u>13,356,455</u>	<u>1,068,969</u>	<u>67,988</u>	<u>14,357,436</u>
Total Capital Assets	<u>13,795,966</u>	<u>1,218,813</u>	<u>603,030</u>	<u>14,411,749</u>
Less: Accumulated depreciation for				
Electric plant	<u>(7,420,952)</u>	<u>(500,844)</u>	<u>64,531</u>	<u>(7,857,265)</u>
Total Accumulated Depreciation	<u>(7,420,952)</u>	<u>(500,844)</u>	<u>64,531</u>	<u>(7,857,265)</u>
Net Capital Assets Being Depreciated	<u>5,935,503</u>	<u>568,125</u>	<u>3,457</u>	<u>6,500,171</u>
Net Electric Capital Assets	<u>\$ 6,375,014</u>	<u>\$ 717,969</u>	<u>\$ 538,499</u>	<u>\$ 6,554,484</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land and land rights	\$ 62,950	\$ -	\$ -	\$ 62,950
Total Capital Assets Not Being Depreciated	62,950	-	-	62,950
Capital assets being depreciated				
Source of supply	583,486	-	-	583,486
Pumping	1,860,895	-	-	1,860,895
Water treatment	29,959	-	-	29,959
Transmission and distribution	10,281,761	309,425	52,829	10,538,357
General	890,580	18,394	-	908,974
Total Capital Assets Being Depreciated	13,646,681	327,819	52,829	13,921,671
Total Capital Assets	13,709,631	327,819	52,829	13,984,621
Less: Accumulated depreciation for				
Water plant	(4,345,094)	(368,728)	52,829	(4,660,993)
Total Accumulated Depreciation	(4,345,094)	(368,728)	52,829	(4,660,993)
Net Capital Assets Being Depreciated	9,301,587	(40,909)	-	9,260,678
Net Water Capital Assets	\$ 9,364,537	\$ (40,909)	\$ -	\$ 9,323,628

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 56,294	\$ -	\$ -	\$ 56,294
Construction in process	58,190	956,060	-	1,014,250
Total Capital Assets Not Being Depreciated	114,484	956,060	-	1,070,544
Capital assets being depreciated				
Collecting system	8,580,335	94,126	31,376	8,643,085
Collecting system pumping	2,112,171	-	-	2,112,171
Treatment and disposal	6,966,098	-	133,700	6,832,398
General	891,326	32,220	19,918	903,628
Total Capital Assets Being Depreciated	18,549,930	126,346	184,994	18,491,282
Total Capital Assets	18,664,414	1,082,406	184,994	19,561,826
Less: Accumulated depreciation for				
Sewer plant	(8,177,611)	(535,261)	184,994	(8,527,878)
Total Accumulated Depreciation	(8,177,611)	(535,261)	184,994	(8,527,878)
Net Capital Assets Being Depreciated	10,372,319	(408,915)	-	9,963,404
Net Sewer Capital Assets	\$ 10,486,803	\$ 547,145	\$ -	\$ 11,033,948
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 26,226,354	\$ 1,224,205	\$ 538,499	\$ 26,912,060

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 441,416
Water	344,407
Sewer	528,780
Total Business-type Activities Depreciation Expense	\$ 1,314,603

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General fund	Electric utility	\$ 243,061
General fund	Water utility	384,088
General fund	Sewer utility	95,190
Employee retirement fund	Water utility	846
TIF District No. 3	TIF debt service	46,275
Electric utility	General fund	1,748
Water utility	Swimming pool	130
Sewer utility	General fund	161
Sewer utility	Employee retirement fund	7,171
Sewer utility	Water utility	4,354
Electric utility	Employee retirement fund	10,784
Total - Fund Financial Statements		793,808
Less: Fund eliminations		(50,629)
Less: Government-wide eliminations		(39,988)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 703,191
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 723,185
Business-type Activities	Governmental Activities	(19,994)
Total Government-Wide Financial Statements		\$ 703,191

All amounts are due within one year.

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Advances

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

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF District No. 5	\$ 69,714	\$ 69,714
General fund	TIF District No. 4	67,046	67,046
General fund	TIF District No. 3 amendment	239,732	239,732
General fund	TIF District No. 3	52,377	52,377
TIF debt service	TIF District No. 3 amendment	227,248	227,248
TIF debt service	TIF District No. 3	31,209	31,209
Electric utility	Water utility	<u>79,000</u>	79,000
Total - Fund Financial Statements		766,326	
Less: Fund eliminations		<u>(766,326)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ -</u></u>	

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

Years	Principal	Interest	Total
2017	\$ 26,000	\$ 3,246	\$ 29,246
2018	26,000	2,180	28,180
2019	<u>27,000</u>	<u>1,114</u>	<u>28,114</u>
Totals	<u><u>\$ 79,000</u></u>	<u><u>\$ 6,540</u></u>	<u><u>\$ 85,540</u></u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General debt service	General capital projects	\$ 415,000	Supplement debt payments
General capital projects	Swimming pool	7,000	Project funding
TIF debt service	TIF District No. 3	477,719	TIF share of debt payments
	TIF District No. 3 amendment	57,037	TIF share of debt payments
TIF debt service	TIF District No. 4	22,321	TIF share of debt payments
General fund	Electric utility	181,047	Payment in lieu of taxes
General fund	Water utility	214,121	Payment in lieu of taxes
General fund	Electric utility	50,000	Economic development
Outreach/Nutrition	Outreach SPF	15,300	Cash shortage
Library special projects	Library	<u>149,664</u>	Re-open the fund
Total - Fund Financial Statements		1,589,209	
Less: Fund eliminations		<u>(1,144,041)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 445,168</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 445,168	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u>\$ 445,168</u>	

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 13,763,832	\$ 2,268,257	\$ 1,124,547	\$ 14,907,542	\$ 1,258,892
Installment note	-	1,433,333	-	1,433,333	716,667
Add/(Subtract) Deferred Amounts for (Discounts)/Premiums	128,095	-	15,444	112,651	-
Sub-totals	13,891,927	3,701,590	1,139,991	16,453,526	1,975,559
Other Liabilities					
Vested compensated absences	434,550	138,321	101,024	471,847	113,372
Compensated absences - retirees	103,383	-	27,853	75,530	-
Net pension liability	-	260,440	-	260,440	-
Total Other Liabilities	537,933	398,761	128,877	807,817	113,372
Total Governmental Activities Long-Term Liabilities	\$ 14,429,860	\$ 4,100,351	\$ 1,268,868	\$ 17,261,343	\$ 2,088,931
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 745,000	\$ -	\$ 245,000	\$ 500,000	\$ 100,000
Revenue bonds	3,902,944	-	346,470	3,556,474	353,346
Add/(Subtract) Deferred Amounts for (Discounts)/Premiums	40,305	-	10,456	29,849	-
Sub-totals	4,688,249	-	601,926	4,086,323	453,346
Other Liabilities					
Net pension liability	-	107,448	-	107,448	-
Total Other Liabilities	-	107,448	-	107,448	-
Total Business-type Activities Long-Term Liabilities	\$ 4,688,249	\$ 107,448	\$ 601,926	\$ 4,193,771	\$ 453,346

