

Village of Mount Horeb

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Mount Horeb, WI 53572

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Email: mhinfo@mounthorebwi.info Website: www.mounthorebwi.info

THE VILLAGE BOARD WILL HOLD ITS JUNE 3, 2020 MEETING AS A VIRTUAL MEETING. YOU CAN WATCH THE MEETING LIVE VIA THE VILLAGE WEBSITE BY CLICKING "WATCH LIVE" UNDER THE TROLLWAY TV GRAPHIC ON THE RIGHT SIDE OF THE HOME PAGE AT WWW.MOUNTHOREBWI.INFO. THE MEETING IS ALSO BROADCAST LIVE ON MHTC CHANNEL 181 AND CHARTER CHANNEL 981. YOU CAN ALSO CONNECT TO THE MEETING USING THE FOLLOWING:

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REVISED VILLAGE BOARD WEDNESDAY, JUNE 3, 2020

The Village Board of the Village of Mount Horeb will meet virtually on the above date at 7:00pm. Agenda as follows:

- 1) Call to order
Roll call
- 2) Consent Agenda:
 - a) May 6, 2020 and May 20, 2020 Village Board minutes
 - b) Operator's License: Grace Hamburg, Joshua Schmitz, Devin Tucker, Nathan Faust, Jane Burnheimer, Johnathan Halverson, Kirsten Polman, Felicia Diny, Aaron Rains, Lisa Hembrook, Alycia Hathaway, Amanda Rhone, Mathilde Cormier-Tardif, Benjamin Pilla, Tracy Doeringsfeld, Rhonda Hathaway, Krystle Jones, Heather McKee, Robin Thompson, Scott Hook, Katharine Zander, Shawn Rasmussen, and Jacob Esselstrom
 - c) Alcohol License Agents: Marissa Adkins, Michael T Woodward, Brian Ladow, Scott Oomens, Andrew Maas, Leo C Peterson, Marie Raboin, Laurie Christian, Rachel Lacasse-Ford, Mark Valaskey, Stephen

Grundahl, Eugenia Fletcher, Jose Orate, Lynn McFee, Aida Simental, Marah Odgers, Timothy Duerst, Dominique Dailing, William Miller, Lindsay Bauer, Cynthia Curtes, and Mark Wilson

d) Renewal Alcohol Beverage License: Premier Cooperative, Walgreens #11648, Wiscoboxes, Norsk Golf Club, Grandstay Hotel & Suites, Firehouse Bar & Grill, Martinson Hall, Skal Public House, Kwik Trip 794, Aztlan Mexican Grill, Hoff Bistro 101, Brix Cider, McFee on Main, Sunn Café, Finks Café, Trollway Liquor, Barleyvine, Mariahs Elegant Bridal, Miller & Sons, Inc, Walk-On Bar & Grill, Board & Brush Creative Studio, Grumpy Troll LLC

e) Resolution 2020-09, CONDITIONAL USE PERMIT FOR PART OF LOT 2 CSM 11019 CASEY'S MARKETING COMPANY"

- 3) Audience with County Executive Joe Parisi
- 4) 2019 Village audit presentation by Baker Tilly
- 5) Consider Resolution 2020-10, "WAIVING INTEREST ON PROPERTY TAX INSTALLMENTS DUE ON OR AFTER APRIL 1, 2020"
- 6) Update to Resolution 2020-07, "BUDGET AMENDMENT"
- 7) Consider Resolution 2020-11, "A RESOLUTION CREATING THE COMMUNITY DEVELOPMENT AUTHORITY OF THE VILLAGE OF MOUNT HOREB"
- 8) Discussion and possible action regarding regulation of mobile food trucks
- 9) Discussion and take action on releasing restrictive covenants associated with the parcel to be sold to Casey's General Store by Symdon Brothers LLC
- 10) Village President's report
- 11) Village Administrator's report
- 12) Village Clerk/Deputy Treasurer's report
- 13) 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) 437-9404.

VILLAGE OF MOUNT HOREB
VILLAGE BOARD MEETING MINUTES
MAY 6, 2020

The Village Board met in regular session via virtual meeting due to the COVID-19 pandemic.

Call to Order/Roll Call: Village President Randy Littel called the meeting to order at 7:00pm. Present were Trustees Jackson, Fendrick, Czyzewski, Boehnen, Hill, and Scott. Also present were Administrator Nic Owen, Assistant Administrator Kathy Hagen, and Clerk/Deputy Treasurer Alyssa Gross.

Public Comments: none.

Consent Agenda: Scott moved, Jackson seconded to approve the following consent agenda items: April 1 and April 20, 2020 Village Board minutes; Operator Licenses for Approval: LuAnn Wild and James Eberhardt; Police Department position change from Night Lieutenant to two Sergeants. Motion carried by unanimous voice vote.

Consider Sixth Addition to Kara View Heights: Owen explained this item. Czyzewski moved, Hill seconded to approve the final plat, contingent on finalizing the technical details with the Village Engineer. Motion carried by unanimous voice vote. Scott moved, Jackson seconded to approve Ordinance 2020-05 "AN ORDINANCE CHANGING THE ZONING CLASSIFICATION FOR THE SIXTH ADDITION TO KARA VIEW HEIGHTS SUBDIVISION FROM A-1 AGRICULTURE TO R-1 SINGLE FAMILY RESIDENTIAL AND CONSERVANCY". Motion carried by unanimous voice vote.

Consider Resolution 2020-07 "BUDGET AMENDMENT": Owen explained this item. Fendrick moved, Czyzewski seconded to approve the resolution. Motion carried by unanimous voice vote.

Update on Economic Development Director hiring: Owen stated that the position has been offered to Rowan Childs and she has accepted. She is anticipated to start at the end of May.

Discuss creation of a Community Development Authority: The Board had a lengthy discussion on this item. Brad Murphy was in attendance and spoke in support of creation of this committee. Owen stated he would make the discussed changes to the ordinance and it would be brought back to the June meeting.

Village President's report: Littel spoke about the "Stay at Home" order and thanked everyone for their patience in dealing with the regulations of the pandemic.

Village Administrator's report: Owen elaborated further on the "Stay at Home" order. He also recognized Municipal Clerk's Week and thanked Gross and Kahl.

Village Clerk/Deputy Treasurer's report: Gross spoke about the results of the April 7th Presidential Preference and Spring Election.

Adjournment: There being no further business before the Board, Scott moved, Jackson seconded to adjourn the meeting at 7:29pm. Motion carried by voice vote.

Minutes by Alyssa Gross, Clerk/Deputy Treasurer

DRAFT

VILLAGE OF MOUNT HOREB
VILLAGE BOARD SPECIAL MEETING MINUTES
WEDNESDAY, MAY 20, 2020

The Village Board of the Village of Mount Horeb met on the above date via virtual meeting, due to the COVID-19 pandemic.

Call to Order/Roll Call: Village President Randy Littel called the meeting to order at 5:30pm. Present were Village Board Trustees Ryan Czyzewski, Jessica Jackson, Cathy Scott, and Jason Fendrick. Trustee Beth Hill joined the meeting right after roll call was taken. Trustee Aaron Boehnen was absent. Also present were Administrator Nic Owen, Assistant Administrator Kathy Hagen, and Clerk/Deputy Treasurer Alyssa Gross.

Consider Comprehensive Plan Amendment application from Kwik Trip Inc: Owen gave an overview of the request to change the land use designation of parcel 0607-074-9520, Lot 1 CSM 14813, from Agricultural and Vacant to Planned Business. Wade Wyse from Wyser Engineering and Troy Mleziva from Kwik Trip were in attendance to answer any questions from the Board. Scott moved, Czyzewski seconded to approve Resolution 2020-08, **"ESTABLISHING PUBLIC PARTICIPATION PROCEDURES FOR COMPREHENSIVE PLAN AMENDMENT"**. Motion carried by unanimous voice vote. Czyzewski moved, Fendrick seconded to set the public hearing for July 1, 2020. Motion carried by unanimous voice vote.

Adjournment: There being no further business before the Board, Hill moved, Czyzewski seconded to adjourn the meeting at 5:35pm, carried by voice vote.

Minutes by Alyssa Gross, Clerk/Deputy Treasurer

RESOLUTION 2020-09

CONDITIONAL USE PERMIT FOR PART OF LOT 2 CSM 11019
CASEY'S MARKETING COMPANY

WHEREAS, Symdon Brothers LLC is the property owner of parcel 0607-074-8830-1 located at the corner of Lillehammer Lane and Springdale Street in the Village of Mount Horeb; and

WHEREAS, property is currently zoned PB Planned Business in which the desired use of Indoor Commercial Entertainment, In Vehicle Sales and Service, and Outdoor Display are not permitted uses, but are allowable conditional uses pursuant to Mount Horeb Municipal Code §17.42 Planned Business District (2)(b) and §17.20(4) Commercial Land Uses; and

WHEREAS, an application for a Conditional Use Permit to allow the above listed uses has been filed with the Village of Mount Horeb by Casey's Marketing Company; and

WHEREAS, the matter was the subject of a public hearing before the Plan Commission/Historic Preservation Commission on May 27, 2020, after due notice thereof as required by law; and

WHEREAS, the proposed uses are consistent with the Comprehensive Plan; and

WHEREAS, after due consideration and being fully advised in the premises, the Board of Trustees of the Village of Mount Horeb deems it to be in the interest of the general public to allow the desired uses of said property, hereinafter set forth as conditional uses.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Trustees of the Village of Mount Horeb, Dane County, Wisconsin, that a Conditional Use Permit for Indoor Commercial Entertainment, In Vehicle Sales and Service, and Outdoor Display per Mount Horeb Municipal Code §17.42 Planned Business District (2)(b) and §17.20(4) Commercial Land Uses for a part of Lot 2 CSM 11019 in the Village of Mount Horeb, Dane County, Wisconsin, is hereby granted.

Introduced and passed this 3rd day of June, 2020.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk



Village of Mount Horeb

Financial highlights

June 3, 2020

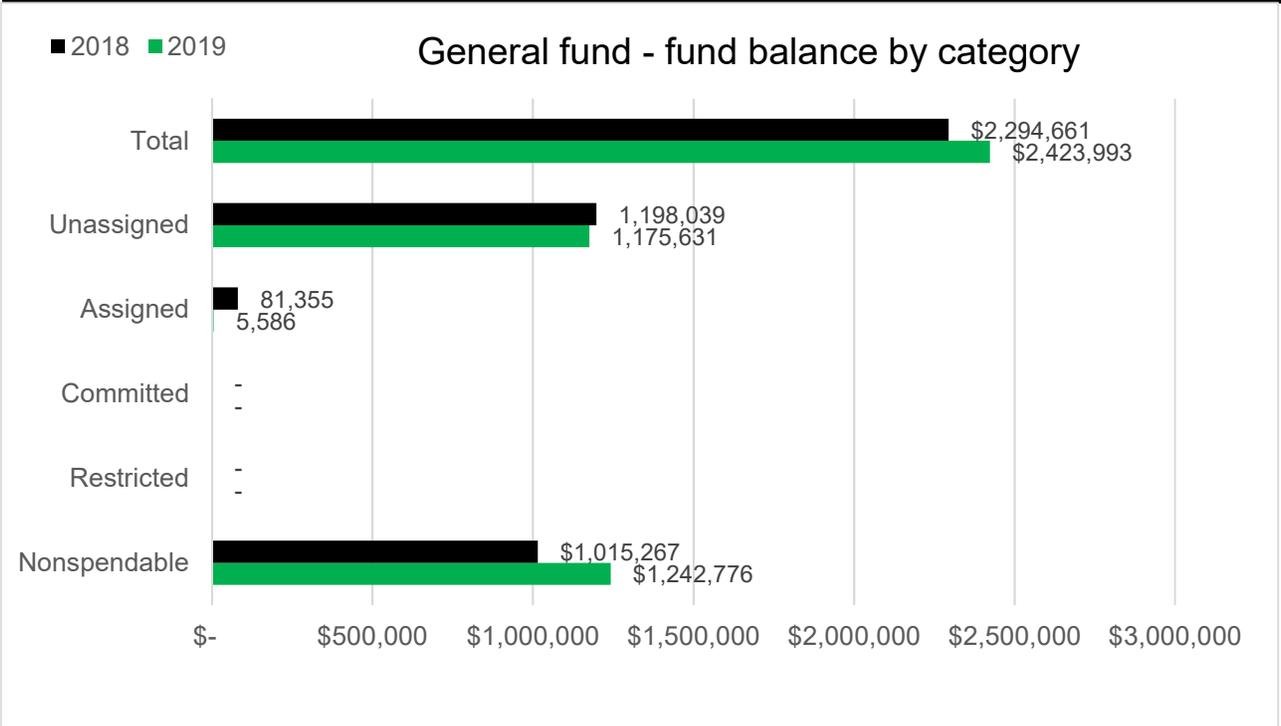
Client service team

John Rader, CPA, Firm Director
Casandra Chase, CPA, Senior Associate



Village of Mount Horeb

General fund results



Summarized income statement

	<u>Actual</u>	<u>Final budget</u>	<u>Variance</u>
Revenues and other financing sources	\$ 4,894,300	\$ 4,733,633	\$ 160,667
Expenditures and other financing uses	4,764,968	4,814,983	50,015
Net change in fund balance	<u>\$ 129,332</u>	<u>\$ (81,350)</u>	<u>\$ 210,682</u>

Fund balance category definitions

Nonspendable - amounts cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained in tact.

Restricted - amounts that can be spent only for the specific purposes stipulated by an external source.

Committed - amounts constrained for specific purposes that are internally imposed through formal action of the governing body.

Assigned - spendable amounts that are intended to be used for specific purposes that are not considered restricted or committed.

Unassigned - residual amounts that have not been classified within other categories above.

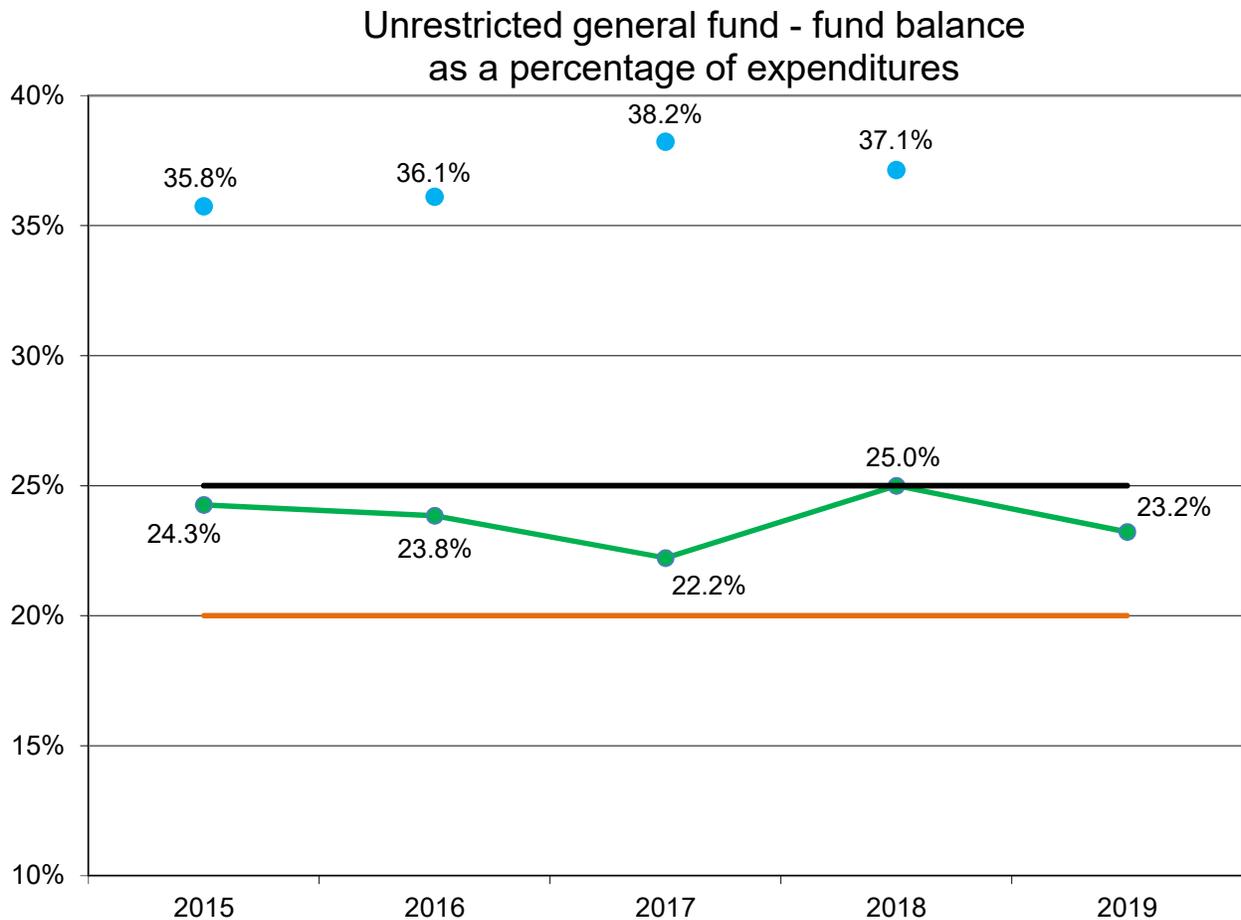
Village of Mount Horeb

General fund - fund balance trends

Fund balance policy:

20-25% of the subsequent years budgeted general fund expenditures. Unassigned fund balance that exceeds this range shall be transferred to the capital improvement projects fund to reduce future borrowing needs.