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2016, was \$32,867,495. Total general obligation debt outstanding at year end was \$15,407,542.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2008 promissory notes	6/20/08	2/15/18	3.37%	\$ 600,000	\$ 134,887
2009 refunding bonds	3/30/09	4/1/27	4.00-4.50%	4,135,000	3,910,000
2010 refunding bonds	10/20/10	4/1/21	2.00-3.50%	2,530,000	1,250,000
2010 promissory notes	10/20/10	4/1/20	2.00-3.25%	530,000	255,000
2012 bank note	10/2/12	10/2/17	1.80%	230,000	47,587
2012 refunding bonds	10/18/12	4/1/26	1.00-2.50%	1,320,000	1,090,000
2013 state trust fund loan	1/10/13	3/15/22	2.75%	175,000	121,919
2014 bonds	2/3/14	2/1/24	1.00-3.00%	2,875,000	2,375,000
2014 refunding bonds	8/28/14	4/1/27	2.00-3.00%	3,035,000	3,000,000
2015 bank note	4/1/2015	4/1/2025	2.23%	500,000	454,892
2016 bank note	6/30/2016	6/30/2036	3.5%	2,268,257	<u>2,268,257</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 14,907,542</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2013 refunding bonds	6/19/13	10/1/21	1.00-2.38%	\$ 805,000	<u>\$ 500,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 500,000</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2017	\$ 1,258,892	\$ 463,880	\$ 100,000	\$ 11,250
2018	1,212,902	427,815	100,000	9,250
2019	1,188,893	391,245	100,000	7,124
2020	1,513,349	352,413	100,000	4,874
2021	1,458,387	308,730	100,000	2,500
2022-2026	6,105,170	910,325	-	-
2027-2031	1,447,143	210,407	-	-
2032-2036	722,806	78,825	-	-
Totals	<u>\$ 14,907,542</u>	<u>\$ 3,143,640</u>	<u>\$ 500,000</u>	<u>\$ 34,998</u>

Revenue Debt

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

The electric utility has pledged future utility revenues to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require 2.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$427,694. Principal and interest paid for the current year and total customer gross revenues were \$143,073 and \$6,155,986, respectively.

The water utility has pledged future utility revenues to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 17% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,828,775. Principal and interest paid for the current year and total customer gross revenues were \$189,450 and \$1,151,071, respectively.

The sewer utility has pledged future utility revenues to repay revenue bonds issued in 2013. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2033. Annual principal and interest payments on the bonds are expected to require 6.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,916,695. Principal and interest paid for the current year and total customer gross revenues were \$113,003 and \$1,817,018, respectively.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2016, consists of the following:

Business-type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2016</u>	
<u>Electric Utility</u>						
2009 Revenue Bonds	8/19/09	10/1/19	2.50-4.13%	\$ 1,130,000	\$ <u>395,000</u>	
<u>Water Utility</u>						
2015 Revenue Refunding Bonds	6/17/15	5/1/26	2.00-3.00%	1,765,000	<u>1,615,000</u>	
<u>Sewer Utility</u>						
2013 Clean Water Fund Loan	9/25/13	5/1/33	2.63%	1,685,220	<u>1,546,474</u>	(1)
Total Business-type Activities - Revenue Debt					<u>\$ 3,556,474</u>	

(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, 2016. The repayment schedule is for the amount issued.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2017	\$ 353,346	\$ 92,310
2018	355,271	82,030
2019	362,247	71,698
2020	234,275	61,026
2021	241,356	55,567
2022-2026	1,289,955	185,949
2027-2031	500,812	62,319
2032-2033	219,212	5,791
Totals	\$ 3,556,474	\$ 616,690

Installment Promissory Note

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

Installment Promissory Notes at December 31, 2016 consist of the following:

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

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

F. LONG-TERM OBLIGATIONS (cont.)

Installment Promissory Note (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Installment Promissory Note	
	Principal	Interest
2017	\$ 716,667	\$ -
2018	716,666	-
Totals	\$ 1,433,333	\$ -

Other Debt Information

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

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,312,286
Other capital assets, net of accumulated depreciation	27,914,914
Less: Long-term debt outstanding	(14,907,542)
Plus: Unspent capital related debt proceeds	1,433,333
Plus: Noncapital debt proceeds	1,448,182
Plus: Unamortized debt discount	31,203
Plus: Unamortized loss on refunding	222,258
Less: Unamortized debt premium	(143,854)
Less: Installment note	(1,433,333)
Total Net Investment in Capital Assets	\$ 21,877,447

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

	General Fund	Library	General Debt Service	General Capital Projects	Nonmajor Funds	Totals
Fund Balances						
Nonspendable:						
Prepaid items	\$ 56,706	\$ -	\$ -	\$ -	\$ -	\$ 56,706
Advances	428,869	-	-	-	-	428,869
Non-current receivables	6,996	-	-	-	-	6,996
Restricted for:						
Revolving loans	-	-	-	-	142,647	142,647
Library - operations	-	156,107	-	-	-	156,107
Library - future technology	-	21,097	-	-	-	21,097
Library - special projects	-	-	-	-	162,924	162,924
Debt service	-	-	5,477	-	212,182	217,659
TIF District No. 3	-	-	-	-	72,351	72,351
TIF District No. 4	-	-	-	-	90,781	90,781
Committed to:						
Highway 92 storm sewer	-	-	-	-	101,641	101,641
Subdividers park deposits	-	-	-	-	26,782	26,782
Terrace trees	-	-	-	-	192,383	192,383
Future streets	-	-	-	-	81,520	81,520
Public broadcasting	-	-	-	-	47,035	47,035
Outreach / nutrition	-	-	-	-	51,256	51,256
Special projects	-	-	-	-	1,525	1,525
Welcome center	-	-	-	-	5,360	5,360
Employee retirement	-	-	-	-	357,206	357,206
Swimming pool	-	-	-	-	41,689	41,689
Assigned to:						
Capital projects	-	-	-	1,532,351	-	1,532,351
Subsequent year's budget	13,119	-	-	-	-	13,119
Unassigned (deficit):	1,014,915	-	-	-	(559,607)	455,308
Total Fund Balances	\$ 1,520,605	\$ 177,204	\$ 5,477	\$ 1,532,351	\$ 1,027,675	\$ 4,263,312

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 171,513
Construction in progress	1,016,294
Property held for future use	913,328
Other capital assets, net of accumulated depreciation	25,724,253
Less: Long-term debt outstanding	(4,056,474)
Plus: Unspent capital related debt proceeds	202,779
Less: Unamortized loss on refunding	4,170
Less: Unamortized premium on debt	<u>(29,849)</u>
Total Net Investment in Capital Assets	<u>\$ 23,946,014</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$225,511 in contributions from the village.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the village reported a liability/(asset) of \$367,888 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability/(asset) was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the village's proportion was 0.02263951%, which was an increase of 0.00067597% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the village recognized pension expense of \$446,225.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2016, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 62,236	\$ 774,213
Changes in assumptions	257,390	-
Net differences between projected and actual earnings on pension plan investments	1,506,238	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	25,672
Employer contributions subsequent to the measurement date	212,520	-
Totals	\$ 2,038,384	\$ 799,885

\$212,520 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 474,066	\$ 194,057
2018	474,066	194,057
2019	474,066	194,057
2020	395,432	192,415
2021	8,234	25,299

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the village's proportionate share of the net pension liability/(asset) to changes in the discount rate. The following presents the village's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability/(asset)	\$2,580,371	\$367,888	\$(1,360,101)

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

At December 31, 2016, the village reported a payable to the pension plan of \$50,288, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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

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

The village has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

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

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

In 2015, a majority of WPPI Energy members ratified an eighteen year extension to their existing contracts. All but two of the remaining members ratified the same extension in 2016. The new contract expires at midnight on December 31, 2055.