● General Fund Actual
 — Policy minimum
 — Policy maximum
 ● Reference - Median



Other reference values

GFOA recommends a minimum of no less than 2 months (16.7%) of general fund expenditures.

Median reference value generated from 2015 - 2018 Baker Tilly municipal client data for populations of less than 10,000.

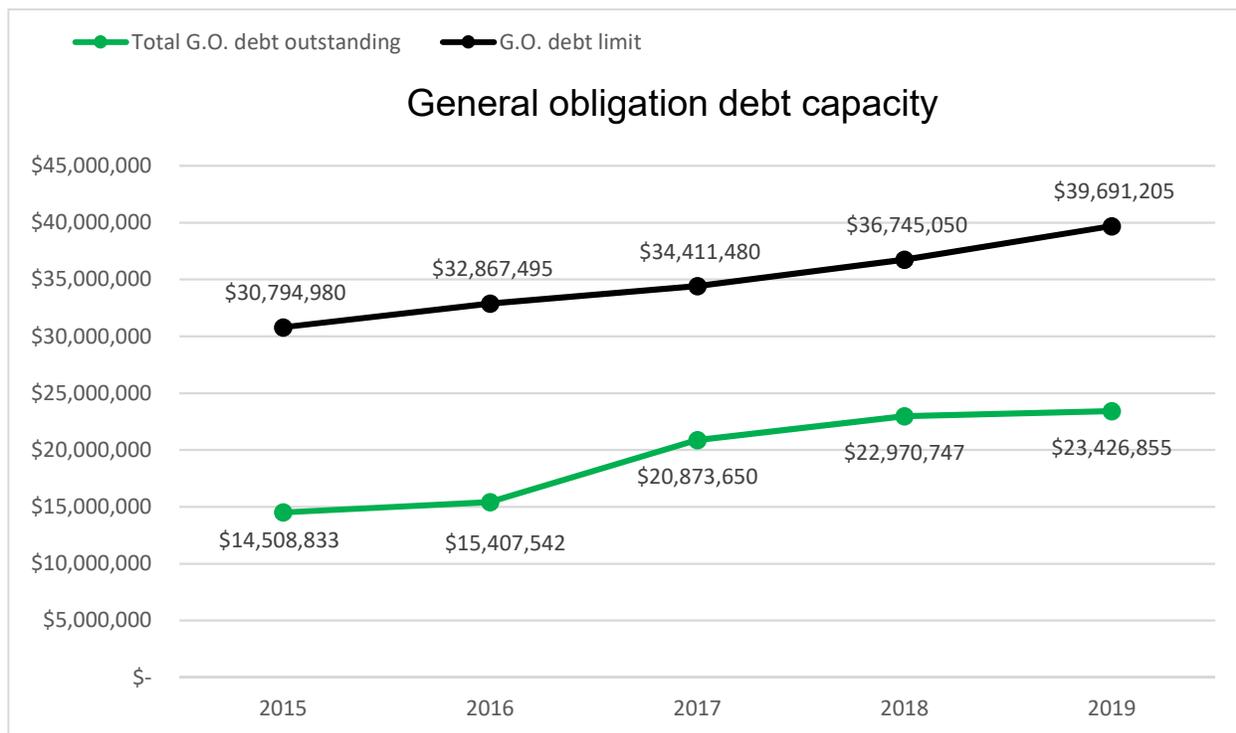
Village of Mount Horeb

General obligation debt

Debt management policy:

The Village does not currently have a debt management policy.

Actual percentage of debt limit at 12/31/19: **59%**



Total debt outstanding by type at 12/31/2019

	General obligation	Revenue debt	Other	Total
City	\$ 23,226,855	\$ -	\$ 584,212	\$ 23,811,067
Utility	200,000	17,369,856	-	17,569,856
Total	\$ 23,426,855	\$ 17,369,856	\$ 584,212	\$ 41,380,923

Comparative metrics available online through the Wisconsin Policy Forum.

<https://wispolicyforum.org/research/municipal-datatool-examining-and-comparing-wisconsin-cities-and-villages/>

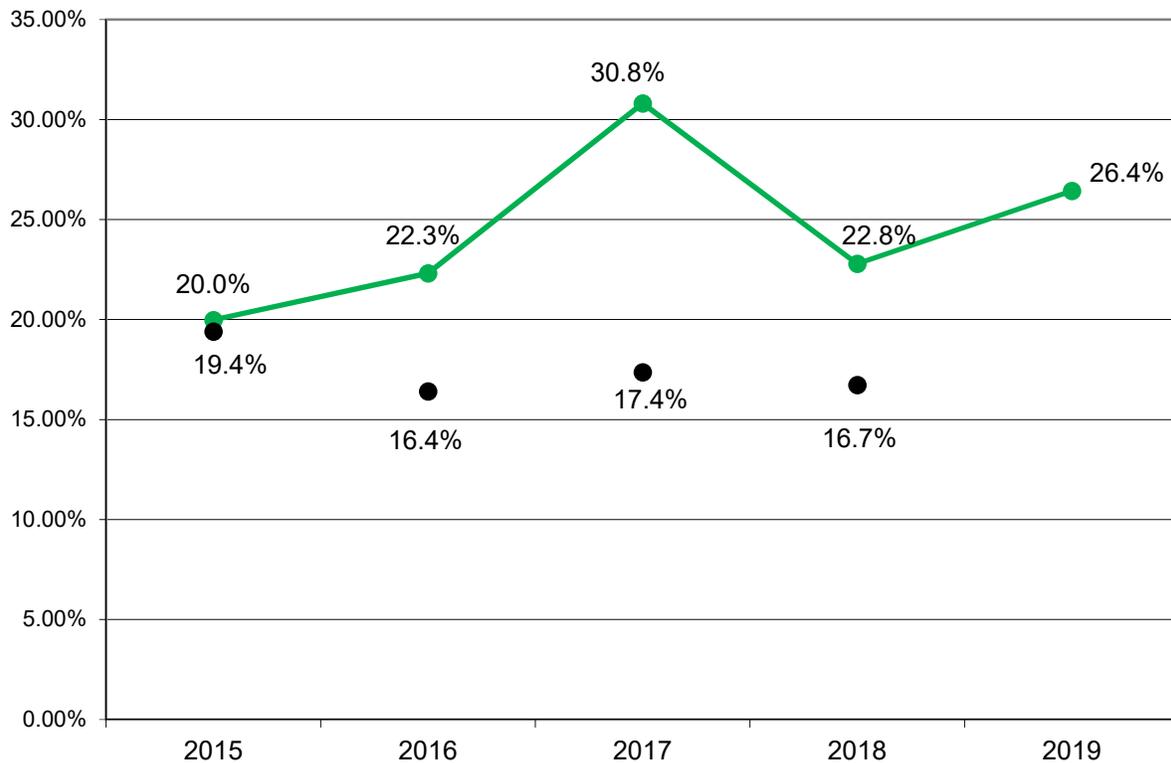
Select "Debt" -- options for custom comparisons or comparisons by county

Village of Mount Horeb

Governmental funds - debt service

● City of Example ● Reference - Median

Debt service to non-capital expenditures



Current and prior year data

	2019		2018	
Principal	\$	1,443,892	\$	1,954,569
Interest		775,004		787,389
Total	\$	<u>2,218,896</u>	\$	<u>2,741,958</u>
Non-capital expenditures	\$	<u>8,392,119</u>	\$	<u>12,028,060</u>

Other reference values

Median reference value generated from 2015 - 2018 Baker Tilly municipal client data for populations of less than 10,000.

Village of Mount Horeb

TIF District Historical Summary Through December 31, 2019

	TIF District No. 3	%	TIF District No. 4	%	TIF District No. 5	%
Sources of funds						
Tax increments	\$ 4,009,987	15%	\$ 747,383	62%	\$ 250,669	5%
Intergovernmental grants	-	0%	-	0%	249,001	4%
Payment in lieu of taxes	-	0%	487	0%	-	0%
Tax levy/transfer from general fund	511,511	2%	-	0%	-	0%
Exempt computer aid	24,859	0%	23,847	2%	-	0%
Investment income	342,964	1%	17,559	1%	11,763	0%
Sale of property	-	0%	-	0%	444,934	8%
Miscellaneous	201,252	1%	-	0%	82,990	1%
Premium on debt	382,409	1%	-	0%	-	0%
Debt issued	21,382,203	80%	433,000	35%	4,740,740	82%
TOTAL	\$ 26,855,185	100%	\$ 1,222,276	100%	\$ 5,780,097	100%

Uses of Funds						
Capital, administration, and professional services	\$ 7,147,686	27%	\$ 535,048	56%	\$ 1,986,532	30%
Interest on long-term debt	3,917,229	15%	43,956	5%	266,066	4%
Discount and issuance costs	315,170	1%	-	0%	90,513	1%
Developer grants	-	0%	-	0%	3,881,082	58%
Payment escrow	389,739	1%	-	0%	-	0%
Principal on long-term debt	15,016,703	56%	369,564	39%	500,000	7%
TOTAL	\$ 26,786,527	100%	\$ 948,568	100%	\$ 6,724,193	100%

TIF Fund Balance (Deficit) - December 31, 2019 \$ 68,658 \$ 273,708 \$ (944,096)

Calculation of Net Cost Recoverable through TIF Increments

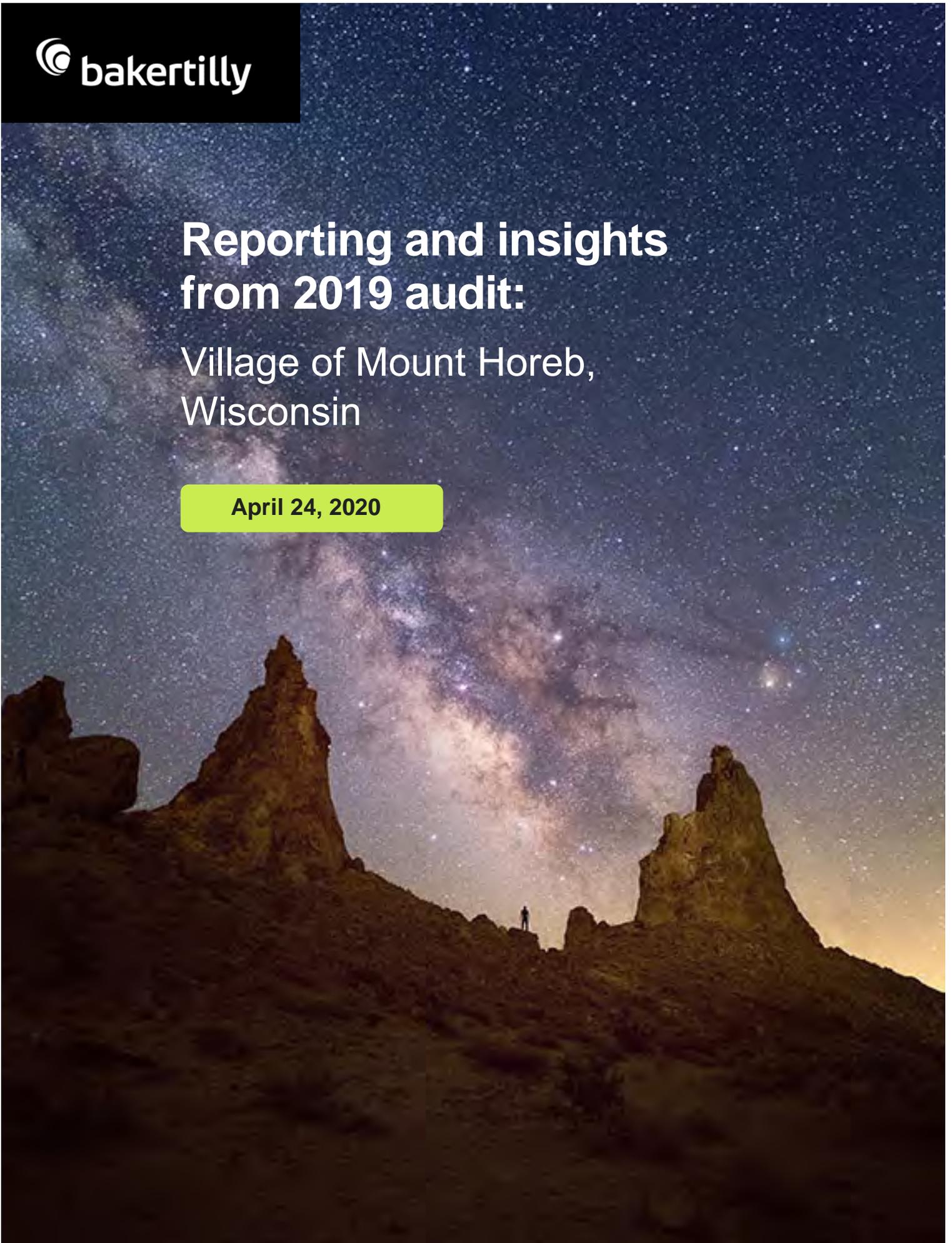
General obligation debt outstanding	6,365,500	63,436	4,240,740
Levy/ transfer from general fund to be repaid	511,511	-	-
TIF Fund (Balance)/Deficit - December 31, 2019	(68,658)	(273,708)	944,096
Net cost recoverable through TIF increments - December 31, 2019	\$ 6,808,353	\$ (210,272)	\$ 5,184,836

Creation date:	March 24, 2004	September 24, 2007	August 18, 2016
Last date to incur project costs:	March 24, 2022	September 24, 2022	August 18, 2038
Last year to collect increment:	2026	2027	2043

Reporting and insights from 2019 audit:

Village of Mount Horeb,
Wisconsin

April 24, 2020



Executive summary

We have completed our audit of the financial statements of the Village of Mount Horeb for the year ended December 31, 2019, and have issued our report thereon dated April 24, 2020. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of the Village's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

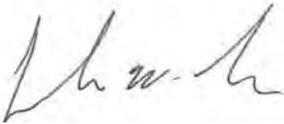
Additionally, we have included information on key risk areas the Village should be aware of during strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- John Rader, Director: John.Rader@bakertilly.com or +1 (608) 240 2431
- Casandra Chase, Senior Accountant: Casandra.Chase@bakertilly.com or +1 (608) 240 6785

Sincerely,

Baker Tilly Virchow Krause, LLP



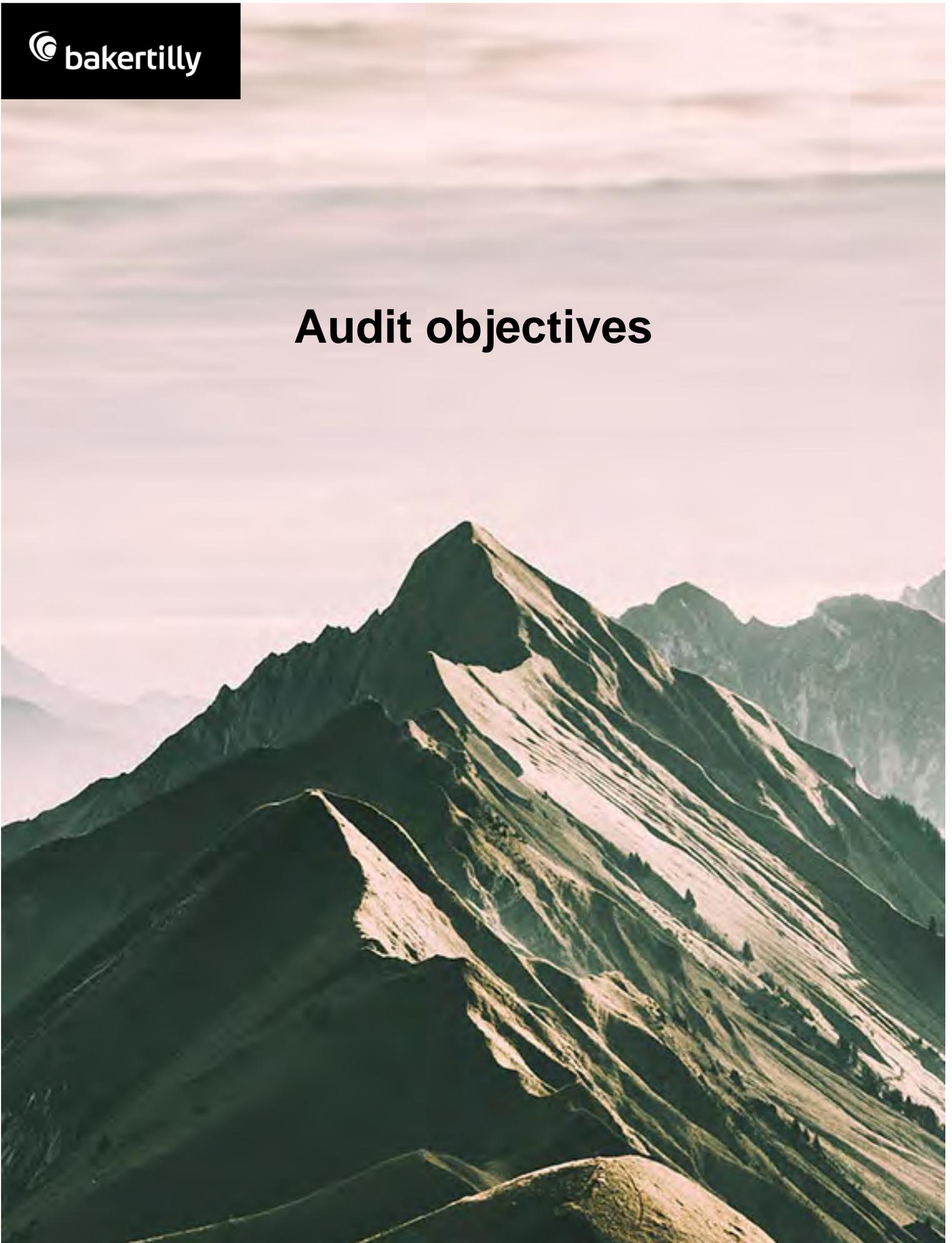
John Rader, CPA, Firm Director

Table of contents

Executive summary.....	2
Audit objectives	5
Our responsibilities	5
Management's responsibilities	5
Audit status.....	7
Significant changes to the audit plan.....	7
Audit approach and results	9
Planned scope and timing	9
Key areas of focus and significant findings	10
Internal control matters	11
Other comments and recommendations	12
Decentralized Cash Collections	14
Required communications	15
Nonattest services	18
Accounting changes relevant to the Village of Mount Horeb	20
Trending challenges for organizations	22
2020 strategic risks for boards	22
Cybersecurity	22
Data privacy.....	23
The talent problem.....	23
Innovation	24
Operational and organizational sustainability.....	24
Appendix A: Client service team	25
Appendix B: Management representation letter	27
Appendix C: Uncorrected and corrected misstatements	34
Appendix D: Two-way communication regarding your audit.....	36

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

Audit objectives



Audit objectives

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the Village of Mount Horeb's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, including:

- Qualitative aspects of the Village of Mount Horeb's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 Prepare and fairly present the financial statements	Our audit does not relieve management or those charged with governance of their responsibilities
 Establish and maintain effective internal control over financial reporting	An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls
 Provide us with written representations at the conclusion of the audit	See Appendix B for a copy of management's representations

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the Village of Mount Horeb and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Village of Mount Horeb's current year results.

Implementation of GASB No. 84 reporting fiduciary activities

During the current year, your government implemented GASB Statement No. 84 – *Fiduciary Activities*. This standard was issued to provide a clear foundation and reduce inconsistencies in reporting of fiduciary activities. Implementation of this standard required the evaluation of various activities and application of specific criteria to determine the fiduciary activities that required reporting. As a result of this standard you will note the following changes in your financial statements from prior years:

- Presentation of additions and deductions on the statement of changes in fiduciary net position
- Change in the activity that is reported through the tax collection custodial fund

Implementation of GASB No. 88 certain disclosures related to debt

During the current year, your government implemented GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The standard requires additional footnote disclosures which have been included in your financial statements.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll		Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the Village of Mount Horeb's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements. We are not expressing an opinion on the effectiveness of the Village of Mount Horeb's internal control.

Our consideration of internal control was for the limited purpose described in the preceding 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.

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 identified the following deficiency as a material weakness:

- **Financial Statement Close Process**

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.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles.

Other comments and recommendations

- Prior Year Points

Recreation Department

The Recreation department's system being used to track payments is not able to produce a report that allows for balancing to cash collections brought over to the Treasurer for deposit. The system is also able to be modified, where data originally entered can be deleted or changed without any compensating controls to verify that the edits are legitimate. In addition, the duties of collecting funds, preparing deposits, and monitoring receivables is not adequately segregated.

Status (12/31/19)

This portion of the comment is still valid.

Municipal Court

There is a lack of segregation of duties in regards to the procedures used to collect amounts owed for police citations issued. This lack of segregation of duties combined with the ability of individuals performing the collections to modify or delete records maintained in the courts system results in a control deficiency.

Status (12/31/19)

This portion of the comment is still valid.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost/benefit analysis.

TIF District Status

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 (12/31/19)

As of December 31, 2018, TIF District No. 3 had approximately \$6.8M 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.

Other comments and recommendations (cont.)

- **Prior Year Points** (cont.)

TIF District Status (cont.)

Status (12/31/19) (cont.)

TIF District No. 4 had recovered all of its costs and generated a surplus of \$210,272, as of December 31, 2018.

TIF District No. 5 now has approximately \$5.2M in net costs to be recovered. This district can collect increment through the year 2043.

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.

Decentralized Cash Collections

Procedures and controls to eliminate risk

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.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised 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 1, the Village changed accounting policies related to financial reporting for fiduciary activities by adopting Governmental Accounting Standards Board (GASB) No. 84 – *Fiduciary Activities* and for debt disclosures by adopting Governmental Accounting Standards Board (GASB) No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in 2019. We noted no transactions entered into by the Village during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension liability and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the Village or that otherwise appear to be unusual due to their timing, size or nature.

Difficulties encountered during the audit

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

Required communications (cont.)

Disagreements with management

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.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial, and to communicate accumulated misstatements to management. The schedule within the Appendix summarizes the uncorrected misstatements that we presented to management, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the Village's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Required communications (cont.)

Independence

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

Related parties

We did not have any significant findings or issues arise during the audit in connection with the Village's related parties.

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time.

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's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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.

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- TIF compilation reports
- Utility rate consulting

In addition, we 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.

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

An aerial photograph of a winding asphalt road with white dashed lines, curving through a dense green forest. A rocky stream is visible in the upper right corner. The text 'Accounting changes relevant to Village' is overlaid in the center of the image.

Accounting changes relevant to Village

Accounting changes relevant to the Village of Mount Horeb

Future accounting standards updates

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/20
89	Accounting for Interest Incurred before the End of a Construction Period	✓	12/31/20
91	Conduit Debt	✓	12/31/21

Further information on upcoming [GASB pronouncements](#)

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective for the upcoming year. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the Village review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

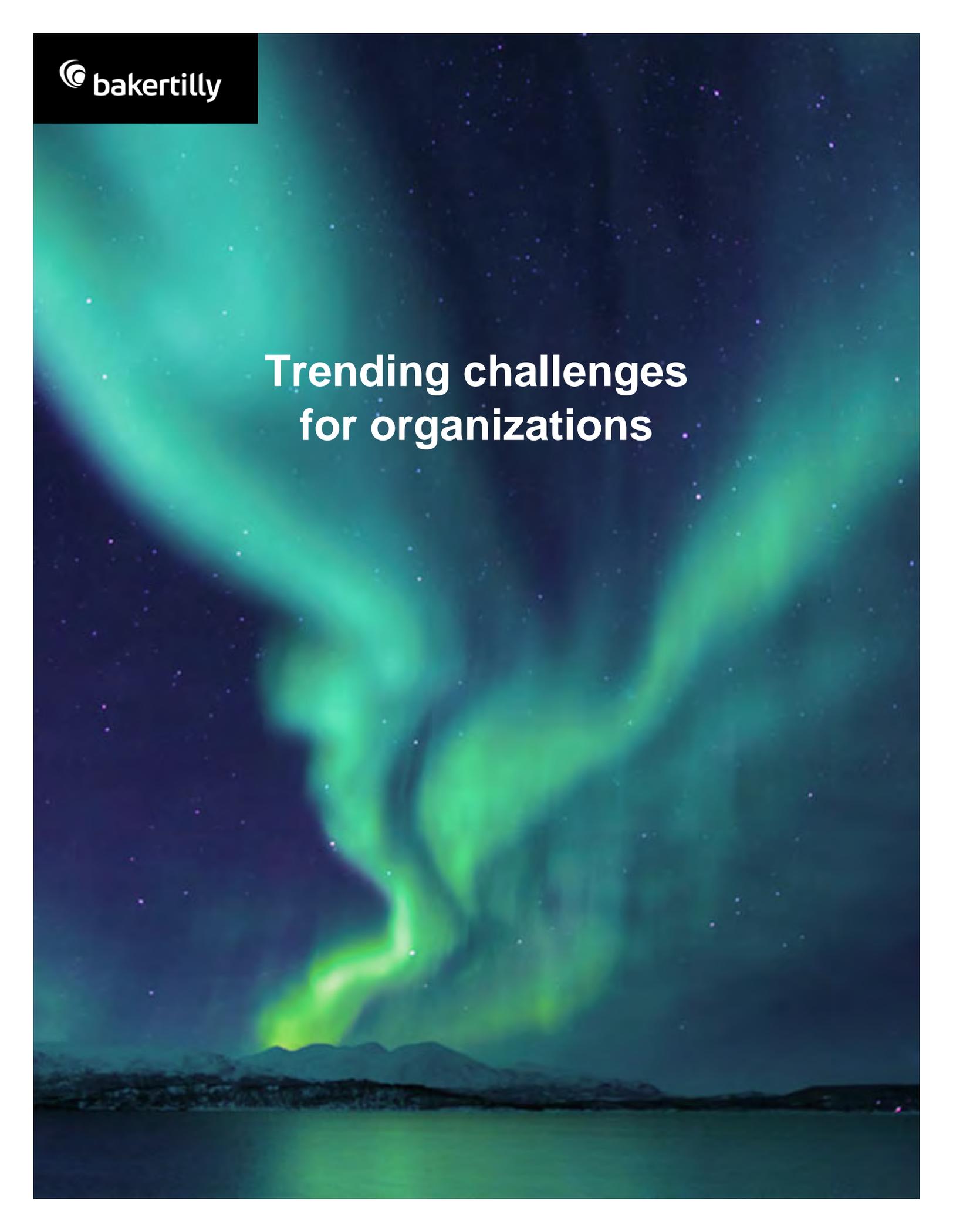
- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the Village should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Planning for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The Village should identify any existing debt arrangements involving third party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

A photograph of the Aurora Borealis (Northern Lights) in shades of green and teal, dancing across a dark, starry night sky. The lights are reflected in a calm body of water in the foreground, with dark mountain silhouettes visible on the horizon.

Trending challenges for organizations

Trending challenges for organizations

Management and the governing body of the Village must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long term goals. Economic uncertainty, coupled with key risk areas and fast paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

2020 strategic risks for boards



Evaluating and mitigating the greatest risks

Public sector organizations face a multitude of internal and external risks in an evolving landscape. Risks can stem from strategy, finances, legal situations, operations, regulatory compliance, information technology, economic environment, and/or fraud, waste and abuse.

By employing a risk assessment, areas with the greatest needs and highest risks are evaluated. Then a risk mitigation plan can be developed and deployed.

Learn about [risk assessment](#) types, tools and strategies.

Cybersecurity

Operational reporting on cybersecurity effectiveness

As boards engage management in cybersecurity risk discussions, directors should expect management to produce reports on the effectiveness of the organization's cybersecurity-risk management program. Management can (and should) collect and analyze relevant performance measures and metrics to determine if cybersecurity safeguards and controls are operating as intended, and whether any corrective action should be taken to strengthen management's risk-mitigation approaches. While not an exhaustive list, some key processes on which management should report include these:

- Incident management
- Risk management and governance
- Independent assurance on the cybersecurity program

[Learn more](#) about cybersecurity risk management.



[WATCH: On demand webinar about board governance over cybersecurity.](#)

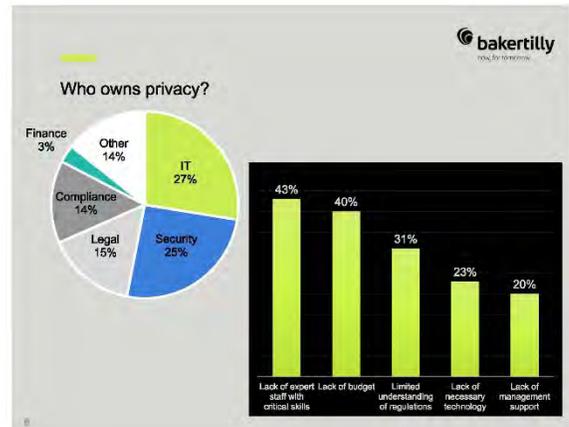
Data privacy

Elevating privacy risks to the forefront of board agendas

Organizations around the world are still scrambling to comply with the General Data Protection Regulation in the European Union, which went into effect in May 2018. While the data privacy regulatory environment changes rapidly, organizations can take proactive steps to ensure that they stay informed of the existing regulations and of those developing on the near horizon.

Adequate oversight remains a key part of staying on top of data privacy developments. Some regulations specify oversight requirements, and can depend on the type of the organization, the quantity and type of personal data processed, and the locations where operations take place. In many cases, a data protection officer (DPO) must lead the effort. Since the DPO is responsible for overseeing practices related to data protection strategy and implementation, having one in place early on will help ensure that the privacy program is comprehensive and consistent.

Learn more about [data privacy risk management](#).



[WATCH: On demand webinar about a risk-based approach to oversight, compliance and management of privacy](#)

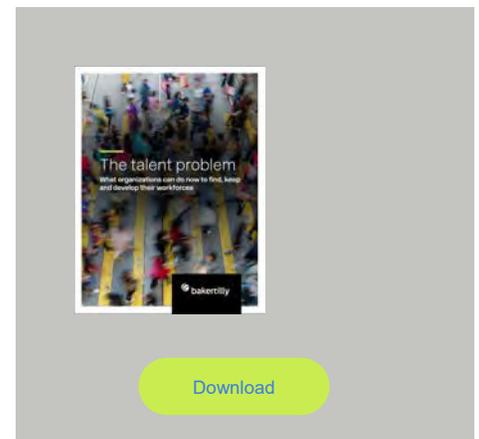
The talent problem

Establishing a lifeline for your shifting workforce

Employee recruitment and retention challenges are an all too common struggle in the public sector:

- Aging workers with institutional knowledge retire
- High demand for small qualified candidate pool
- Perception of geographic disadvantages
- Wage/benefit competition with private sector
- Lean operations exclude investments in recruitment, on-the-job training and technology
- Unclear growth and career advancement tracks

Sustainable organizations must have a robust workforce development and succession planning program. Learn how to get started and incorporate a workforce/succession planning program with existing operational practices.



Innovation

Anticipating disruptive innovation and digital transformation

To stay competitive and relevant in a rapidly changing business landscape, organizations in every industry must navigate an increasingly disruptive, technology-enabled environment. Companies that do not address and embrace new and emerging technologies will be less competitive or may even face obsolescence.

Given these challenges to companies, what does innovation mean in this era of digital transformation? Innovation now involves finding the right problems worth solving; building new offerings, business models, and experiences; and generating value at scale for customers.

Furthermore, the rapid digital transformation of advanced technologies such as blockchain, robotic process automation (RPA), and artificial intelligence (AI) now portend similar effects in industries from

financial services and healthcare to communications and manufacturing. Boards must become knowledgeable about these digital disruption trends in order to be able to conduct meaningful oversight that management can use successfully as the company embraces new technologies.

Anticipating Disruptive Innovation and Digital Transformation

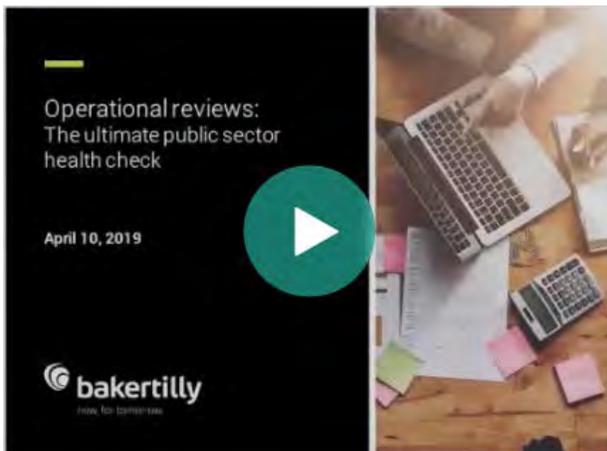
To stay competitive and relevant in a rapidly changing business landscape, organizations in every industry must navigate an increasingly disruptive, technology-enabled environment.

[Read the blog post.](#)

Learn more about [innovation opportunities](#).

Operational and organizational sustainability

Aligning resources with strategy



As new demands confront the public sector industry, it's easy to solve an immediate problem instead of pausing to take a holistic view. Rippling inefficiencies, increasing financial pressures, taxing staff resources and plummeting constituent satisfaction can pile atop organizations already facing pressure to improve efficiency, effectiveness, relevance and financial viability.

An operational review follows a systematic, strategic approach to understanding an entity's operations and performance. Opportunities to improve processes, bolster internal controls and reduce costs are uncovered in order to realign organizational resources and strategic objectives.

Learn invaluable methods for [executing an operational review](#) while maintaining day-to-day operations.