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 \$411 million as of December 31, 2016.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Mount Horeb Area Joint Fire Department

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

The governing body is made up of citizens from each community. Local representatives are appointed by the village president. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village is obligated by the joint venture agreement to remit an amount annually to the district. The village made a payment to the district of \$393,642 in 2016.

Financial information of the district as of December 31, 2016 is available directly from the district's office.

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

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

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

- > *Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > *Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > *Statement No. 80, Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > *Statement No. 81, Irrevocable Split-Interest Agreements*
- > *Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS (cont.)

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
General property taxes	\$ 2,365,400	\$ 2,365,400	\$ 2,366,270	\$ 870
Payment in lieu of taxes - other	269	269	269	-
Interest on taxes	275	275	391	116
Taxes from other tax exempt entities	<u>32,826</u>	<u>32,826</u>	<u>32,716</u>	<u>(110)</u>
Total Taxes	<u>2,398,770</u>	<u>2,398,770</u>	<u>2,399,646</u>	<u>876</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	149,764	149,764	148,426	(1,338)
Fire insurance tax (2% fire dues)	20,000	20,000	22,208	2,208
State aid - law enforcement	6,000	6,000	1,760	(4,240)
State aid - transportation	416,309	416,309	416,309	-
State aid - emergency government	12,600	12,600	8,985	(3,615)
State aid - recycling	17,823	17,823	16,022	(1,801)
State aid - exempt computer	<u>5,000</u>	<u>5,000</u>	<u>4,129</u>	<u>(871)</u>
Total Intergovernmental Revenues	<u>627,496</u>	<u>627,496</u>	<u>617,839</u>	<u>(9,657)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	8,000	8,000	8,647	647
Operator licenses	1,800	1,800	2,130	330
Cigarette licenses	275	275	175	(100)
Bicycle licenses	-	-	4	4
Dog and cat licenses	1,500	1,500	1,709	209
Electrical licenses	150	150	-	(150)
Building permits	46,360	46,360	69,885	23,525
Zoning permits	2,000	2,000	2,400	400
Other permits	<u>2,500</u>	<u>2,500</u>	<u>4,370</u>	<u>1,870</u>
Total Licenses and Permits	<u>62,585</u>	<u>62,585</u>	<u>89,320</u>	<u>26,735</u>
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	30,000	30,000	28,482	(1,518)
Parking violations	<u>2,500</u>	<u>2,500</u>	<u>2,561</u>	<u>61</u>
Total Fines, Forfeitures and Penalties	<u>32,500</u>	<u>32,500</u>	<u>31,043</u>	<u>(1,457)</u>

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

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 100	\$ 100	\$ 120	\$ 20
Sale of materials and supplies	750	750	6	(744)
Other general government	3,800	3,800	5,790	1,990
Law enforcement fees	150	150	89	(61)
Community center	650	650	284	(366)
Recreation programs	198,750	198,750	234,167	35,417
Swimming pools	1,200	1,200	311	(889)
Parks - other fees	650	650	545	(105)
Shelter fees	3,500	3,500	3,578	78
Recycling and garbage charges	<u>375,702</u>	<u>375,702</u>	<u>377,564</u>	<u>1,862</u>
Total Public Charges for Services	<u>585,252</u>	<u>585,252</u>	<u>622,454</u>	<u>37,202</u>
INVESTMENT INCOME				
Interest on investments	<u>12,376</u>	<u>12,376</u>	<u>22,401</u>	<u>10,025</u>
MISCELLANEOUS REVENUES				
Rent	36,304	36,304	36,304	-
Sale of village property	100	100	-	(100)
Insurance recoveries-highway	1,500	1,500	1,543	43
Donations	700	700	100	(600)
Cable TV franchise fee	24,918	24,918	28,390	3,472
Miscellaneous revenue	<u>14,635</u>	<u>14,635</u>	<u>34,550</u>	<u>19,915</u>
Total Miscellaneous Revenues	<u>78,157</u>	<u>78,157</u>	<u>100,887</u>	<u>22,730</u>
 Total Revenues	 <u>3,797,136</u>	 <u>3,797,136</u>	 <u>3,883,590</u>	 <u>86,454</u>

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

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Village board	\$ 28,627	\$ 28,627	\$ 23,910	\$ 4,717
Municipal court	58,543	58,543	57,992	551
Legal counseling	23,500	53,500	56,346	(2,846)
Codification of ordinances	15,000	15,000	950	14,050
Village president	4,906	4,906	3,948	958
Administrator	118,196	118,196	101,435	16,761
Clerk	93,566	93,566	87,988	5,578
Labor relations	5,000	5,000	-	5,000
Elections	26,054	26,054	27,944	(1,890)
Treasurer	54,234	54,234	50,002	4,232
Assessment of property	13,175	13,175	12,095	1,080
Independent auditing	37,000	37,000	36,990	10
Municipal building	44,309	44,309	35,712	8,597
Illegal taxes and refunds	-	-	1,269	(1,269)
Property and liability insurance	126,531	126,531	133,401	(6,870)
Other insurance	2,000	2,000	-	2,000
Other general government	29,576	29,576	21,482	8,094
Total General Government	<u>680,217</u>	<u>710,217</u>	<u>651,464</u>	<u>58,753</u>
PUBLIC SAFETY				
Police	411,457	411,457	403,843	7,614
Patrol	963,783	963,783	1,008,579	(44,796)
Criminal investigation	2,250	2,250	476	1,774
Training	19,499	19,499	5,680	13,819
Crossing guards	6,653	6,653	6,515	138
Fire protection	393,642	393,642	393,642	-
Ambulance	5,000	5,000	-	5,000
Inspection	43,200	43,200	41,297	1,903
Emergency government	3,000	3,000	370	2,630
Emergency communication system	14,377	14,377	11,800	2,577
Total Public Safety	<u>1,862,861</u>	<u>1,862,861</u>	<u>1,872,202</u>	<u>(9,341)</u>

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

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
PUBLIC WORKS				
Engineering	\$ 7,500	\$ 7,500	\$ 4,182	\$ 3,318
Machinery and equipment	132,518	132,518	99,863	32,655
Street maintenance	121,175	121,175	124,490	(3,315)
Garages and sheds	59,346	59,346	59,482	(136)
Traffic control	23,217	23,217	23,442	(225)
Street cleaning	25,886	25,886	36,697	(10,811)
Snow and ice control	142,591	142,591	134,687	7,904
Street lighting	140,000	140,000	150,873	(10,873)
Sidewalks and crosswalks	8,763	8,763	8,360	403
Storm sewer maintenance	27,291	27,291	31,898	(4,607)
Refuse and garbage collection	244,062	244,062	246,437	(2,375)
Recycling	149,864	149,864	162,955	(13,091)
Repairs and maintenance	<u>3,960</u>	<u>3,960</u>	<u>3,935</u>	<u>25</u>
Total Public Works	<u>1,086,173</u>	<u>1,086,173</u>	<u>1,087,301</u>	<u>(1,128)</u>
CULTURE, RECREATION, AND EDUCATION				
Community center	37,909	37,909	35,129	2,780
Celebrations and entertainment	4,000	4,000	227	3,773
Parks	210,425	210,425	203,860	6,565
Recreation programs and events	120,274	120,274	135,468	(15,194)
Recreation director	141,614	141,614	141,527	87
Youth center	<u>12,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total Culture, Recreation, and Education	<u>526,222</u>	<u>530,222</u>	<u>532,211</u>	<u>(1,989)</u>
CONSERVATION AND DEVELOPMENT				
Forestry	60,914	60,914	53,706	7,208
Planning	15,000	15,000	1,030	13,970
Economic development	7,500	57,500	57,500	-
Donation to Chamber of Commerce	5,000	5,000	5,000	-
Capital outlay	<u>-</u>	<u>5,000</u>	<u>5,120</u>	<u>(120)</u>
Total Conservation and Development	<u>88,414</u>	<u>143,414</u>	<u>122,356</u>	<u>21,058</u>
 Total Expenditures	 <u>4,243,887</u>	 <u>4,332,887</u>	 <u>4,265,534</u>	 <u>67,353</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>(446,751)</u>	 <u>(535,751)</u>	 <u>(381,944)</u>	 <u>153,807</u>