Appendix A: Client service team



Client service team



John W. Rader, CPA

Firm Director

10 Terrace Ct
Madison, WI 53707
United States

T +1 (608) 240 22431

john.rader@bakertilly.com



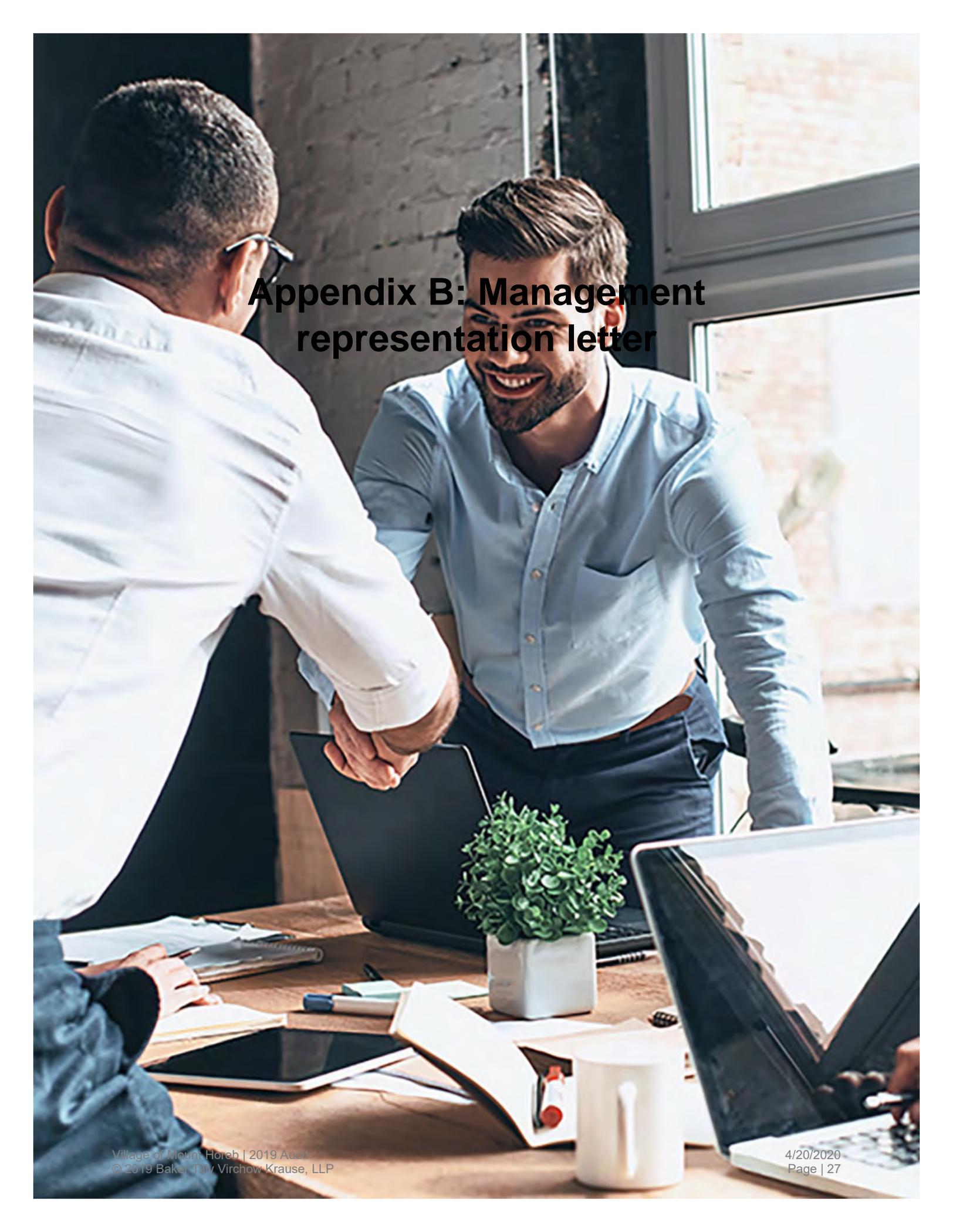
Casandra C. Chase, CPA

Senior Associate

10 Terrace Ct
Madison, WI 53707
United States

T +1 (608) 240 6785

casandra.chase@bakertilly.com

A photograph of two men in business attire shaking hands over a laptop in an office setting. The man on the right is smiling and wearing a light blue shirt, while the man on the left is wearing a white shirt and glasses. They are standing at a desk with a laptop, a small potted plant, and a white mug. The background shows a window with a view of a brick building.

Appendix B: Management representation letter



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

April 24, 2020

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, 2019 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 primary government 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 financial statement 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 \$28,542 of revenue in the current year that should have been recognized in the prior year for franchise fees. Additionally, the village did not record a receivable and revenue in the general fund and a non-major fund for franchise fees collected shortly after year-end for fiscal 2019. The result is that assets in the general fund have been understated by \$9,595 and revenues are overstated by \$18,947. For the non-major fund, both assets and revenues have been understated 17,819. 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 the 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) We have no knowledge of 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

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 as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.
- 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).

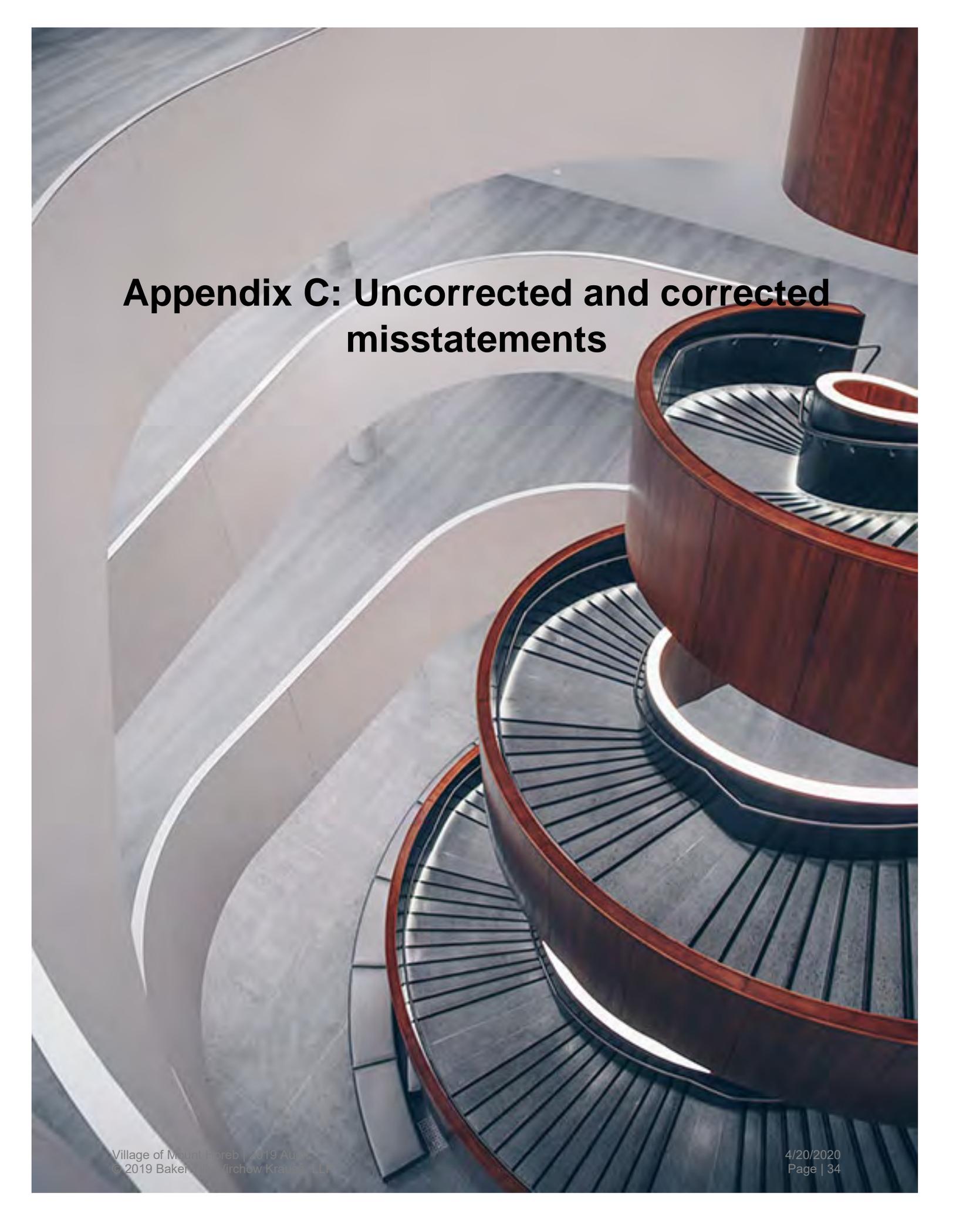
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 37) Tax-exempt bonds issued have retained their tax-exempt status.
- 38) We have appropriately 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.
- 42) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed.
- 43) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements.
- 44) All activities that meet the criteria in GASB Statement No. 84 for presentation as fiduciary activities have been identified and presented as such.
- 45) Any direct borrowings, direct placements, lines of credit or debt default clauses have been identified and properly disclosed.

Sincerely,

Village of Mount Horeb

Signed: 
Nicholas Owen, Village Administrator

Signed: 
Amy Hall, Finance Director/Treasurer



Appendix C: Uncorrected and corrected misstatements

Uncorrected misstatements

- In the general fund, the village has recognized \$28,542 of revenue in the current year that should have been recognized in the prior year for franchise fees. Additionally, the village did not record a receivable and revenue in the general fund and a non-major fund for franchise fees collected shortly after year-end for fiscal 2019. The result is that assets in the general fund have been understated by \$9,595 and revenues are overstated by \$18,947. For the non-major fund, both assets and revenues have been understated 17,819.

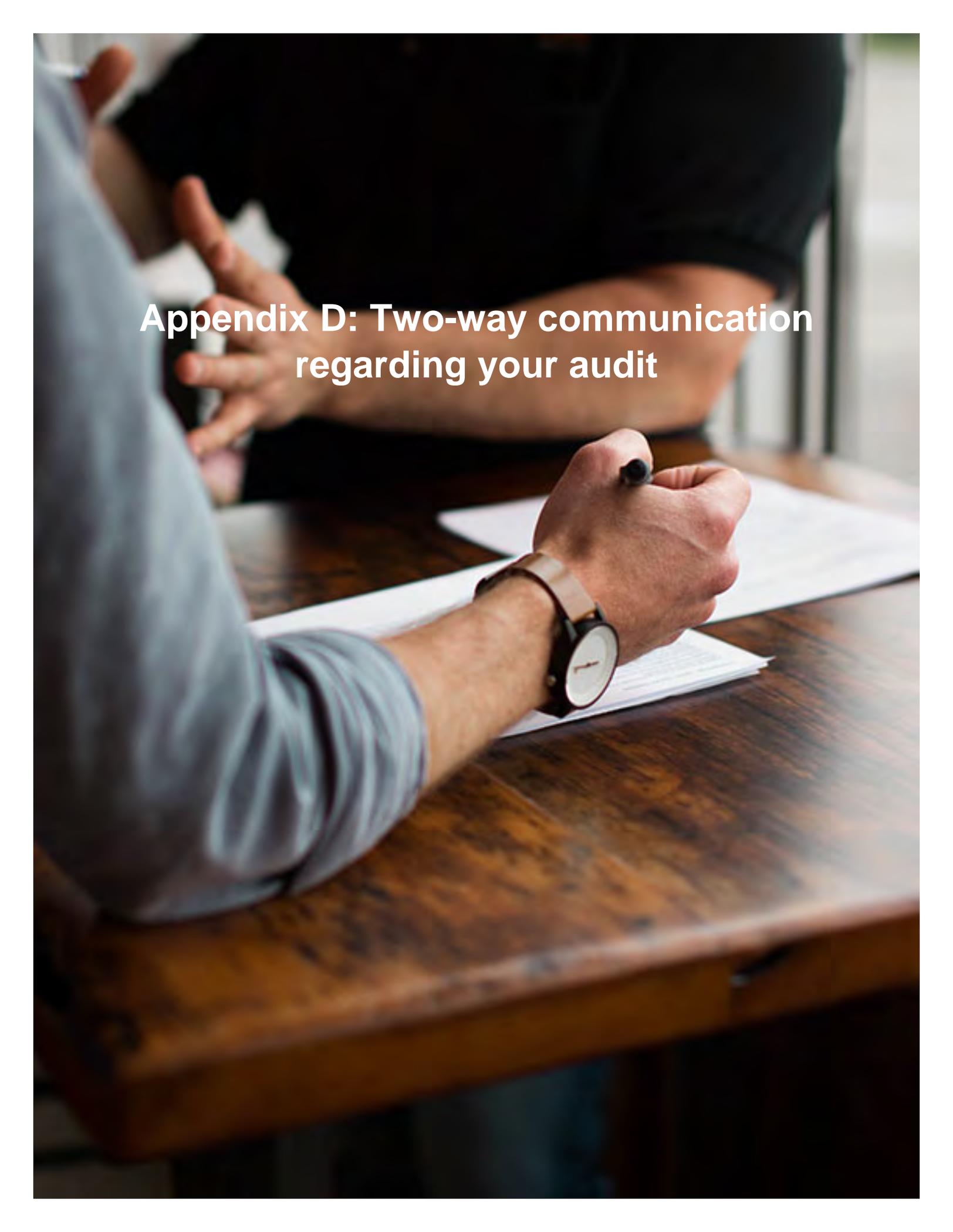
Financial statement effects – debit (credit) to financial statement total:

Opinion unit	Current assets	Noncurrent assets	Total assets/ deferred outflows	Current liabilities	Noncurrent liabilities	Net position/ fund balance
General Fund	9,595		9,595			(9,595)
Remaining funds	17,819		17,819			(17,819)

Opinion unit	Total revenues	Total expenses/ expenditures	Change in net position/ fund balance
General Fund	18,947		18,947
Remaining funds	(17,819)		(17,819)

Material corrected misstatements

The remaining misstatements that were identified and corrected by management were not material individually or in the aggregate to the financial statements taken as a whole.

A close-up photograph of a person's hands and arms at a wooden table. The person is wearing a light blue long-sleeved shirt and a black watch with a white face. They are holding a black pen and writing on a white document. In the background, another person's hands are visible, gesturing as if in conversation. The scene is set in a meeting or office environment.

**Appendix D: 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.
- c. 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.
- d. 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.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America.

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 governing 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. We anticipate that the Village will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

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

- a. The entity'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 conduct preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial 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.

VILLAGE OF MOUNT HOREB

Mount Horeb, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

VILLAGE OF MOUNT HOREB

TABLE OF CONTENTS As of and for the Year Ended December 31, 2019

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Required Supplementary Information	
Management's Discussion and Analysis	iii - xii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Fiduciary Net Position - Custodial Fund	15
Statement of Changes in Fiduciary Net Position – Custodial Fund	16
Index to Notes to Financial Statements	17
Notes to Financial Statements	18 - 60
Required Supplementary Information	
General Fund	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	61 - 65
Special Revenue Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Fund	66
Schedule of Proportionate Share of the Net Pension (Asset) Liability	67
Schedule of Employer Contributions	67
Notes to Required Supplementary Information	68
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	69 - 71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72 - 74

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, 2019, and the related notes to the financial statements, which collectively comprise the Village of Mount Horeb's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mount Horeb, Wisconsin, as of December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Village of Mount Horeb adopted the provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 24, 2020

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, 2019

The management of the Village of Mount Horeb ("village") 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, 2019. You are invited to read this narrative in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The assets of the Village of Mount Horeb exceeded its liabilities by \$54,007,848 (net position). Of this amount, \$4,596,012 is considered unrestricted net position, \$4,328,581 is restricted for specific purposes (restricted net position), and \$45,083,255 is the net investment in capital assets.
 - > The village's total net position increased by \$1,710,273. Governmental activities net position increased by \$1,080,233 while business-type net position increased by \$630,040.
 - > On December 31, 2019, the village's governmental funds reported combined fund balances of \$5,244,281, an increase of \$415,242 from 2018. Unassigned fund balance was \$(392,889) at year-end, primarily due to the deficit position of TIF District No. 5 and TIF District No. 3 Amendment.
-

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, 2019

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, deferred inflows, and net position. 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. This village implemented GASB statement No. 84 – *Fiduciary Activities* on January 1, 2019.

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, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

The village maintains nineteen (19) 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, general capital projects fund and TIF District No. 5 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 fund 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, 2019

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	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 12,555,331	\$ 13,001,949	\$ 6,260,108	\$ 6,292,904	\$ 18,815,439	\$ 19,294,853
Capital Assets	41,114,235	39,503,497	44,155,385	42,375,397	85,269,620	81,878,894
Total Assets	53,669,566	52,505,446	50,415,493	48,668,301	104,085,059	101,173,747
Deferred Outflows of Resources	1,764,185	1,069,703	609,522	350,719	2,373,707	1,420,422
Long-term Liabilities	25,239,114	23,974,390	17,824,401	15,904,101	43,063,515	39,878,491
Other Liabilities	652,237	1,701,445	783,283	1,254,805	1,435,520	2,956,250
Total Liabilities	25,891,351	25,675,835	18,607,684	17,158,906	44,499,035	42,834,741
Deferred Inflows of Resources	7,636,295	7,073,442	315,588	388,411	7,951,883	7,461,853
Net Investment in						
Capital Assets*	19,395,290	18,211,500	26,587,965	26,023,354	45,083,255	43,291,454
Restricted	1,245,325	1,473,089	3,083,256	2,903,122	4,328,581	4,376,211
Unrestricted	1,265,490	1,141,283	2,430,522	2,545,227	4,596,012	4,629,910
Total Net Position	\$ 21,906,105	\$ 20,825,872	\$ 32,101,743	\$ 31,471,703	\$ 54,007,848	\$ 52,297,575

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

The largest portion of the village's net position (83%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the village's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (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, 2019

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	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues						
Charges for Services	\$ 1,023,473	\$ 1,046,781	\$ 9,601,086	\$ 9,641,921	\$ 10,624,559	\$ 10,688,702
Operating Grants and Contributions	862,075	817,129	-	-	838,747	817,129
Capital Grants and Contributions	-	-	98,417	195,736	98,417	195,736
General Revenues						
Property Taxes	6,104,335	5,264,249	-	-	6,226,523	5,264,249
Intergovernmental	251,582	371,633	-	-	273,369	371,633
Other	912,293	383,354	163,089	273,347	1,075,382	656,701
Total Revenues	<u>9,274,405</u>	<u>7,883,146</u>	<u>9,862,592</u>	<u>10,111,004</u>	<u>19,136,997</u>	<u>17,994,150</u>
Expenses:						
General Government	963,592	873,539	-	-	963,592	873,539
Public Safety	2,893,171	2,127,124	-	-	2,260,410	2,127,124
Public Works	2,020,062	1,888,278	-	-	2,020,062	1,888,278
Health and Human Services	172,642	159,221	-	-	172,642	159,221
Culture, Recreation and Education	1,535,541	1,504,408	-	-	1,535,541	1,504,408
Conservation and Development	231,051	3,878,596	-	-	863,812	3,878,596
Electric	-	-	5,838,457	5,919,938	5,838,457	5,919,938
Water	-	-	1,054,056	979,149	1,054,056	979,149
Sewer	-	-	1,971,576	1,639,550	1,971,576	1,639,550
Interest and Fiscal Charges	746,576	784,508	-	-	746,576	784,508
Total Expenses	<u>8,562,635</u>	<u>11,215,674</u>	<u>8,864,089</u>	<u>8,538,637</u>	<u>17,426,724</u>	<u>19,754,311</u>
Income (Loss) Before Transfers	711,770	(3,332,528)	998,503	1,572,367	1,710,273	(1,760,161)
Transfers	368,463	265,575	(368,463)	(265,575)	-	-
Changes in Net Position	1,080,233	(3,066,953)	630,040	1,306,792	1,710,273	(1,760,161)
Beginning Net Position	<u>20,825,872</u>	<u>23,892,825</u>	<u>31,471,703</u>	<u>30,164,911</u>	<u>52,297,575</u>	<u>54,057,736</u>
Ending Net Position	<u>\$ 21,906,105</u>	<u>\$ 20,825,872</u>	<u>\$ 32,101,743</u>	<u>\$ 31,471,703</u>	<u>\$ 54,007,848</u>	<u>\$ 52,297,575</u>

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

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

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

GOVERNMENTAL ACTIVITIES

Governmental activities net position increased \$1,080,233 or approximately 5%.

BUSINESS-TYPE ACTIVITIES

Net position of the business-type activities increased \$630,040 or approximately 2%.

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, 2019, the village's governmental funds reported combined fund balances of \$5,244,281. Approximately 49% of this amount, \$2,565,002 is restricted for specific projects or expenditures. An additional \$(392,259) constitutes unassigned fund balance, which is available to meet the village's current and future needs. Another \$904,149 is committed and \$925,243 is assigned. The remaining \$1,242,146 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 \$129,332 or approximately 6%. Unassigned fund balance decreased \$20,408. The amount currently assigned to the 2020 budget is reported as assigned fund balance and totals \$5,586. In addition, nonspendable fund balances increased \$226,879. Overall, the general fund balance was budgeted to decrease by \$81,350, but as previously noted, increased \$129,332. This was primarily due to higher than expected revenues, mainly from building related activities and interest on investments; 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, 2019

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 \$1,175,631 and the 2020 general fund expenditure budget is \$5,061,553 resulting in an unassigned fund balance of 23%, which is within the village's policy.

Library

The village's library fund accounts for the activities of the library. The fund balance is \$218,169, an increase of \$31,912 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 fund balance is \$0 an increase of \$87,186 from the prior year deficit position.

General Capital Projects

The village's general capital projects fund accounts for funding of general village projects. The fund balance is \$1,789,524, an increase of \$152,967 from the prior year.

TIF District No. 5

The village's TIF District No.5 fund accounts for the activities of TIF District No. 5. The fund balance (deficit) is (\$935,827) a decrease of \$295,557 from the prior year.

Nonmajor Governmental Funds

Fund balance of all other governmental funds is \$1,748,422 and is comprised of restricted, committed, and unassigned (deficit) balances.

PROPRIETARY FUNDS

The Village of Mount Horeb's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. At December 31, 2019, the village's proprietary funds reported combined net position of \$32,101,743.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

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

PROPRIETARY FUNDS (cont.)

Electric Utility

The electric utility net position increased \$20,149 or 0.2%. Operating revenues decreased \$306,247 or 4.9%. Operating expenses decreased \$76,390 or 1.3%.

Water Utility

The water utility net position decreased \$24,397 or 0.3%. Operating revenues decreased \$11,811 or 0.9%. Operating expenses increased \$75,367 or 7.9%.

Sewer Utility

The sewer utility net position increased \$634,288 or 4.5%. Operating revenues increased \$111,239 or 4.8%. Operating expenses increased \$255,533 or 17.7%.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total expenditure appropriations were \$4,814,983 and actual was \$4,764,968 resulting in a \$50,015 favorable variance. The primary reason for this was:

- > Many departments held expenditures within budgeted amounts.
- > There were fewer public safety expenditures than budgeted.

Total revenues were \$4,406,661, \$145,168 more than the budget. The primary reason for this was:

- > Investment income exceeded the budget by \$41,342.
- > Public charges for services exceeded the budget by \$47,260.
- > Miscellaneous revenues exceeded the budget by \$32,623.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

CAPITAL ASSETS

At the end of 2019, the village had invested a total of \$85,269,620 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	
	2019	2018	2019	2018	2019	2018
Land and other assets not being depreciated	\$ 7,310,950	\$ 12,185,993	\$ 1,084,841	\$ 17,590,017	\$ 8,395,791	\$ 29,776,010
Land improvements	1,358,540	1,179,932	-	-	1,358,540	1,179,932
Buildings	10,915,065	4,625,408	-	-	10,915,065	4,625,408
Machinery and equipment	2,731,278	2,679,529	-	-	2,731,278	2,679,529
Infrastructure	34,788,593	34,258,636	-	-	34,788,593	34,258,636
Utility plant	-	-	66,142,160	47,010,160	66,142,160	47,010,160
Total Capital Assets	57,104,426	54,929,498	67,227,001	64,600,177	124,331,427	119,529,675
Less: Accumulated Depreciation	(15,990,191)	(15,426,001)	(23,071,616)	(22,224,780)	(39,061,807)	(37,650,781)
Net Capital Assets	<u>\$ 41,114,235</u>	<u>\$ 39,503,497</u>	<u>\$ 44,155,385</u>	<u>\$ 42,375,397</u>	<u>\$ 85,269,620</u>	<u>\$ 81,878,894</u>

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

- > Utility plant additions related to the new public safety building

See Note III.D. for additional information.

LONG-TERM DEBT

At December 31, 2019, the village had \$40,796,711 of long-term bonds and notes outstanding. \$17,369,856 of this is revenue debt, and \$23,426,855 relates to general obligation issues.

At the end of the year, the village was at 58.5% of its general obligation debt capacity.

See Note III.G. for additional information.

VILLAGE OF MOUNT HOREB

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As of and for the Year Ended December 31, 2019

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2020 village budget. None of these conditions are anticipated to change the overall financial position of the village.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have questions about this report or need any additional information, contact Amy Hall, Finance Director/Treasurer at 608 437 9406 ext. 106 or Amy.Hall@mounthorebwi.info.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION
As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 4,978,953	\$ 2,668,180	\$ 7,647,133
Receivables (net)			
Taxes	6,822,953	-	6,822,953
Delinquent personal property taxes	658	-	658
Accounts	60,034	754,710	814,744
Special Assessments	18,510	-	18,510
Accrued interest	29	29	58
Internal balances	602,492	(602,492)	-
Inventories and prepaid items	71,702	138,782	210,484
Restricted Assets			
Cash and investments	-	3,300,899	3,300,899
Capital Assets			
Land	7,310,950	1,084,841	8,395,791
Other capital assets, net of depreciation	33,803,285	43,070,544	76,873,829
Total Assets	<u>53,669,566</u>	<u>50,415,493</u>	<u>104,085,059</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	155,583	701	156,284
Pension related amounts	1,608,602	608,821	2,217,423
Total Deferred Outflows of Resources	<u>1,764,185</u>	<u>609,522</u>	<u>2,373,707</u>
LIABILITIES			
Accounts payable and accrued expenses	649,668	779,252	1,428,920
Deposits	2,569	20,373	22,942
Noncurrent Liabilities			
Net pension liability	589,107	226,040	815,147
Due within one year	2,010,450	1,044,484	3,054,934
Due in more than one year	22,639,557	16,537,535	39,177,092
Total Liabilities	<u>25,891,351</u>	<u>18,607,684</u>	<u>44,499,035</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	6,819,989	-	6,819,989
Pension related amounts	816,306	315,588	1,131,894
Total Deferred Inflows of Resources	<u>7,636,295</u>	<u>315,588</u>	<u>7,951,883</u>
NET POSITION			
Net investment in capital assets	19,395,290	26,587,965	45,083,255
Restricted for			
Debt service	251,540	644,960	896,500
Library	434,440	-	434,440
TIF activities	273,708	-	273,708
Depreciation	-	2,438,296	2,438,296
Revolving loans	285,637	-	285,637
Unrestricted	<u>1,265,490</u>	<u>2,430,522</u>	<u>4,596,012</u>
TOTAL NET POSITION	<u>\$ 21,906,105</u>	<u>\$ 32,101,743</u>	<u>\$ 54,007,848</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 963,592	\$ 62,137	\$ 269	\$ -
Public safety	2,893,171	41,745	36,064	-
Public works	2,020,062	516,942	454,379	-
Health and human services	172,642	-	122,848	-
Culture, recreation and education	1,535,541	402,649	225,187	-
Conservation and development	231,051	-	23,328	-
Interest and fiscal charges	746,576	-	-	-
Total Governmental Activities	<u>8,562,635</u>	<u>1,023,473</u>	<u>862,075</u>	<u>-</u>
Business-type Activities				
Electric	5,838,457	6,001,425	-	27,789
Water	1,054,056	1,186,038	-	38,728
Sewer	1,971,576	2,413,623	-	31,900
Total Business-type Activities	<u>8,864,089</u>	<u>9,601,086</u>	<u>-</u>	<u>98,417</u>
Total	<u>\$ 17,426,724</u>	<u>\$ 10,624,559</u>	<u>\$ 862,075</u>	<u>\$ 98,417</u>

General Revenues

Taxes

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Property taxes, levied for TIF purposes

 Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on sale 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

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (901,186)	\$ -	\$ (901,186)
(2,815,362)	-	(2,815,362)
(1,048,741)	-	(1,048,741)
(49,794)	-	(49,794)
(907,705)	-	(907,705)
(207,723)	-	(207,723)
(746,576)	-	(746,576)
<u>(6,677,087)</u>	<u>-</u>	<u>(6,677,087)</u>
-	190,757	190,757
-	170,710	170,710
<u>-</u>	<u>473,947</u>	<u>473,947</u>
<u>-</u>	<u>835,414</u>	<u>835,414</u>
<u>(6,677,087)</u>	<u>835,414</u>	<u>(5,841,673)</u>
3,430,888	-	3,430,888
1,657,000	-	1,657,000
1,016,447	-	1,016,447
120,647	-	120,647
251,582	-	251,582
214,412	158,211	372,623
458,234	-	458,234
<u>239,647</u>	<u>4,878</u>	<u>244,525</u>
<u>7,388,857</u>	<u>163,089</u>	<u>7,551,946</u>
<u>368,463</u>	<u>(368,463)</u>	<u>-</u>
<u>7,757,320</u>	<u>(205,374)</u>	<u>7,551,946</u>
1,080,233	630,040	1,710,273
<u>20,825,872</u>	<u>31,471,703</u>	<u>52,297,575</u>
<u>\$ 21,906,105</u>	<u>\$ 32,101,743</u>	<u>\$ 54,007,848</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2019

	General Fund	Library	General Debt Service	General Capital Projects
ASSETS				
Cash and investments	\$ 874,936	\$ 243,702	\$ -	\$ 1,858,233
Receivables				
Ensuing year levy	2,779,448	491,618	1,746,741	270,000
Delinquent personal property taxes	658	-	-	-
Other	14,278	1,103	-	19,821
Special assessments	-	-	18,510	-
Accrued interest	29	-	-	-
Due from other funds	609,683	-	-	-
Prepayments	71,702	-	-	-
Advances to other funds	1,170,416	-	-	-
TOTAL ASSETS	\$ 5,521,150	\$ 736,423	\$ 1,765,251	\$ 2,148,054
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 161,408	\$ 15,582	\$ -	\$ 88,530
Accrued liabilities	148,291	11,054	-	-
Deposits	2,569	-	-	-
Due to other funds	3,236	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>315,504</u>	<u>26,636</u>	<u>-</u>	<u>88,530</u>
Deferred Inflows of Resources				
Unearned revenues	2,779,448	491,618	1,743,777	270,000
Unavailable revenues	2,205	-	21,474	-
Total Deferred Inflows of Resources	<u>2,781,653</u>	<u>491,618</u>	<u>1,765,251</u>	<u>270,000</u>
Fund Balances (Deficit)				
Nonspendable	1,242,776	-	-	-
Restricted	-	218,169	-	869,867
Committed	-	-	-	-
Assigned	5,586	-	-	919,657
Unassigned (deficit)	1,175,631	-	-	-
Total Fund Balances (Deficit)	<u>2,423,993</u>	<u>218,169</u>	<u>-</u>	<u>1,789,524</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,521,150	\$ 736,423	\$ 1,765,251	\$ 2,148,054

See accompanying notes to financial statements.

TIF District No. 5	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,002,082	\$ 4,978,953
569,572	965,574	6,822,953
-	-	658
-	24,832	60,034
-	-	18,510
-	-	29
-	1,118	610,801
-	-	71,702
-	392,961	1,563,377
<u>\$ 569,572</u>	<u>\$ 3,386,567</u>	<u>\$ 14,127,017</u>
5,143	\$ 30,956	\$ 301,619
-	3,849	163,194
-	-	2,569
-	5,073	8,309
<u>930,684</u>	<u>632,693</u>	<u>1,563,377</u>
<u>935,827</u>	<u>672,571</u>	<u>2,039,068</u>
569,572	965,574	6,819,989
-	-	23,679
<u>569,572</u>	<u>965,574</u>	<u>6,843,668</u>
-	-	1,242,776
-	1,476,966	2,565,002
-	904,149	904,149
-	-	925,243
<u>(935,827)</u>	<u>(632,693)</u>	<u>(392,889)</u>
<u>(935,827)</u>	<u>1,748,422</u>	<u>5,244,281</u>
<u>\$ 569,572</u>	<u>\$ 3,386,567</u>	<u>\$ 14,127,017</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2019

Total Fund Balances - Governmental Funds	\$ 5,244,281
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	7,310,950
Other capital assets	49,793,476
Less: Accumulated depreciation	(15,990,191)
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.	23,679
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	1,608,602
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(816,306)
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	(23,226,855)
Compensated absences	(516,195)
Compensated absences - retirees	(68,017)
Accrued interest	(184,855)
Net pension liability	(589,107)
Unamortized debt premium	(838,940)
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>155,583</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 21,906,105</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General Fund	Library	General Debt Service	General Capital Projects
REVENUES				
Taxes	\$ 2,649,601	\$ 477,299	\$ 1,657,000	\$ 250,000
Other taxes	-	-	-	-
Intergovernmental	652,727	193,471	-	80,518
Licenses and permits	89,634	-	-	-
Fines, forfeitures and penalties	41,616	-	-	-
Public charges for services	709,950	24,315	-	-
Intergovernmental charges for services	-	-	-	-
Special assessments	-	-	14,541	-
Investment Income	119,367	572	987	-
Miscellaneous revenues	143,766	5,322	-	20,779
Total Revenues	<u>4,406,661</u>	<u>700,979</u>	<u>1,672,528</u>	<u>351,297</u>
EXPENDITURES				
Current				
General government	658,173	-	-	-
Public safety	2,201,450	-	187,895	-
Public works	1,205,124	-	-	-
Health and human services	-	-	-	-
Culture, recreation and education	570,598	642,577	-	-
Conservation and development	129,623	-	-	-
Capital Outlay	-	26,490	-	2,313,312
Debt Service				
Principal	-	-	1,048,867	-
Interest and fiscal charges	-	-	390,469	25,533
Total Expenditures	<u>4,764,968</u>	<u>669,067</u>	<u>1,627,231</u>	<u>2,338,845</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(358,307)</u>	 <u>31,912</u>	 <u>45,297</u>	 <u>(1,987,548)</u>
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	-	24,767
General obligation debt issued	-	-	-	2,000,000
Premium on debt issued	-	-	-	156,637
Transfers in	487,639	-	41,889	1,000
Transfers out	-	-	-	(41,889)
Total Other Financing Sources (Uses)	<u>487,639</u>	<u>-</u>	<u>41,889</u>	<u>2,140,515</u>
 Net Change in Fund Balance	 129,332	 31,912	 87,186	 152,967
FUND BALANCES (DEFICIT) - Beginning of Year	<u>2,294,661</u>	<u>186,257</u>	<u>(87,186)</u>	<u>1,636,557</u>
 FUND BALANCES (DEFICIT) - END OF YEAR	 <u>\$ 2,423,993</u>	 <u>\$ 218,169</u>	 <u>\$ -</u>	 <u>\$ 1,789,524</u>

See accompanying notes to financial statements.