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

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 50,000	\$ 50,000	\$ -
Transfer in - tax equivalent	420,593	420,593	395,168	(25,425)
Total Other Financing Sources	<u>420,593</u>	<u>470,593</u>	<u>445,168</u>	<u>(25,425)</u>
Net Change in Fund Balance	(26,158)	(65,158)	63,224	128,382
FUND BALANCE - Beginning of Year	<u>1,457,381</u>	<u>1,457,381</u>	<u>1,457,381</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,431,223</u>	<u>\$ 1,392,223</u>	<u>\$ 1,520,605</u>	<u>\$ 128,382</u>

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

VILLAGE OF MOUNT HOREB

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - LIBRARY FUND
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
TAXES				
General property taxes	\$ 436,796	\$ 436,796	\$ 436,796	\$ -
INTERGOVERNMENTAL REVENUES				
County aid - libraries	172,706	172,706	173,220	514
PUBLIC CHARGES FOR SERVICES				
Library	23,635	23,635	25,820	2,185
INVESTMENT INCOME				
Interest on investments	500	500	111	(389)
MISCELLANEOUS REVENUES				
Donations	75	75	3,954	3,879
Miscellaneous revenue	-	-	2,015	2,015
Total Miscellaneous Revenues	75	75	5,969	5,894
Total Revenues	633,712	633,712	641,916	8,204
EXPENDITURES				
CULTURE, RECREATION AND EDUCATION				
Library	665,992	673,392	633,756	39,636
CAPITAL OUTLAY				
Library	7,000	7,000	9,512	(2,512)
Total Expenditures	672,992	680,392	643,268	37,124
OTHER FINANCING USES				
Transfers out	-	-	(149,664)	(149,664)
Total Other Financing Uses	-	-	(149,664)	(149,664)
Net Change in Fund Balance	(39,280)	(46,680)	(151,016)	(104,336)
FUND BALANCE - Beginning of Year	328,220	328,220	328,220	-
FUND BALANCE - END OF YEAR	\$ 288,940	\$ 281,540	\$ 177,204	\$ (104,336)

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

VILLAGE OF MOUNT HOREB

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

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

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

VILLAGE OF MOUNT HOREB

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

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

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

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2016

	Special Revenue Funds			
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees	Future Streets
ASSETS				
Cash and investments	\$ 101,641	\$ 26,973	\$ 193,527	\$ 81,520
Receivables				
Taxes	-	-	-	-
Accounts	-	-	147	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 101,641	\$ 26,973	\$ 193,674	\$ 81,520
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 191	\$ 1,274	\$ -
Accrued liabilities	-	-	17	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	-	191	1,291	-
Deferred Inflows of Resources				
Unearned revenues	-	-	-	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Restricted	-	-	-	-
Committed	101,641	26,782	192,383	81,520
Unassigned (deficit)	-	-	-	-
Total Fund Balances	101,641	26,782	192,383	81,520
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 101,641	\$ 26,973	\$ 193,674	\$ 81,520

Special Revenue Funds

Outreach/ Nutrition	Special Projects Fund	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool
\$ 54,939	\$ 1,525	\$ 5,360	\$ 375,578	\$ 142,647	\$ 163,379	\$ 43,875
26,887	-	-	15,000	-	-	45,000
614	-	-	-	-	-	-
-	-	-	-	127,094	-	-
-	-	-	846	-	-	-
-	-	-	-	-	-	-
<u>\$ 82,440</u>	<u>\$ 1,525</u>	<u>\$ 5,360</u>	<u>\$ 391,424</u>	<u>\$ 269,741</u>	<u>\$ 163,379</u>	<u>\$ 88,875</u>
\$ 2,017	\$ -	\$ -	\$ 1,263	\$ -	\$ 455	\$ 2,056
2,280	-	-	-	-	-	-
-	-	-	17,955	-	-	130
-	-	-	-	-	-	-
<u>4,297</u>	<u>-</u>	<u>-</u>	<u>19,218</u>	<u>-</u>	<u>455</u>	<u>2,186</u>
26,887	-	-	15,000	-	-	45,000
-	-	-	-	127,094	-	-
<u>26,887</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>127,094</u>	<u>-</u>	<u>45,000</u>
-	-	-	-	142,647	162,924	-
51,256	1,525	5,360	357,206	-	-	41,689
-	-	-	-	-	-	-
<u>51,256</u>	<u>1,525</u>	<u>5,360</u>	<u>357,206</u>	<u>142,647</u>	<u>162,924</u>	<u>41,689</u>
<u>\$ 82,440</u>	<u>\$ 1,525</u>	<u>\$ 5,360</u>	<u>\$ 391,424</u>	<u>\$ 269,741</u>	<u>\$ 163,379</u>	<u>\$ 88,875</u>

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
	Public Broadcasting	TIF Debt Service	TIF District No. 3	TIF District No. 3 Amendment
ASSETS				
Cash and investments	\$ 47,589	\$ -	\$ 110,228	\$ -
Receivables				
Taxes	-	56,137	501,525	-
Accounts	-	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	46,275	-
Advances to other funds	-	258,457	-	-
	-	258,457	-	-
TOTAL ASSETS	\$ 47,589	\$ 314,594	\$ 658,028	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 57	\$ -	\$ 566	\$ -
Accrued liabilities	497	-	-	-
Due to other funds	-	46,275	-	-
Advances from other funds	-	-	83,586	466,980
Total Liabilities	554	46,275	84,152	466,980
Deferred Inflows of Resources				
Unearned revenues	-	56,137	501,525	-
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	56,137	501,525	-
Fund Balances				
Restricted	-	212,182	72,351	-
Committed	47,035	-	-	-
Unassigned (deficit)	-	-	-	(466,980)
Total Fund Balances	47,035	212,182	72,351	(466,980)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 47,589	\$ 314,594	\$ 658,028	\$ -