TIF District No. 5	Nonmajor Governmental Funds	Totals
\$ 231,020	\$ 879,645	\$ 6,144,565
-	80,821	80,821
23,374	12,178	962,268
-	-	89,634
-	-	41,616
-	89,144	823,409
-	121,746	121,746
-	-	14,541
8,897	84,454	214,277
50	155,151	325,068
<u>263,341</u>	<u>1,423,139</u>	<u>8,817,945</u>
7,437	36,968	702,578
-	-	2,389,345
-	-	1,205,124
-	159,728	159,728
-	248,839	1,462,014
100,399	24,412	254,434
724,928	50,132	3,114,862
-	395,025	1,443,892
-	359,002	775,004
<u>832,764</u>	<u>1,274,106</u>	<u>11,506,981</u>
<u>(569,423)</u>	<u>149,033</u>	<u>(2,689,036)</u>
444,934	-	469,701
-	-	2,000,000
-	-	156,637
-	754,026	1,284,554
<u>(171,068)</u>	<u>(593,657)</u>	<u>(806,614)</u>
<u>273,866</u>	<u>160,369</u>	<u>3,104,278</u>
(295,557)	309,402	415,242
<u>(640,270)</u>	<u>1,439,020</u>	<u>4,829,039</u>
<u>\$ (935,827)</u>	<u>\$ 1,748,422</u>	<u>\$ 5,244,281</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, 2019

Net change in fund balances - total governmental funds	\$ 415,242
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	3,114,862
Some items are reported as capital outlay were not capitalized	(286,266)
Depreciation is reported in the government-wide statements	(1,018,599)
Net book value of assets retired	(199,259)
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	(15,084)
Loans	1,300
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	(2,000,000)
Principal repaid	1,443,892
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Premium on debt issued	(156,637)
Amortization of premium	76,517
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	(27,767)
Compensated absences - retirees	(11,622)
Accrued interest on debt	(24,793)
Net pension asset/liability	(1,078,837)
Deferred outflows of resources related to pensions	716,707
Deferred inflows of resources related to pensions	152,802
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,080,233</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF NET POSITION - PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 751,454	\$ 843,473	\$ 538,960	\$ 2,133,887
Receivables				
Accounts receivable	457,194	92,255	205,261	754,710
Interest	29	-	-	29
Due from other funds	1,724	64,861	2,983	69,568
Inventories	123,105	15,677	-	138,782
Restricted Assets				
Redemption account	-	108,353	592,089	700,442
Total Current Assets	1,333,506	1,124,619	1,339,293	3,797,418
Noncurrent Assets				
Restricted Assets				
Reserve account	-	162,161	-	162,161
Depreciation account	1,786,974	129,995	-	1,916,969
Replacement account	-	-	521,327	521,327
Other Assets				
Depreciation account	-	-	534,293	534,293
Capital Assets				
Property and equipment	15,465,519	14,604,090	37,157,392	67,227,001
Less: Accumulated depreciation	(9,107,919)	(5,685,823)	(8,277,874)	(23,071,616)
Total Noncurrent Assets	8,144,574	9,210,423	29,935,138	47,290,135
Total Assets	9,478,080	10,335,042	31,274,431	51,087,553
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	701	-	-	701
Pension related amounts	293,279	116,270	199,272	608,821
Total Deferred Outflows of Resources	293,980	116,270	199,272	609,522

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 391,432	\$ 17,579	\$ 260,940	\$ 669,951
Accrued liabilities	17,406	6,535	12,317	36,258
Accrued interest	1,219	-	-	1,219
Commitment to community	16,342	-	-	16,342
Due to other funds	359,092	241,383	71,585	672,060
Current portion of general obligation debt	100,000	-	-	100,000
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	-	155,000	789,484	944,484
Accrued interest	-	4,825	50,657	55,482
Total Current Liabilities	<u>885,491</u>	<u>425,322</u>	<u>1,184,983</u>	<u>2,495,796</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt (including unamortized premium)	101,705	-	-	101,705
Revenue bonds (including unamortized premium)	-	1,020,458	15,415,372	16,435,830
Net pension liability	105,336	44,937	75,767	226,040
Customer deposits	7,520	12,853	-	20,373
Total Noncurrent Liabilities	<u>214,561</u>	<u>1,078,248</u>	<u>15,491,139</u>	<u>16,783,948</u>
Total Liabilities	<u>1,100,052</u>	<u>1,503,570</u>	<u>16,676,122</u>	<u>19,279,744</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>150,810</u>	<u>59,660</u>	<u>105,118</u>	<u>315,588</u>
Total Deferred Inflows of Resources	<u>150,810</u>	<u>59,660</u>	<u>105,118</u>	<u>315,588</u>
NET POSITION				
Net investment in capital assets	6,156,596	7,904,970	12,526,399	26,587,965
Restricted for				
Debt service	-	103,528	541,432	644,960
Depreciation	1,786,974	129,995	521,327	2,438,296
Unrestricted net position	<u>577,628</u>	<u>749,589</u>	<u>1,103,305</u>	<u>2,430,522</u>
TOTAL NET POSITION	<u>\$ 8,521,198</u>	<u>\$ 8,888,082</u>	<u>\$ 14,692,463</u>	<u>\$ 32,101,743</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, 2019

	Business-Type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 5,955,783	\$ 1,129,161	\$ 2,402,552	\$ 9,487,496
Other operating revenue	45,642	56,877	11,071	113,590
Total Operating Revenues	<u>6,001,425</u>	<u>1,186,038</u>	<u>2,413,623</u>	<u>9,601,086</u>
OPERATING EXPENSES				
Operations and maintenance	5,369,448	674,759	975,017	7,019,224
Depreciation	458,542	349,068	720,901	1,528,511
Total Operating Expenses	<u>5,827,990</u>	<u>1,023,827</u>	<u>1,695,918</u>	<u>8,547,735</u>
Operating Income	<u>173,435</u>	<u>162,211</u>	<u>717,705</u>	<u>1,053,351</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	70,149	32,148	55,914	158,211
Interest expense	(9,615)	(30,229)	(275,658)	(315,502)
Amortization of debt premium	2,071	2,807	-	4,878
Amortization of loss on advance refunding	(852)	-	-	(852)
Total Nonoperating Revenues (Expenses)	<u>61,753</u>	<u>4,726</u>	<u>(219,744)</u>	<u>(153,265)</u>
Income Before Contributions and Transfers	235,188	166,937	497,961	900,086
CONTRIBUTIONS AND TRANSFERS				
Capital contributions - fees	27,789	35,728	31,900	95,417
Capital contributions - developer	-	3,000	-	3,000
Capital contributions - municipality	-	5,050	104,427	109,477
Transfers in (out)	(242,828)	(235,112)	-	(477,940)
Total Contributions and Transfers	<u>(215,039)</u>	<u>(191,334)</u>	<u>136,327</u>	<u>(270,046)</u>
Change in Net Position	20,149	(24,397)	634,288	630,040
TOTAL NET POSITION - Beginning of Year	<u>8,501,049</u>	<u>8,912,479</u>	<u>14,058,175</u>	<u>31,471,703</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 8,521,198</u>	<u>\$ 8,888,082</u>	<u>\$ 14,692,463</u>	<u>\$ 32,101,743</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 5,872,038	\$ 1,227,905	\$ 2,416,631	\$ 9,516,574
Received from other funds for services	133,211	-	-	133,211
Paid to suppliers for goods and services	(4,803,158)	(438,870)	(567,942)	(5,809,970)
Paid to employees for services	(470,877)	(200,450)	(331,644)	(1,002,971)
Net Cash Flows From Operating Activities	731,214	588,585	1,517,045	2,836,844
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments sold and matured	62,934	-	-	62,934
Investment income	68,959	32,148	55,914	157,021
Net Cash Flows From Investing Activities	131,893	32,148	55,914	219,955
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent Advances repaid from other funds	(199,093)	(234,614)	-	(433,707)
Net Cash Flows From Noncapital Financing Activities	(170,979)	(234,614)	-	(405,593)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	-	-	2,746,667	2,746,667
Debt retired	(235,000)	(150,000)	(678,871)	(1,063,871)
Interest paid	(11,569)	(31,007)	(268,080)	(310,656)
Acquisition of and construction of capital assets	(534,146)	(165,671)	(3,110,152)	(3,809,969)
Capital contributions received	35,309	35,728	31,900	102,937
Repayment of capital related advances	-	(27,000)	-	(27,000)
Net Cash Flows From Capital and Related Financing Activities	(745,406)	(337,950)	(1,278,536)	(2,361,892)
Net Increase (Decrease) in Cash and Cash Equivalents	(53,278)	48,169	294,423	289,314
CASH AND CASH EQUIVALENTS - Beginning	2,579,599	1,195,813	1,892,246	5,667,658
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,526,321	\$ 1,243,982	\$ 2,186,669	\$ 5,956,972

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 FROM OPERATING ACTIVITIES				
Operating income	\$ 173,435	\$ 162,211	\$ 717,705	\$ 1,053,351
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities				
Depreciation	458,542	349,068	720,901	1,528,511
Depreciation charged to other funds	68,293	37,766	-	106,059
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows				
Accounts receivable	(12,377)	18,712	(7,671)	(1,336)
Due from other funds	11,436	(4,864)	10,679	17,251
Inventories	9,494	(1,340)	-	8,154
Accounts payable	(20,716)	9,914	38,316	27,514
Due to other funds	(1,020)	1,862	7,177	8,019
Customer deposits	-	325	-	325
Commitment to community	4,765	-	-	4,765
Pension related deferrals and liabilities	39,362	14,931	29,938	84,231
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 731,214	\$ 588,585	\$ 1,517,045	\$ 2,836,844
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 751,454	\$ 843,473	\$ 538,960	\$ 2,133,887
Redemption account	-	108,353	592,089	700,442
Reserve account	-	162,161	521,327	683,488
Depreciation account	1,786,974	129,995	534,293	2,451,262
Total Cash and Investments	2,538,428	1,243,982	2,186,669	5,969,079
Less: Noncash equivalents	(12,107)	-	-	(12,107)
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,526,321	\$ 1,243,982	\$ 2,186,669	\$ 5,956,972
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Unrealized gain/(loss) on investments	\$ 620	\$ 3,000	\$ -	\$ 3,620
Muni financed additions to utility plant	\$ -	\$ 5,050	\$ 104,427	\$ 109,477

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
As of December 31, 2019

	Tax Collection Fund
ASSETS	
Cash and investments	\$ 8,549,619
Taxes receivable	<u>911,018</u>
TOTAL ASSETS	<u>9,460,637</u>
LIABILITIES	
Accounts payable	6,138
Due to other governmental units	<u>9,454,499</u>
TOTAL LIABILITIES	<u>9,460,637</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUND

For the Year Ended December 31, 2019

	Tax Collection Fund
ADDITIONS	
Property taxes collected for other governments	\$ 6,714,861
TOTAL ADDITIONS	<u>6,714,861</u>
DEDUCTIONS	
Distributions to other governments	<u>6,714,861</u>
TOTAL DEDUCTIONS	<u>6,714,861</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE	Page
I Summary of Significant Accounting Policies	18
A. Reporting Entity	18
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	21
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	23
3. Inventories and Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	25
6. Deferred Outflows of Resources	26
7. Compensated Absences	26
8. Long-Term Obligations/Conduit Debt	27
9. Deferred Inflows of Resources	28
10. Equity Classifications	28
11. Pension	30
12. Basis for Existing Rates	30
II Stewardship, Compliance, and Accountability	31
A. Excess Expenditures and Other Financing Uses Over Appropriations	31
B. Deficit Balances	31
C. Limitations on the Village's Tax Levy	31
III Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	34
C. Restricted Assets	35
D. Capital Assets	36
E. Interfund Receivables/Payables, Advances and Transfers	41
F. Long-Term Obligations	44
G. Net Position/Fund Balances	48
IV Other Information	50
A. Employees' Retirement System	50
B. Risk Management	56
C. Commitments and Contingencies	56
D. Joint Ventures	59
E. Effect of New Accounting Standards on Current-Period Financial Statements	60

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Mount Horeb, Wisconsin ("village") 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 village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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, 2019

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.
- Tax Incremental District (TID) No. 5 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 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

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).

Subdividers Park Deposits
Terrace Trees
Future Streets
Outreach/Nutrition
Employee Retirement Fund
Revolving Loan Fund
Library Special Projects
Swimming Pool
Public Broadcasting
Tourism Promotion Fund

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

Tax Incremental District (TIF) Debt Service

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

TIF District No. 3
TIF District No. 3 Amendment
TIF District No. 4

In addition, the village reports the following fund type:

Custodial 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, 2019

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, 2019

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

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

Fund Financial Statements (cont.)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.
- 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, 2019

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 fiduciary net position.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

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

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

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No 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, 2019

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

6. Deferred Outflows of Resources

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

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

7. Compensated Absences

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

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

7. Compensated Absences (cont.)

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

Employees hired prior to January 1, 2012 may accrue a maximum of 1,040 hours of sick leave that may be used to pay health care premiums upon retirement. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the village. Funding for those costs is provided out of the current operating budget of the village. Total expenditures for such premiums during the year were \$29,723. The number of participants currently eligible to receive benefits is seven. The total amount outstanding at year end is \$68,017 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, 2019, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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 \$3,612,403, made up of two issues.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 19,395,290	\$ 26,587,965	\$ (900,000)	\$ 45,083,255
Unrestricted	1,265,490	2,430,522	900,000	4,596,012

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.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

10. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

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

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

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

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 \$1,175,631 or 23% of budgeted expenditures for the subsequent year.

See Note III. G. for further information.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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. Pension

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

12. Basis for Existing Rates

Electric Utility

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

Water Utility

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

Sewer Utility

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

Funds	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
General capital projects	\$ 1,795,684	\$ 2,380,734	\$ 585,050
TIF District No. 5	972,989	1,003,832	30,843
Public broadcasting	37,643	42,833	5,190
Library special projects	5,750	7,082	1,332
Terrace trees	21,919	26,037	4,118
Subdividers Park deposits	13,500	50,483	36,983

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

B. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
TIF District No. 3 Amendment	\$ 632,693	Expenditures exceeding funding
TIF District No. 5	935,827	Expenditures exceeding funding

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

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 19,143,912	\$ 18,175,829	Custodial credit
Money markets	129,721	129,721	Custodial credit
Mutual funds - other than bonds	170,560	170,560	N/A
Mutual funds - bond funds	26,574	26,574	Credit, interest rate
State and local bonds	25,071	25,071	Custodial credit, credit, concentration of credit, interest rate
Petty cash	1,813	-	N/A
Total Deposits and Investments	<u>\$ 19,497,651</u>	<u>\$ 18,527,755</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 7,647,133		
Restricted cash and investments	3,300,899		
Per statement of assets and liabilities			
Custodial Fund	<u>8,549,619</u>		
Total Deposits and Investments	<u>\$ 19,497,651</u>		

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

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

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

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

- > Quoted market prices

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds - bond funds	\$ 26,574	\$ -	\$ -	\$ 26,574
Mutual funds - other than bonds	170,560	-	-	170,560
State and local bonds	-	25,071	-	25,071
Total	<u>\$ 197,134</u>	<u>\$ 25,071</u>	<u>\$ -</u>	<u>\$ 222,205</u>

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2019, the village's various state and local bonds were rated Aa2 by Moody's Investor Services. The village also has a variety of mutual fund - bond funds for which ratings by Standard & Poors and Moody's were not available. These mutual fund - bond funds were rated A, BB, and B by MorningStar.