<u>Capital Projects Funds</u>		
<u>TIF District No. 4</u>	<u>TIF District No. 5</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 158,252	\$ -	\$ 1,507,033
79,347	-	723,896
-	-	761
-	-	127,094
-	-	47,121
<u>-</u>	<u>-</u>	<u>258,457</u>
<u>\$ 237,599</u>	<u>\$ -</u>	<u>\$ 2,664,362</u>
\$ 425	\$ 22,913	\$ 31,217
-	-	2,794
-	-	64,360
<u>67,046</u>	<u>69,714</u>	<u>687,326</u>
<u>67,471</u>	<u>92,627</u>	<u>785,697</u>
79,347	-	723,896
-	-	127,094
<u>79,347</u>	<u>-</u>	<u>850,990</u>
90,781	-	680,885
-	-	906,397
-	(92,627)	(559,607)
<u>90,781</u>	<u>(92,627)</u>	<u>1,027,675</u>
<u>\$ 237,599</u>	<u>\$ -</u>	<u>\$ 2,664,362</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds			
	Highway 92 Storm Sewer	Subdividers Park Deposits	Terrace Trees	Future Streets
REVENUES				
Taxes	\$ -	\$ -	\$ 833	\$ -
Intergovernmental	-	-	-	-
Public charges for services	-	18,000	-	-
Intergovernmental charges for services	-	-	-	-
Investment income	537	152	1,090	430
Miscellaneous	-	822	-	-
Total Revenues	537	18,974	1,923	430
EXPENDITURES				
Current				
General government	-	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	-	2,073	-	-
Conservation and development	-	-	15,875	-
Capital Outlay	-	18,706	8,589	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	20,779	24,464	-
Excess (deficiency) of revenues over expenditures	537	(1,805)	(22,541)	430
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	537	(1,805)	(22,541)	430
FUND BALANCES (DEFICIT) - Beginning of Year	101,104	28,587	214,924	81,090
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 101,641	\$ 26,782	\$ 192,383	\$ 81,520

Special Revenue Funds

Outreach / Nutrition	Special Projects Fund	Welcome Center Fund	Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool
\$ 25,887	\$ -	\$ -	\$ 12,600	\$ -	\$ -	\$ 50,000
-	-	-	-	-	5,750	-
-	-	-	-	-	-	79,361
103,023	-	-	-	-	-	-
367	-	-	2,058	9,159	11,582	-
<u>14,976</u>	<u>1,525</u>	-	-	<u>71,248</u>	<u>1,425</u>	-
<u>144,253</u>	<u>1,525</u>	-	<u>14,658</u>	<u>80,407</u>	<u>18,757</u>	<u>129,361</u>
-	-	-	44,911	-	-	-
147,538	-	-	-	-	-	-
-	-	-	-	-	5,497	112,930
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>147,538</u>	<u>-</u>	<u>-</u>	<u>44,911</u>	<u>-</u>	<u>5,497</u>	<u>112,930</u>
<u>(3,285)</u>	<u>1,525</u>	<u>-</u>	<u>(30,253)</u>	<u>80,407</u>	<u>13,260</u>	<u>16,431</u>
15,300	-	-	-	-	149,664	-
<u>(15,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,664</u>	<u>(7,000)</u>
<u>(3,285)</u>	<u>1,525</u>	<u>-</u>	<u>(30,253)</u>	<u>80,407</u>	<u>162,924</u>	<u>9,431</u>
<u>54,541</u>	<u>-</u>	<u>5,360</u>	<u>387,459</u>	<u>62,240</u>	<u>-</u>	<u>32,258</u>
<u>\$ 51,256</u>	<u>\$ 1,525</u>	<u>\$ 5,360</u>	<u>\$ 357,206</u>	<u>\$ 142,647</u>	<u>\$ 162,924</u>	<u>\$ 41,689</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	
	Public Broadcasting	TIF Debt Service	TIF District No. 3	TIF District No. 3 Amendment
REVENUES				
Taxes	\$ -	\$ 57,038	\$ 366,740	\$ -
Intergovernmental	-	-	3,604	-
Public charges for services	-	-	-	-
Intergovernmental charges for services	-	-	-	-
Investment income	-	-	1,655	-
Miscellaneous	<u>53,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>53,714</u>	<u>57,038</u>	<u>371,999</u>	<u>-</u>
EXPENDITURES				
Current				
General government	-	-	4,196	-
Health and human services	-	-	-	-
Culture, recreation and education	32,873	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	288,450	-	-
Interest and fiscal charges	<u>-</u>	<u>268,628</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>32,873</u>	<u>557,078</u>	<u>4,196</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>20,841</u>	<u>(500,040)</u>	<u>367,803</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	557,077	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(477,719)</u>	<u>(57,037)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>557,077</u>	<u>(477,719)</u>	<u>(57,037)</u>
Net Change in Fund Balances	20,841	57,037	(109,916)	(57,037)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>26,194</u>	<u>155,145</u>	<u>182,267</u>	<u>(409,943)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 47,035</u>	<u>\$ 212,182</u>	<u>\$ 72,351</u>	<u>\$ (466,980)</u>

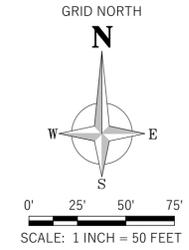
<u>Capital Projects Funds</u>		
<u>TIF District No. 4</u>	<u>TIF District No. 5</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 70,011	\$ -	\$ 583,109
3,220	-	12,574
-	-	97,361
-	-	103,023
764	-	27,794
-	-	143,710
<u>73,995</u>	<u>-</u>	<u>967,571</u>
3,754	92,627	145,488
-	-	147,538
-	-	153,373
-	-	15,875
-	-	27,295
-	-	288,450
-	-	268,628
<u>3,754</u>	<u>92,627</u>	<u>1,046,647</u>
<u>70,241</u>	<u>(92,627)</u>	<u>(79,076)</u>
-	-	722,041
<u>(22,321)</u>	<u>-</u>	<u>(579,377)</u>
<u>(22,321)</u>	<u>-</u>	<u>142,664</u>
47,920	(92,627)	63,588
<u>42,861</u>	<u>-</u>	<u>964,087</u>
<u>\$ 90,781</u>	<u>\$ (92,627)</u>	<u>\$ 1,027,675</u>

MAPLE RIDGE

A PART OF OUTLOT 125, REVISED AND CONSOLIDATED ASSESSOR'S PLAT OF MT. HOREB, LOCATED IN THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 14 AND A PART OF THE SOUTHEAST QUARTER OF SECTION 14, AS DESCRIBED IN A WARRANTY DEED RECORDED NOVEMBER 9, 2004 AS DOCUMENT NO. 3988572, ALL IN TOWN 6 NORTH, RANGE 6 EAST, VILLAGE OF MOUNT HOREB, DANE COUNTY, WISCONSIN.

NORTHEAST CORNER OF SECTION 14-6-6
FOUND BRASS CAP IN CONCRETE MONUMENT
N: 456.805.23 E: 725.884.50

NORTH REFERENCE FOR THIS SURVEY AND PLAT ARE BASED ON THE WISCONSIN COORDINATE REFERENCE SYSTEM, DANE COUNTY, U.S. SURVEY FOOT, NAD 83 (2011) "WISCONSIN DANE".
THE EAST LINE OF THE NORTHEAST QUARTER OF SECTION 14 BEARS S 00° 24' 17"



LEGEND

●	FOUND PLSS SECTION MONUMENT NOTED	—	PLAT BOUNDARY LINE
●	FOUND 3/4" REBAR	- - -	PLATTED LINE
●	FOUND 1-1/4" REBAR	- · - · -	RIGHT-OF-WAY LINE
○	FOUND 1" IRON PIPE	— · — · —	CENTERLINE
○	2" REBAR SET	- · - · - · - · -	SECTION/QUARTER LINE
(XXX)	RECORDED AS	- · - · - · - · - · -	EXISTING EASEMENT
		- · - · - · - · - · - · -	EASEMENT LINE

NOTES

- ALL DIMENSIONS MEASURED AND SHOWN ARE TO THE NEAREST ONE HUNDREDTH OF A FOOT; ALL ANGLES MEASURED TO THE NEAREST THREE SECONDS AND COMPUTED TO THE NEAREST ONE SECOND.
- ALL INTERIOR LOT AND OUTLOT CORNERS NOT SHOWN, ARE MONUMENTED WITH 1" X 18" REBAR = 2.55 LBS./LIN. FT.
- ARROWS INDICATE THE DIRECTION OF DRAINAGE. DRAINAGE PATTERNS SHALL BE MAINTAINED BY THE LOT OWNER, UNLESS WRITTEN APPROVAL FOR MODIFICATION IS OBTAINED FROM THE VILLAGE.
- OUTLOT 1 IS DEDICATED TO THE PUBLIC FOR STORMWATER AND RECREATIONAL PURPOSES.
- UTILITY EASEMENTS - NO POLES OR BURIED CABLES ARE TO BE PLACED SUCH THAT THE INSTALLATION WOULD DISTURB ANY SURVEY STAKE OR OBSTRUCT VISION ALONG ANY LOT LINE OR STREET LINE. THE DISTURBANCE OF A SURVEY STAKE BY ANYONE IS A VIOLATION OF S. 236.32, WISCONSIN STATUTES. UTILITY EASEMENTS AS HEREIN SET FORTH ARE FOR THE USE OF PUBLIC BODIES AND PRIVATE PUBLIC UTILITIES HAVE THE RIGHT TO SERVE THE AREA. THE FINAL GRADE ESTABLISHED BY THE SUBDIVIDER ON THE UTILITY EASEMENTS SHALL NOT BE ALTERED BY MORE THAN 6 INCHES BY THE SUBDIVIDER, HIS AGENT OR BY SUBSEQUENT OWNERS OF THE LOTS ON WHICH SUCH UTILITY EASEMENTS ARE LOCATED, EXCEPT WITH WRITTEN CONSENT OF THE UTILITY OR UTILITIES INVOLVED.
- ALL RIGHT-OF-WAYS DEPICTED WITHIN THE PLAT BOUNDARY ARE DEDICATED TO THE PUBLIC.

LINE	BEARING	DISTANCE
L-1	N 54° 44' 28" W	9.81'
()	N 52° 53' 00" W	10.00'
L-2	N 30° 37' 27" E	11.12'
()	N 30° 25' 18" E	
L-3	N 71° 00' 57" E	69.97'
()	N 70° 58' 26" E	69.83'
L-4	S 30° 58' 48" W	25.00'

CURVE #	CURVE LENGTH	RADIUS	CURVE DATA			TANGENT IN	TANGENT OUT
			DELTA	CHORD BEARING	CHORD LENGTH		
C1	96.52'	183.00'	30° 13' 10"	N 15° 30' 52" E	95.40'	N 30° 37' 27" E	N 0° 24' 17" E
C2	29.51'	183.00'	9° 14' 25"	N 26° 00' 14" E	29.48'	N 30° 37' 27" E	N 21° 23' 02" E
C3	67.01'	183.00'	20° 58' 45"	N 10° 53' 39" E	66.63'	N 21° 23' 02" E	N 0° 24' 17" E
C4	61.71'	117.00'	30° 13' 10"	N 15° 30' 52" E	61.00'	N 30° 37' 27" E	N 0° 24' 17" E



There are no objections to this plat with respect to Secs. 236.15, 236.16, 236.20 and 236.21(1) and (2), Wis. Stats. as provided by s. 236.12, Wis. Stats.

Certified _____, 20__

Department of Administration



SURVEYED BY:
WYSER ENGINEERING
312 EAST MAIN STREET
MOUNT HOREB, WI 53572
www.wyserengineering.com

Kathy Hagen

From: Robert Wright [Robert.Wright@smithgroupjjr.com]
Sent: Monday, July 17, 2017 6:33 PM
To: Kathy Hagen; Nic Owen
Cc: Chad Wuebben (cwuebben@encorebuildsmadison.com); 'Wade Wyse'
Subject: Maple Ridge Plat: Review Comments
Attachments: Maple Ridge Design Plans - SGJJR Comments.pdf

We offer the following comments regarding the Plat and construction drawings for the Maple Ridge Plat.

Construction drawings:

1. Shot rock used as trench backfill shall meet the Mt Horeb Standard Specs.
2. Silt fence or erosion berms and weepers shall be placed on drawings for erosion control measures. They should be seeded and mulched
3. Ditch checks should be added in the berms
4. Label typical slopes on grading
5. Sewer and water laterals may be better suited to be installed in the lower 1/3 of the lot to allow for basement exposure.
6. Label Station offsets and tapers on P-2 of the connection to the North end. Tapers should be at 10:1 maximum
7. Sheet P-3 – consider connection with a pipe between STM MH NO. 3 to the existing storm sewer on the west side of the plat. Because the pipe is out of the traveled way, N12 or PVC ultra-rip may be used in lieu of RCP pipe. If possible shift STM MH NO. 3 to be located on the intersection of the common lot line of Lots ½
8. Verify manhole size of STM MH NO.2
9. Standard sidewalk width in residential areas is 4-ft
10. Dimension distances between Sewers and water main on plan and profile sheets.
11. A water valve may be required to be installed at connection to existing main at 107+40 for testing and to limit service interruptions
12. Will Outlot 1 have a paved trail or a hard surface for access to the existing park?

Preliminary Plant and final Plat:

Preliminary Plat:

1. Plat is located with the Village limits
2. Plat is located within the Urban Service Area
3. Plan conforms to the intent of the master Plan
4. Zoning is currently A-1, proposed is R-1
5. Scattered small areas of steep slopes are on the parcel, but should not prohibit development.
6. Greenways and streets are consistent with Official Map
7. Sanitary sewer will be gravity flow to south
8. Water main installation will complete the loop
9. Drainage and stormwater to be thru regional detention (recapture required). Storm sewer is the responsibility of the developer.
10. Lot Layouts and size consistent with ordinance
11. Existing utilities and easements shown
12. Recapture costs:
 - a. RW-1 Mickelson Stormwater Basin
 - i. \$21,860.16 Payable to the Village of Mt. Horeb

- ii. \$1,253.44 Payable to Monson
- b. RW-6 Southwest Interceptor Sewer
 - i. \$10,646.97 payable to Monson
- 13. Park and Street Trees fees required.
- 14. Drainage arrows and master site grading plan required.
- 15. Verify utility easements with Village and other public utilities

Final Plat:

- 1. Drainage arrows required.
- 2. Additional language regarding utility easements and the purpose and intent should be added to the face of the plat.
- 3. Master site grading plan is required.