Concentration of Credit Risk

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

At December 31, 2019, the village held one state and local bond issue that exceeded 5% of the total investment portfolio. This bond issuance made up 11.28% 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, 2019, 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	\$ 25,071	\$ -	\$ 25,071	\$ -
Mutual funds - bond funds	26,574	16,063	5,028	5,483
Total	\$ 51,645	\$ 16,063	\$ 30,099	\$ 5,483

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

B. RECEIVABLES

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

	General Fund	General Debt Service	Totals
Amounts not expected to be collected within one year	\$ 658	\$ 18,510	\$ 19,168

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 6,819,989	\$ -
Special assessments not yet due	-	21,474
Miscellaneous receivables	-	2,205
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 6,819,989	 \$ 23,679

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2019:

Restricted Assets			
Redemption account	\$	700,442	
Reserve account		162,161	
Depreciation account		1,916,969	
Replacement account		<u>521,327</u>	
Total Restricted Assets		<u>3,300,899</u>	
Less: Restricted assets not funded by revenues			
Reserve from borrowing		<u>(162,161)</u>	
Total Restricted Assets Not Funded by Revenues		<u>(162,161)</u>	
Current Liabilities Payable From Restricted Assets		<u>(55,482)</u>	
Total Restricted Net Position	\$	<u><u>3,083,256</u></u>	

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 7,312,286	\$ -	\$ 1,336	\$ 7,310,950
Construction in progress	<u>4,873,707</u>	<u>-</u>	<u>4,873,707</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>12,185,993</u>	<u>-</u>	<u>4,875,043</u>	<u>7,310,950</u>
Capital assets being depreciated				
Land improvements	1,179,932	178,608	-	1,358,540
Buildings	4,625,408	6,648,062	358,405	10,915,065
Machinery and equipment	2,679,529	265,174	213,425	2,731,278
Streets	25,220,697	505,777	72,639	25,653,835
Storm sewers	5,790,657	25,184	3,617	5,812,224
Street lighting	541,762	41,966	-	583,728
Sidewalks	<u>2,705,520</u>	<u>38,868</u>	<u>5,582</u>	<u>2,738,806</u>
Total Capital Assets Being Depreciated	<u>42,743,505</u>	<u>7,703,639</u>	<u>653,668</u>	<u>49,793,476</u>
Total Capital Assets	<u>54,929,498</u>	<u>7,703,639</u>	<u>5,528,711</u>	<u>57,104,426</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ (700,088)	\$ (55,316)	\$ -	\$ (755,404)
Buildings	(2,026,412)	(282,210)	178,909	(2,129,713)
Machinery and equipment	(1,420,801)	(121,683)	193,662	(1,348,822)
Streets	(8,283,679)	(399,980)	72,639	(8,611,020)
Storm sewers	(1,497,192)	(96,870)	3,617	(1,590,445)
Street lighting	(90,631)	(7,764)	-	(98,395)
Sidewalks	(1,407,198)	(54,776)	5,582	(1,456,392)
Total Accumulated Depreciation	(15,426,001)	(1,018,599)	454,409	(15,990,191)
Net Capital Assets Being Depreciated	27,317,504	6,685,040	199,259	33,803,285
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 39,503,497	\$ 6,685,040	\$ 5,074,302	\$ 41,114,235

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 15,803
Public safety	184,100
Public works, which includes the depreciation of infrastructure	619,271
Culture, recreation and education	199,425
Total Governmental Activities Depreciation Expense	\$ 1,018,599

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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
Total Capital Assets Not Being Depreciated	52,269	-	-	52,269
Capital assets being depreciated				
Distribution	12,331,924	335,216	64,263	12,602,877
General	2,734,978	221,197	145,802	2,810,373
Total Capital Assets Being Depreciated	15,066,902	556,413	210,065	15,413,250
Total Capital Assets	15,119,171	556,413	210,065	15,465,519
Less: Accumulated depreciation for Electric plant	(8,768,882)	(550,167)	211,130	(9,107,919)
Total Accumulated Depreciation	(8,768,882)	(550,167)	211,130	(9,107,919)
Net Capital Assets Being Depreciated	6,298,020	6,246	(1,065)	6,305,331
Net Electric Capital Assets	\$ 6,350,289	\$ 6,246	\$ (1,065)	\$ 6,357,600

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	11,053,812	123,546	34,643	11,142,715
General	923,857	1,571	1,343	924,085
Total Capital Assets Being Depreciated	14,452,009	125,117	35,986	14,541,140
Total Capital Assets	14,514,959	125,117	35,986	14,604,090
Less: Accumulated depreciation for				
Water plant	(5,334,975)	(386,834)	35,986	(5,685,823)
Total Accumulated Depreciation	(5,334,975)	(386,834)	35,986	(5,685,823)
Net Capital Assets Being Depreciated	9,117,034	(261,717)	-	8,855,317
Net Water Capital Assets	\$ 9,179,984	\$ (261,717)	\$ -	\$ 8,918,267

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 969,622	\$ -	\$ -	\$ 969,622
Construction in progress	16,505,176	2,644,008	19,149,184	-
Total Capital Assets Not Being Depreciated	17,474,798	2,644,008	19,149,184	969,622
Capital assets being depreciated				
Collecting system	8,939,855	104,427	3,007	9,041,275
Collecting system pumping	2,129,570	6,860	-	2,136,430
Treatment and disposal	5,420,869	-	560,943	4,859,926
General	903,781	-	-	903,781
Completed construction not classified	97,174	19,149,184	-	19,246,358
Total Capital Assets Being Depreciated	17,491,249	19,260,471	563,950	36,187,770
Total Capital Assets	34,966,047	21,904,479	19,713,134	37,157,392
Less: Accumulated depreciation/ amortization for				
Sewer plant	(8,120,923)	(720,901)	563,950	(8,277,874)
Total Accumulated Depreciation/Amortization	(8,120,923)	(720,901)	563,950	(8,277,874)
Net Capital Assets Being Depreciated	9,370,326	18,539,570	-	27,909,896
Net Sewer Capital Assets	\$ 26,845,124	\$ 21,183,578	\$ 19,149,184	\$ 28,879,518
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 42,375,397	\$ 20,928,107	\$ 19,148,119	\$ 44,155,385

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 458,542
Water	349,068
Sewer	720,901
 Total Business-type Activities Depreciation Expense	 \$ 1,528,511

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

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

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	\$ 358,311
General fund	Water utility	241,046
General fund	Sewer utility	8,144
General fund	Tourism Promotion	2,182
Water utility	Swimming pool	139
Water utility	General fund	1,281
Sewer utility	General fund	231
Sewer utility	Employee retirement fund	2,752
Employee retirement fund	Water utility	337
Electric	General fund	1,724
Employee retirement fund	Electric utility	781
Water utility	Sewer utility	63,441
Total - Fund Financial Statements		680,369
Less: Fund eliminations		(65,623)
Less: Government-wide eliminations		(1,217,238)
Total Internal Balances - Government-Wide Statement of Net Position		\$ (602,492)
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 608,619
Business-type Activities	Governmental Activities	(6,127)
Total Government-Wide Financial Statements		\$ 602,492

All amounts are due within one year.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Interfund Receivables/Payables (cont.)

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.

Advances

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

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General fund	TIF District No. 5	\$ 930,684	\$ 930,684
General fund	TIF District No. 3 amendment	239,732	239,732
TIF debt service	TIF District No. 3 amendment	392,961	392,961
Total - Fund Financial Statements		1,563,377	
Less: Fund eliminations		(1,563,377)	
Total - Interfund Advances - Government-Wide Statement of Net Position		\$ -	

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General capital projects	Subdividers park deposits	\$ 1,000	Project funding
TIF debt service	TIF District No. 5	171,068	TIF share of debt payments
TIF debt service	TIF District No. 3	506,300	TIF share of debt payments
TIF debt service	TIF District No. 3 amendment	54,337	TIF share of debt payments
TIF debt service	TIF District No. 4	22,321	TIF share of debt payments
General fund	Electric utility	202,828	Payment in lieu of taxes
General fund	Water utility	235,112	Payment in lieu of taxes
General debt service fund	General capital projects fund	41,889	Cash shortage
General fund	Tourism promotion	9,699	Transfer tax revenue
General fund	Electric utility	40,000	Economic development
Total - Fund Financial Statements		1,284,554	
Less: Fund eliminations		(806,614)	
Less: Transfers to utility		(109,477)	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 368,463</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 477,940	
Business-type Activities	Governmental Activities	(109,477)	
Total Government-wide Financial Statements		<u>\$ 368,463</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, 2019

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 20,120,000	\$ 2,000,000	\$ 1,290,000	\$ 20,830,000	\$ 1,720,000
General obligation debt from direct borrowings and direct placements	2,550,747	-	153,892	2,396,855	158,349
Unamortized premiums	758,820	156,637	76,517	838,940	-
Sub-totals	<u>23,429,567</u>	<u>2,156,637</u>	<u>1,520,409</u>	<u>24,065,795</u>	<u>1,878,349</u>
Other Liabilities					
Vested compensated absences	488,428	128,317	100,550	516,195	132,101
Vested compensated absences - retirees	56,395	11,622	-	68,017	-
Total Other Liabilities	<u>544,823</u>	<u>139,939</u>	<u>100,550</u>	<u>584,212</u>	<u>132,101</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 23,974,390</u>	<u>\$ 2,296,576</u>	<u>\$ 1,620,959</u>	<u>\$ 24,650,007</u>	<u>\$ 2,010,450</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 300,000	-	\$ 100,000	\$ 200,000	\$ 100,000
Revenue bonds	1,450,000	-	285,000	1,165,000	155,000
Revenue bonds from direct borrowings and direct placement	14,137,060	2,746,667	678,871	16,204,856	789,484
Unamortized premiums	17,041	-	4,878	12,163	-
Sub-totals	<u>15,904,101</u>	<u>2,746,667</u>	<u>1,068,749</u>	<u>17,582,019</u>	<u>1,044,484</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 15,904,101</u>	<u>\$ 2,746,667</u>	<u>\$ 1,068,749</u>	<u>\$ 17,582,019</u>	<u>\$ 1,044,484</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

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, 2019, was \$39,691,205. Total general obligation debt outstanding at year-end was \$23,426,855.

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, 2019
2010 refunding bonds	10/20/10	4/1/21	2.00-3.50%	\$ 2,530,000	\$ 400,000
2010 promissory notes	10/20/10	4/1/20	2.00-3.25%	530,000	80,000
2012 refunding bonds	10/18/12	4/1/26	1.00-2.50%	1,320,000	790,000
2013 state trust fund loan – direct borrowing/ placement	1/10/13	3/15/22	2.75%	175,000	63,436
2014 bonds	2/3/14	2/1/24	1.00-3.00%	2,875,000	1,550,000
2014 refunding bonds	8/28/14	4/1/27	2.00-3.00%	3,035,000	3,000,000
2015 bank note – direct borrowing/ placement	4/1/15	4/1/25	2.23%	500,000	313,297
2016 bank note – direct borrowing/ placement	6/30/16	6/30/36	3.5%	2,268,257	2,020,142
2017 refunding bonds	11/1/17	4/1/27	2.00-4.00%	3,055,000	3,010,000
2018 refunding bonds	7/2/18	10/1/38	4.00-4.25%	3,765,000	3,765,000
2018 refunding bonds	7/2/18	10/1/38	3.00-4.00%	6,470,000	6,235,000
2019 promissory notes	6/13/19	10/1/29	3.00-4.0%	2,000,000	2,000,000
Total Governmental Activities - General Obligation Debt					<u>\$ 23,226,855</u>

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
2013 refunding bonds	6/19/12	10/1/21	1.00-2.38%	\$ 805,000	\$ 200,000
Total Business-type Activities - General Obligation Debt					<u>\$ 200,000</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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
2020	\$ 1,720,000	\$ 724,618	\$ 100,000	\$ 4,874
2021	1,775,000	656,443	100,000	2,500
2022	1,680,000	608,005	-	-
2023	1,795,000	551,655	-	-
2024	1,785,000	491,630	-	-
2025-2029	6,845,000	1,618,701	-	-
2030-2034	2,705,000	771,290	-	-
2035-2038	2,525,000	214,175	-	-
Totals	<u>\$ 20,830,000</u>	<u>\$ 5,636,517</u>	<u>\$ 200,000</u>	<u>\$ 7,374</u>

Years	Governmental Activities General Obligation Debt from Direct Placement or Borrowing	
	Principal	Interest
2020	\$ 158,349	\$ 80,719
2021	163,387	75,682
2022	168,364	70,705
2023	151,177	65,571
2024	155,693	61,055
2025-2029	622,068	236,652
2030-2034	674,146	127,504
2035-2036	303,671	16,308
Totals	<u>\$ 2,396,855</u>	<u>\$ 734,196</u>

Revenue Debt

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The water has pledged future utility revenues to repay revenue bonds issued in 2015. Proceeds from the bonds provided financing for the utility plant. The bonds are payable solely from utility revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 14% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$1,278,425. Principal and interest paid for the current year and total customer gross revenues were \$180,450 and \$1,180,155, respectively.

The sewer has pledged future utility revenues to repay revenue bonds issued in 2013 and 2017. Proceeds from the bonds provided financing for the utility. The bonds are payable solely from utility revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require 37.00% of gross revenues. The total principal and interest remaining to be paid on the bonds is \$18,936,766. Principal and interest paid for the current year and total customer gross revenues were \$946,951 and \$2,487,348, respectively.

Revenue debt payable at December 31, 2019, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
<u>Water Utility</u>					
2015 Revenue Refunding Bonds	6/17/15	5/1/26	2.00-3.00%	\$ 1,765,000	\$ 1,165,000
<u>Sewer Utility</u>					
2013 Clean Water Fund Loan – direct borrowing/ placement	9/25/13	5/1/33	2.63%	1,685,220	1,320,611 (1)
2017 Clean Water Fund Loan – direct borrowing/ placemet	12/31/17	5/1/37	1.76%	3,663,264	14,884,245 (2)
Total Sewer Utility					\$ 16,204,856

(1) - During 2013, the utility was authorized to issue \$1,744,300 of system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

(2) - During 2017, the utility was authorized to issue \$16,750,650 of system Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2019. The repayment schedule is for the amount issued.

Total Business-type Activities - Revenue Debt \$ 17,369,856

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities		Business-type Activities	
	Revenue Debt		Revenue Debt from Direct Placement or Borrowing	
	Principal	Interest	Principal	Interest
2020	\$ 155,000	\$ 27,400	\$ 789,484	\$ 287,538
2021	160,000	24,050	804,043	274,206
2022	160,000	17,400	818,876	259,234
2023	165,000	13,200	833,989	243,979
2024	170,000	10,725	849,385	228,437
2025-2029	355,000	-	4,488,230	898,606
2030-2034	-	-	4,805,190	465,130
2035-2037	-	-	2,815,659	74,781
Totals	<u>\$ 1,165,000</u>	<u>\$ 113,425</u>	<u>\$ 16,204,856</u>	<u>\$ 2,731,911</u>

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.

The Village's outstanding State Trust Fund Loan from direct borrowings related to governmental activities of \$63,436 contain clauses that any delinquent payments are subject to a penalty of one percent per month and shall be deducted from any state payments that are due to the Village.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 7,310,950
Other capital assets, net of accumulated depreciation	33,803,285
Less: Long-term debt outstanding	(23,226,855)
Plus: Unspent capital related debt proceeds	863,867
Plus: Noncapital debt proceeds	1,321,400
Plus: Unamortized loss on refunding	155,583
Less: Unamortized debt premium	<u>(838,940)</u>
Total Net Investment in Capital Assets	<u>\$ 19,395,290</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, include the following:

	General Fund	Library	TIF District No. 5	General Capital Projects	Nonmajor Funds	Totals
Fund Balances						
Nonspendable						
Prepaid items	\$ 71,072	\$ -	\$ -	\$ -	\$ -	\$ 71,072
Advances	1,170,416	-	-	-	-	1,170,416
Non-current receivables	658	-	-	-	-	658
Sub-total	<u>1,242,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,242,146</u>
Restricted for:						
Capital projects	-	-	-	869,867	-	869,867
Library - operations	-	195,905	-	-	-	195,905
Library - future technology	-	22,264	-	-	-	22,264
Library - special projects	-	-	-	-	216,271	216,271
Debt service	-	-	-	-	414,921	414,921
TIF District No. 3	-	-	-	-	286,429	286,429
TIF District No. 4	-	-	-	-	273,708	273,708
Revolving loan	-	-	-	-	285,637	285,637
Sub-total	<u>-</u>	<u>218,169</u>	<u>-</u>	<u>869,867</u>	<u>1,476,966</u>	<u>2,565,002</u>
Committed to:						
Subdividers park deposits	-	-	-	-	103,430	103,430
Terrace trees	-	-	-	-	152,716	152,716
Future streets	-	-	-	-	86,027	86,027
Public broadcasting	-	-	-	-	77,126	77,126
Outreach / nutrition	-	-	-	-	143,880	143,880
Welcome center	-	-	-	-	-	-
Employee retirement	-	-	-	-	324,058	324,058
Swimming pool	-	-	-	-	16,912	16,912
Sub-total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>904,149</u>	<u>904,149</u>
Assigned to:						
Capital projects	-	-	-	919,657	-	919,657
Subsequent year's budget	5,586	-	-	-	-	5,586
Sub-total	<u>5,586</u>	<u>-</u>	<u>-</u>	<u>919,657</u>	<u>-</u>	<u>925,243</u>
Unassigned (deficit):	<u>1,176,261</u>	<u>-</u>	<u>(935,827)</u>	<u>-</u>	<u>(632,693)</u>	<u>(392,259)</u>
Total Fund						
Balances (deficit)	<u>\$ 2,423,993</u>	<u>\$ 218,169</u>	<u>\$ (935,827)</u>	<u>\$ 1,789,524</u>	<u>\$ 1,748,422</u>	<u>\$ 5,244,281</u>

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,084,841
Other capital assets, net of accumulated depreciation	43,070,544
Less: Long-term debt outstanding	(17,569,856)
Plus: Reserve from borrowing	162,161
Plus: Unamortized loss on refunding	701
Less: Unamortized premium on debt	(12,163)
Less: Construction payables	<u>(148,263)</u>
Total Net Investment in Capital Assets	<u>\$ 26,587,965</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 1,200 hours a year (880 hours teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)%	(42)%
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$240,063 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the village reported a liability of \$815,147 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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 was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the village's proportion was 0.02291230%, which was a decrease of -0.00000356% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the village recognized pension expense of \$535,723.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, 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	\$ 634,876	\$ 1,122,233
Changes in assumptions	137,404	-
Net differences between projected and actual earnings on pension plan investments	1,190,468	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,578	9,661
Employer contributions subsequent to the measurement date	251,097	-
Totals	\$ 2,217,423	\$ 1,131,894

\$251,097 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, 2019. 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 and Deferred Inflows of Resources (net)
2020	\$ 298,257
2021	75,467
2022	133,666
2023	327,042
2024	-

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*:	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.0
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability/(asset)	\$3,239,482	\$815,147	\$(987,533)

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, 2019, the village reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The village has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Long-Term Contracts - WPPI Energy

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

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

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$324 million as of December 31, 2019.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Economic Development Incentive

The village has agreed to provide an economic development incentive in the amount of \$3,500,000 to Duluth Holdings, Inc. to help pay costs associated with this development. The development is within Tax Incremental District No. 5. The village borrowed for this payment, placing the proceeds in a segregated third party escrow account.

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

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

As of December 31, 2019, the village has the following municipal revenue obligations outstanding, as part of development agreements:

Artisan Food Emporium

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

Payments are scheduled to commence in 2020 through the year 2043. The balance of the commitment outstanding at year end was \$35,000.

Hoff Mall Project - Bus

In 2017, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$626,000, and is payable to the developer solely from tax increments collected from a specific portion of the development in TIF No. 5.

Payments are scheduled through the year 2043, and carry an interest rate of 4.0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding as of December 31, 2019 is \$610,969.