Robert Wright, PE
Principal | Civil Engineer

SmithGroupJJR
44 East Mifflin Street, Suite 500
Madison, WI 53703

t 608.251.1177 **d** 608.327.4433
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Robert.Wright@smithgroupjjr.com

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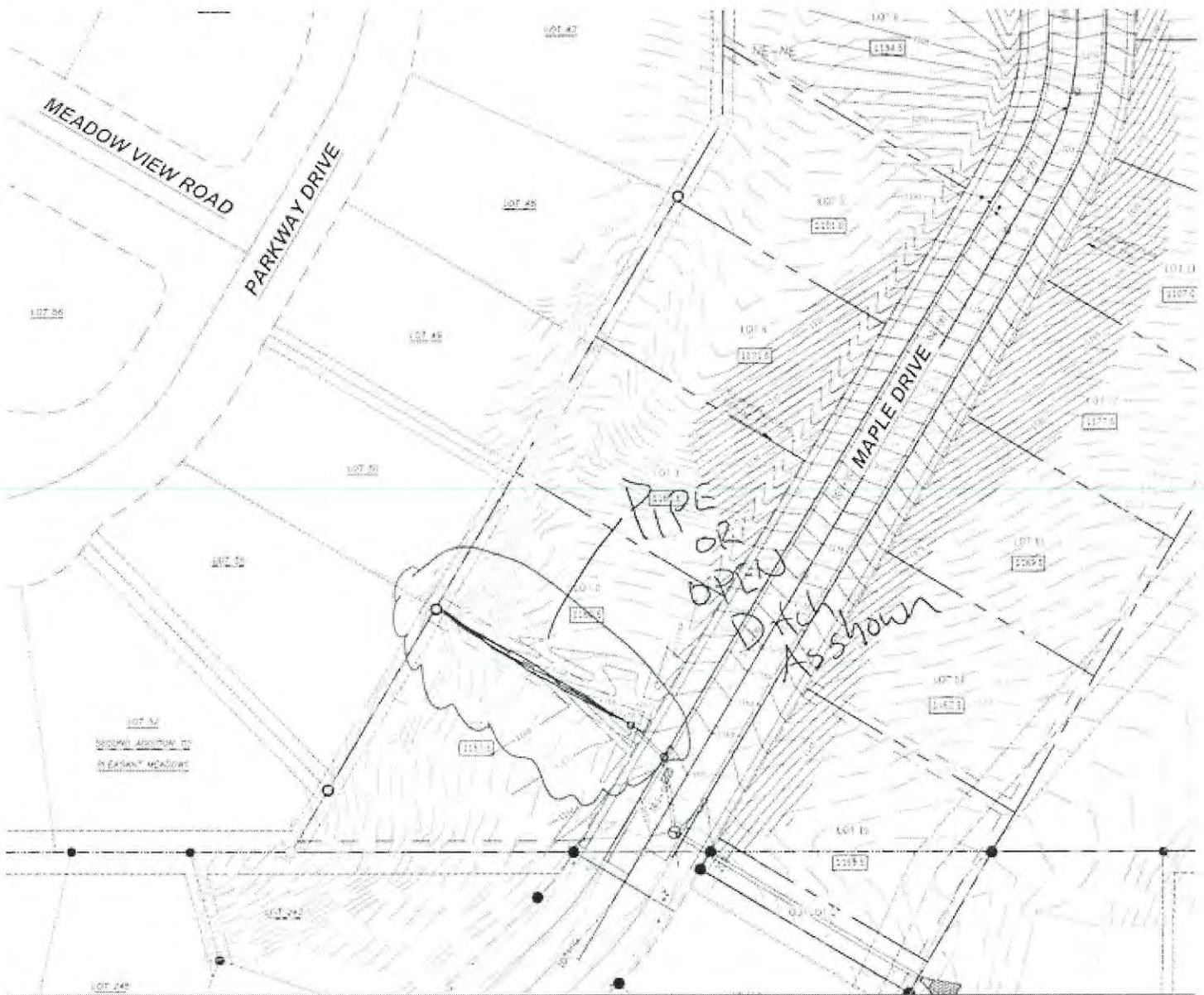
Kathy Hagen

From: Robert Wright [Robert.Wright@smithgroupjjr.com]
Sent: Thursday, July 20, 2017 5:17 PM
To: Kathy Hagen
Cc: 'Wade Wyse'
Subject: RE: Maple Ridge Plat: Review Comments

Hi Kathy,

It appears that many of the comments were taken care of in this 85% submittal. The one comment that should be discussed by the Village is the open drainage ditch (located with a drainage easement to the Village) that is between Lots 1 and 2 on the west side of the roadway. This ditch picks up a storm sewer outfall that is between lots 50/51 on the plat to the west. I had previously noted that the developer may want to look at a yard inlet in this location near the road instead of a rip rap ditch with apron end wall or potentially piping it. This submission changes this area to a yard inlet as was suggested as one of the two potential changes that could be made. Fully piping this may be a better solution for the adjoin lots as the drainage way could be a maintenance issue for both the village and owners of the lots.

Also, a Master Site Grading Plan is still required.



Robert Wright, PE
Principal | Civil Engineer

SmithGroupJJR

t 608.251.1177 d 608.327.4433
f 734.780.8952 e 608.212.1063

**VILLAGE OF MOUNT HOREB
ORDINANCE 2017-05**

AN ORDINANCE CHANGING THE ZONING CLASSIFICATION OF PROPERTY FROM A-1
AGRICULTURAL DISTRICT TO R-1 SINGLE FAMILY RESIDENTIAL DISTRICT

MAPLE RIDGE SUBDIVISION

WHEREAS, an application from Encore Homes, Inc/Chad Wuebben to rezone the property described as Outlot 125 of the Revised and Consolidated Assessor's Plat of Mount Horeb, parcel 0606-141-0434-1, has been filed with the Village of Mount Horeb; and

WHEREAS, the applicant is requesting that the zoning classification of the above described property be changed from A-1 Agricultural District to R-1 Single Family Residential District to allow for proposed 15 lot single family Maple Ridge Subdivision; and

WHEREAS, pursuant to sec. 62.23(7) Stats., the Village Plan Commission held a public hearing regarding the zoning request on July 26, 2017, which was preceded by the publication of a class 2 notice under ch. 985, Stats.; and

WHEREAS, the proposed use is consistent with the Comprehensive Plan; and

WHEREAS, after the public hearing, the Village Plan Commission determined that changing the zoning classification of the property from A-1 Agricultural District to R-1 Single Family Residential District would promote the public health, safety, and general welfare of the Village and would allow appropriate use of the property, and therefore recommended that the zoning classification of the property be changed; and

WHEREAS, the Village Board concurs with the recommendation of the Plan Commission.

NOW THEREFORE, pursuant to sec. 62.23(7) Stats., and Chapter 17 of the Village Code, the Village Board of the Village of Mount Horeb, Dane County, Wisconsin, do ordain as follows:

Section 1. Subject to Sections 2 and 3, the zoning classification of the above referenced property is hereby designated R-1 Single Family Residential District, and the Zoning Map of the Village shall be amended accordingly.

Section 2. Ordinance shall take effect upon approval by the Village Board of the final plat for Maple Ridge Subdivision, and approved plat is recorded with the Register of Deeds for Dane County, Wisconsin; and

Section 3. Ordinance shall take effect following full transfer of ownership of the above referenced property to Encore Homes, Inc/Chad Wuebben.

The above and foregoing ordinance was duly adopted by the Village Board of the Village of Mount Horeb at its regular meeting held on Wednesday, August 2, 2017.

APPROVED:

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk

APPROVED: _____

PUBLISHED/POSTED: _____

RESOLUTION 2017-07

IN OPPOSITION TO THE PROPOSED
CARDINAL-HICKORY CREEK TRANSMISSION LINE

WHEREAS, the American Transmission Company, ITC Transmission, and Dairyland Power Cooperative have proposed the construction of a huge new 125-mile 345 kV high-voltage transmission line from Dubuque County, Iowa, to Middleton, Wisconsin, called the Cardinal-Hickory Creek transmission line; and

WHEREAS, the proposed corridors for the Cardinal-Hickory Creek transmission line and towers would cut across the Driftless Area, a unique eco-region and special scenic landscape with rolling hills and deep river valleys nestled in woodland, farmland, prairie, and riparian habitats; and

WHEREAS, the proposed corridors for the transmission line would run through or near many natural, recreational/tourism and cultural resources, including the Military Ridge State Trail, Military Ridge Prairie Heritage Area, the Ice Age National Scenic Trail and the proposed Driftless Area Trail; and

WHEREAS, many tourists to the area visit in large part due to the beautiful natural setting of the Driftless Area and extensive opportunities for outdoor recreation; and

WHEREAS, the proposed Cardinal-Hickory Creek transmission line would have significant negative aesthetic impacts on the surrounding region and would negatively impact businesses, tourism, property values, and property tax revenue; and

WHEREAS, electrical demands of central and southwest Wisconsin can be met by local resources, such as energy efficiency, wind power, solar power, demand response, battery storage, and emerging technologies;

WHEREAS, there has been no demonstrated need for the proposed Cardinal-Hickory Creek transmission line in order to provide electricity to meet electricity use and demand in central and southwest Wisconsin.

NOW, THEREFORE, the Mount Horeb Village Board hereby resolves that the Village Board is OPPOSED to the construction and operation of the proposed Cardinal-Hickory Creek transmission line.

BE IT FURTHER RESOLVED, that the Mount Horeb Village Board calls upon the Wisconsin Public Service Commission, Governor Walker, and the Wisconsin Legislature to oppose the construction and operation of the proposed Cardinal-Hickory Creek

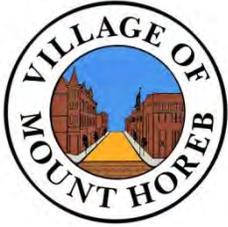
transmission line and not grant any permits, certificates or other approvals needed for the proposed transmission line.

Introduced and passed this 2nd day of August, 2017.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk



Village of Mount Horeb Youth in Government Handbook

Welcome

The Village of Mount Horeb welcomes all participants to the Youth in Government (YIG) program, an initiative designated to increase youth participation in local government. The Mount Horeb Village Board of Trustees promotes this program to allow youth a voice in local government, with a goal of greater involvement in public service.

About the Youth in Government Program

The purpose of the YIG program is to offer greater opportunities for youth leadership, development and empowerment through direct participation in Village government decision making; to provide real-life learning opportunities for youth in the functioning of local government; and to bring a direct youth voice to community issues and concerns while fostering the development of confident, capable and independent leaders for the next generation.

The YIG program has four major components that are beneficial to the youth representatives and the Village as a whole:

- Youth Development: helping youth develop the skills they need to succeed in YIG and beyond
- Community Improvement: offering a unique opportunity for youth to positively contribute to their community
- Civic Engagement: allowing youth to engage with and participate in local government in meaningful, long-term capacity.
- Youth Voice: providing a mechanism for the needs and interest of youth to be heard and understood.

This program creates 4 advisory seats on the Village Board of Trustees to be held by high school aged youth. As part of the youth positions on the Board, youth will serve on at least one Village Committee.

Program Participation Requirements

- Selection of youth will be based on equal opportunity
- Youth participation in the YIG program requires the following:
 - Youth will apply in the spring semester of their **freshmen**, sophomore or junior year of high school.
 - Youth must have a grade point average of 2.5 or greater on a 4.0 scale.

- Youth must either attend Mount Horeb High School or be a Village of Mount Horeb resident
- Youth must ~~committee~~ to attending a mandatory YIG orientation prior to participating in the swearing in ceremony.

Application Process

The Village of Mount Horeb and Mount Horeb Area School District will work in partnership to promote the YIG program and recruit youth applicants. Completed applications must be submitted to the Mount Horeb Village Administrator's office. Applications will be reviewed by High School and Village Staff.

A ~~3~~ three person **nomination** committee **comprised of the Village Administrator, a Village Trustee, and a MHASD designee Village and School District representatives** will interview the applicants. Committee members who are immediate family to youth applicants shall excuse themselves from scoring, discussions and voting on that youth's participation.

Youth will be recommended by the nomination committee to the Village Board of Trustees for official appointment to the Village Board and Committees by the third Tuesday in April of each year. Selected youth members will be notified in writing, along with a request for the youths' confirmation of participation. Youth will serve a one-year term from April through March and returning members must meet all the program requirements to return for a second term.

Youth members will not receive a stipend for attending meetings or receive mileage reimbursements.

Expectations for Youth Members

The YIG program creates up to four advisory seats on the Village Board of Trustees to be held by high school aged youth. Youth will be expected to attend a mandatory YIG orientation prior to participating in the Board swearing in ceremony. Youth will be provided with a mentor and youth serving multiple terms are expected to be a youth mentor for new participants.

Youth members will receive all communications sent to adult Board and Committee members and are permitted and encouraged to participate in discussions and deliberations at Board and Committee meetings.

Youth members will have a non-binding advisory vote on all issues that come before the Board and the Committees on which they serve. On roll call votes youth votes should be taken before the adult members vote. The youth vote is recorded in the minutes for the record. Youth members will not be permitted to participate in closed sessions.

Youth members must be able to attend at least 75% of the regularly scheduled Board meetings and committee meetings on which they serve, or they may lose their spot in the YIG program. If youths are unable to attend they should contact the Village Clerk in advance.

Youth members may be removed with or without cause at the discretion of the Village President with confirmation by the Village Board. If a YIG member can no longer serve, an alternate will be appointed from the original application list. Upon the completion of their term youth members will be asked to complete an evaluation form to assist the Village with improving the YIG program.

Tips for Being an Effective Youth Representative

- Attend meetings on a regular basis. Find out the meeting dates and put them in your calendar. Refer to the Village website, www.mounthorebwi.info, for agendas, minutes, and other important meeting information.
- Stay up to date on important issues facing Mount Horeb. Read materials ahead of time and be prepared with questions, concerns or suggestions. Staff can be contacted prior to the meetings to address questions. Seek input from other young people – your constituents.
- Relax and be yourself. Board and Committee members all bring unique backgrounds, perspectives and ideas and we are bringing students into the mix to increase the range of experiences involved with governing the Village.
- Appreciate adult allies. Like you, the members of the Board and Committees chose to serve the Village out of a passion to serve the Community they live in. While the members are all here for that same purpose, their visions and goals for the Village are often different. It's important to be respectful of all opinions and you should expect your opinions to be respected by the other members as well.

Adult Mentor Role and Expectations

The mentor position is critical to the success of the YIG program. The role of the mentor is a liaison between the youth members and the adult board members and staff. More specifically, the mentors ensure that the youth selected to serve receive the full benefits from participation, including:

- Mentors should help youth find their own voice by providing information and resources so the youth can have meaningful input into discussions and decisions. Youth should be encouraged to share their ideas and opinions. This may mean from time to time that youth may disagree with their mentor's options.

- Mentors should advocate for youth committee members to make sure that their ideas are heard. Providing a welcoming and respectful environment is critical for youth to add their insight and perspective. Youth could have a lot to add but sometimes they need to be asked.
- Mentors should keep in mind that this is a learning experience for young people. Mentors should reinforce skill development among youth members by helping youth improve their communication, organization and decision making skills. Mentors should communicate with youth on a regular basis and follow up with youth members who are not fulfilling their responsibilities.
- Mentors should provide basic information about the Village of Mount Horeb Government (i.e. Roberts Rules of Order, committee protocol, etc.). In addition, mentors should encourage youth members to be responsible representatives and share information with other young people. Our civil society is strengthened when youth become informed and thoughtful citizens.
- Mentors should keep the relationship professional and courteous, while striving to build a personal connection.