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

SSMS Investments, LLC

The village has entered into an agreement with SSMS Investments, LLC to issue a municipal revenue obligation to pay the developer the lesser of the percentage of the available tax increment, as defined within the agreement, or \$300,000 plus interest. The amount paid to the developer shall not exceed \$538,330. The obligation shall be structured as a variable rate of 5.25% remaining in effect unless the developer exercises its right to have the rate adjusted under conditions found within the agreement. As of December 31, 2019, no amounts have been paid.

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 \$659,210 in 2019. Part of this payment is for the Village's portion of the district's debt service payment for the public safety facility. In 2019, the Village's portion of this debt service payment was \$187,895.

In 2018, the village and the Mount Horeb Area Joint Fire Department (MHAJFD) entered into an intergovernmental agreement for the construction, ownership, administration, and operation of a public safety facility. The facility is jointly owned by each party at an estimate percentage of 57.31% to MHAJFD and 42.69% to the village. A Public Safety Building Committee has been established to decide all construction, administration, operation and management decisions of the facility. The committee shall have at least five but no more than 10 members as appointed by the president of the MHAJFD and the village president. The agreement expires December 31, 2024 unless terminated earlier. The village is reporting its share of the facility as a capital asset.

Financial information of the district as of December 31, 2019 is available directly from the district's office.

The village does not have an equity interest in the district

VILLAGE OF MOUNT HOREB

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligations*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

GENERAL FUND
 DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Budget	Actual	
REVENUES				
TAXES				
General property tax	\$ 2,609,700	\$ 2,609,700	\$ 2,609,703	\$ 3
Other taxes	269	269	269	-
Interest and penalties on taxes	300	300	135	(165)
Taxes from other tax exempt entities	33,000	33,000	39,494	6,494
Total Taxes	2,643,269	2,643,269	2,649,601	6,332
INTERGOVERNMENTAL REVENUES				
State shared revenues	149,512	149,512	162,091	12,579
Fire insurance tax (2% fire dues)	24,994	24,994	28,333	3,339
State aid - law enforcement improvement	6,000	6,000	2,560	(3,440)
State aid - general transportation aids	434,635	434,635	434,436	(199)
State aid - emergency government	7,600	7,600	5,171	(2,429)
State aid - recycling	17,757	17,757	17,787	30
Other state shared taxes	2,293	2,293	2,349	56
Total Intergovernmental Revenues	642,791	642,791	652,727	9,936
LICENSES AND PERMITS				
Liquor and malt beverage licenses	8,000	8,000	9,050	1,050
Operators' licenses	1,800	1,800	3,035	1,235
Cigarette licenses	275	275	175	(100)
Dog and cat licenses	1,500	1,500	1,683	183
Building permits	75,000	75,000	66,851	(8,149)
Zoning permits	2,000	2,000	2,730	730
Other permits	2,500	2,500	6,110	3,610
Total Licenses and Permits	91,075	91,075	89,634	(1,441)
FINES, FORFEITURES AND PENALTIES				
Court penalties and costs	30,000	30,000	31,336	1,336
Parking violations	2,500	2,500	10,280	7,780
Total Fines, Forfeitures and Penalties	32,500	32,500	41,616	9,116

See independent auditors' report and accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

GENERAL FUND DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2019

	<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	\$ 130	\$ 30
Photocopies	750	750	-	(750)
General government	3,800	3,800	5,370	1,570
Law enforcement fees	150	150	129	(21)
Community center	650	650	284	(366)
Culture, recreation and education	248,000	248,000	279,833	31,833
Swimming areas	300	300	1,110	810
Recreation programs	750	750	687	(63)
Parks	3,600	3,600	4,824	1,224
Refuse and garbage collection	404,590	404,590	417,583	12,993
Total Public Charges for Services	<u>662,690</u>	<u>662,690</u>	<u>709,950</u>	<u>47,260</u>
INVESTMENT INCOME				
Interest on investments	<u>78,025</u>	<u>78,025</u>	<u>119,367</u>	<u>41,342</u>
MISCELLANEOUS REVENUES				
Rent	36,304	36,304	33,804	(2,500)
Insurance recoveries	1,500	1,500	2,672	1,172
Donations	-	-	688	688
Franchise fees	26,056	26,056	27,638	1,582
Other miscellaneous	17,253	40,083	71,764	31,681
Lease revenue	7,200	7,200	7,200	-
Total Miscellaneous Revenues	<u>88,313</u>	<u>111,143</u>	<u>143,766</u>	<u>32,623</u>
Total Revenues	<u>4,238,663</u>	<u>4,261,493</u>	<u>4,406,661</u>	<u>145,168</u>

See independent auditors' report and accompanying notes to financial statements.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Budget		
EXPENDITURES				
GENERAL GOVERNMENT				
Village Board	\$ 28,627	\$ 28,627	\$ 26,177	\$ 2,450
Municipal court	54,990	54,990	54,074	916
Legal counseling	15,000	15,000	21,988	(6,988)
Codification of ordinances	2,500	12,500	1,841	10,659
Village president	4,906	4,906	5,022	(116)
Administrator	121,382	121,382	118,947	2,435
Clerk	94,298	94,298	93,434	864
Labor relations	2,000	2,000	-	2,000
Elections	16,844	16,844	8,835	8,009
Treasury	70,399	70,399	65,751	4,648
Assessment of property	13,175	16,425	19,907	(3,482)
Independent auditing	43,497	43,497	37,669	5,828
Municipal building	42,074	42,074	44,280	(2,206)
Illegal taxes and refunds	-	-	535	(535)
Property and liability insurance	108,995	108,995	119,672	(10,677)
Other insurance	2,000	2,000	-	2,000
Other general government	32,650	32,650	40,041	(7,391)
Total General Government	<u>653,337</u>	<u>666,587</u>	<u>658,173</u>	<u>8,414</u>
PUBLIC SAFETY				
Police	418,511	418,511	451,593	(33,082)
Patrol	1,232,505	1,232,505	1,209,825	22,680
Criminal investigation	1,000	1,000	333	667
Training	23,012	23,012	11,276	11,736
Crossing guards	7,270	7,270	5,508	1,762
Fire protection	471,315	471,315	471,315	-
Inspection	50,400	50,400	49,190	1,210
Emergency government	3,000	3,000	-	3,000
Emergency communication (911)	15,034	15,034	2,410	12,624
Total Public Safety	<u>2,222,047</u>	<u>2,222,047</u>	<u>2,201,450</u>	<u>20,597</u>

See independent auditors' report and accompanying notes to financial statements.

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Budget		
PUBLIC WORKS				
Engineering	\$ 5,000	\$ 5,000	\$ 55,635	\$ (50,635)
Machinery operation and maintenance	123,236	123,236	116,726	6,510
Highway and street maintenance	145,753	145,753	117,529	28,224
Garages and sheds	69,982	69,982	46,969	23,013
Traffic control	23,903	23,903	16,653	7,250
Street cleaning	41,569	41,569	25,381	16,188
Snow and ice control	150,316	150,316	199,175	(48,859)
Street lighting	140,000	140,000	135,061	4,939
Sidewalks	16,191	16,191	14,693	1,498
Storm sewer maintenance	38,791	38,791	14,342	24,449
Refuse and garbage collection	268,550	268,550	271,161	(2,611)
Recycling	183,762	186,337	187,839	(1,502)
Repairs and maintenance	3,960	3,960	3,960	-
Total Public Works	<u>1,211,013</u>	<u>1,213,588</u>	<u>1,205,124</u>	<u>8,464</u>
CULTURE, RECREATION, AND EDUCATION				
Community center	38,772	38,772	33,282	5,490
Other culture	2,000	2,000	638	1,362
Parks	239,214	239,214	200,254	38,960
Recreation programs and events	134,485	141,485	173,558	(32,073)
Recreation administration	163,984	163,984	162,866	1,118
Total Culture, Recreation, and Education	<u>578,455</u>	<u>585,455</u>	<u>570,598</u>	<u>14,857</u>
CONSERVATION AND DEVELOPMENT				
Forestry	73,806	73,806	78,108	(4,302)
Planning	3,500	3,500	6,515	(3,015)
Economic development	45,000	45,000	40,000	5,000
Donation to Chamber of Commerce	5,000	5,000	5,000	-
Total Conservation and Development	<u>127,306</u>	<u>127,306</u>	<u>129,623</u>	<u>(2,317)</u>
Total Expenditures	<u>4,792,158</u>	<u>4,814,983</u>	<u>4,764,968</u>	<u>50,015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(553,495)</u>	<u>(553,490)</u>	<u>(358,307)</u>	<u>195,183</u>

See independent auditors' report and accompanying notes to financial statements.

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, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Budget	Actual	
OTHER FINANCING SOURCES				
Transfers in	\$ 49,840	\$ 49,840	\$ 49,699	\$ (141)
Transfer in - tax equivalent	422,300	422,300	437,940	15,640
Total Other Financing Uses	<u>472,140</u>	<u>472,140</u>	<u>487,639</u>	<u>15,499</u>
Net Change in Fund Balance	(81,355)	(81,350)	129,332	210,682
FUND BALANCE - Beginning of Year	<u>2,294,661</u>	<u>2,294,661</u>	<u>2,294,661</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,213,306</u>	<u>\$ 2,213,311</u>	<u>\$ 2,423,993</u>	<u>\$ 210,682</u>

See independent auditors' report and accompanying notes to financial statements.

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, 2019

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
TAXES			
General property taxes	\$ 477,299	\$ 477,299	\$ -
INTERGOVERNMENTAL REVENUES			
County aid - libraries	193,441	193,471	30
PUBLIC CHARGES FOR SERVICES			
Library	23,325	24,315	990
INVESTMENT INCOME			
Interest on investments	-	572	572
MISCELLANEOUS REVENUES			
Donations	-	2,870	2,870
Other miscellaneous	-	2,452	2,452
Total Miscellaneous Revenues	-	5,322	5,322
Total Revenues	<u>694,065</u>	<u>700,979</u>	<u>6,914</u>
EXPENDITURES			
CULTURE, RECREATION, AND EDUCATION			
Library	675,756	642,577	33,179
CAPITAL OUTLAY			
Library	7,070	26,490	(19,420)
Total Expenditures	<u>682,826</u>	<u>669,067</u>	<u>13,759</u>
Net Change in Fund Balance	11,239	31,912	20,673
FUND BALANCE - Beginning of Year	<u>186,257</u>	<u>186,257</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 197,496</u></u>	<u><u>\$ 218,169</u></u>	<u><u>\$ 20,673</u></u>

See independent auditors' report and accompanying notes to financial statements.

VILLAGE OF MOUNT HOREB

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/19	0.02291230%	\$ 815,147	\$ 3,037,687	26.83%	96.45%
12/31/18	0.02291586%	(680,399)	2,938,087	23.16%	102.93%
12/31/17	0.02266274%	186,795	2,844,098	6.57%	99.12%
12/31/16	0.02263951%	367,888	2,954,650	12.45%	98.20%
12/31/15	0.02196354%	(539,485)	2,777,106	19.43%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/19	\$ 251,097	\$ 251,097	\$ -	\$ 3,208,578	7.83%
12/31/18	242,165	242,165	-	3,037,687	7.97%
12/31/17	235,424	235,424	-	2,936,368	8.02%
12/31/16	212,520	212,520	-	2,844,098	7.47%
12/31/15	226,695	226,695	-	2,954,650	7.67%

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

VILLAGE OF MOUNT HOREB

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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

SUPPLEMENTARY INFORMATION

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds			
	Subdividers Park Deposits	Terrace Trees	Future Streets	Outreach/ Nutrition
ASSETS				
Cash and investments	\$ 99,137	\$ 152,716	\$ 86,027	\$ 147,851
Receivables				
Taxes	-	-	-	29,887
Other	6,386	-	-	263
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 105,523	\$ 152,716	\$ 86,027	\$ 178,001
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,093	\$ -	\$ -	\$ 979
Accrued liabilities	-	-	-	3,255
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
	2,093	-	-	4,234
Deferred Inflows of Resources				
Unearned revenues	-	-	-	29,887
	-	-	-	29,887
Fund Balances				
Restricted	-	-	-	-
Committed	103,430	152,716	86,027	143,880
Unassigned (deficit)	-	-	-	-
	103,430	152,716	86,027	143,880
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 105,523	\$ 152,716	\$ 86,027	\$ 178,001

Special Revenue Funds

Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool	Public Broadcasting	Tourism Promotion Fund
\$ 325,692	\$ 285,637	\$ 217,183	\$ 17,299	\$ 88,443	\$ -
30,000	-	-	55,000	-	-
-	-	-	-	-	18,183
1,118	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 356,810</u>	<u>\$ 285,637</u>	<u>\$ 217,183</u>	<u>\$ 72,299</u>	<u>\$ 88,443</u>	<u>\$ 18,183</u>
\$ -	\$ -	\$ 912	\$ 248	\$ 10,723	\$ 16,001
-	-	-	-	594	-
2,752	-	-	139	-	2,182
-	-	-	-	-	-
<u>2,752</u>	<u>-</u>	<u>912</u>	<u>387</u>	<u>11,317</u>	<u>18,183</u>
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>
-	285,637	216,271	-	-	-
324,058	-	-	16,912	77,126	-
-	-	-	-	-	-
<u>324,058</u>	<u>285,637</u>	<u>216,271</u>	<u>16,912</u>	<u>77,126</u>	<u>-</u>
<u>\$ 356,810</u>	<u>\$ 285,637</u>	<u>\$ 217,183</u>	<u>\$ 72,299</u>	<u>\$ 88,443</u>	<u>\$ 18,183</u>

VILLAGE OF MOUNT HOREB

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	TIF Debt Service	TIF District No. 3	TIF District No. 3 Amendment	TIF District No. 4	
ASSETS					
Cash and investments	\$ 21,960	\$ 286,429	\$ -	\$ 273,708	\$ 2,002,082
Receivables					
Taxes	78,352	674,936	-	97,399	965,574
Other	-	-	-	-	24,832
Due from other funds	-	-	-	-	1,118
Advances to other funds	392,961	-	-	-	392,961
TOTAL ASSETS	<u>\$ 493,273</u>	<u>\$ 961,365</u>	<u>\$ -</u>	<u>\$ 371,107</u>	<u>\$ 3,386,567</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 30,956
Accrued liabilities	-	-	-	-	3,849
Due to other funds	-	-	-	-	5,073
Advances from other funds	-	-	632,693	-	632,693
Total Liabilities	-	-	632,693	-	672,571
Deferred Inflows of Resources					
Unearned revenues	78,352	674,936	-	97,399	965,574
Total Deferred Inflows of Resources	78,352	674,936	-	97,399	965,574
Fund Balance					
Restricted	414,921	286,429	-	273,708	1,476,966
Committed	-	-	-	-	904,149
Unassigned (deficit)	-	-	(632,693)	-	(632,693)
Total Fund Balances	414,921	286,429	(632,693)	273,708	1,748,422
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 493,273</u>	<u>\$ 961,365</u>	<u>\$ -</u>	<u>\$ 371,107</u>	<u>\$ 3,386,567</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds			
	Subdividers' Park Deposits	Terrace Trees	Future Streets	Outreach / Nutrition
REVENUES				
Taxes	\$ -	\$ 332	\$ -	\$ 28,887
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Public charges for services	10,839	-	-	-
Intergovernmental charges for services	-	-	-	121,746
Investment income	3,157	4,341	2,210	720
Miscellaneous	21,608	156	-	80,758
Total Revenues	35,604	4,829	2,210	232,111
EXPENDITURES				
Current				
General government	-	-	-	-
Health and human services	-	-	-	159,728
Culture, recreation and education	976	-	-	-
Conservation and development	-	24,412	-	-
Capital Outlay	48,507	1,625	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	49,483	26,037	-	159,728
Excess (Deficiency) of Revenues Over Expenditures	(13,879)	(21,208)	2,210	72,383
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	(1,000)	-	-	-
Total Other Financing Sources (Uses)	(1,000)	-	-	-
Net Change in Fund Balance	(14,879)	(21,208)	2,210	72,383
FUND BALANCE (DEFICIT) - Beginning of Year	118,309	173,924	83,817	71,497
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 103,430	\$ 152,716	\$ 86,027	\$ 143,880

Special Revenue Funds						Debt Service Fund
Employee Retirement Fund	Revolving Loan Fund	Library Special Projects	Swimming Pool	Public Broadcasting	Tourism Promotion Fund	TIF Debt Service
\$ 19,999	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ 71,268
-	-	-	-	-	80,821	-
-	-	5,600	-	-	-	-
-	-	-	78,305	-	-	-
-	-	-	-	-	-	-
8,674	7,338	37,227	-	-	-	-
-	-	1,300	-	51,329	-	-
<u>28,673</u>	<u>7,338</u>	<u>44,127</u>	<u>123,305</u>	<u>51,329</u>	<u>80,821</u>	<u>71,268</u>
29,723	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	7,082	126,827	42,833	71,121	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	395,025
-	-	-	-	-	-	359,002
<u>29,723</u>	<u>-</u>	<u>7,082</u>	<u>126,827</u>	<u>42,833</u>	<u>71,121</u>	<u>754,027</u>
(1,050)	7,338	37,045	(3,522)	8,496	9,700	(682,759)
-	-	-	-	-	-	754,026
-	-	-	-	-	(9,699)	-
-	-	-	-	-	(9,699)	754,026
(1,050)	7,338	37,045	(3,522)	8,496	1	71,267
<u>325,108</u>	<u>278,299</u>	<u>179,226</u>	<u>20,434</u>	<u>68,630</u>	<u>(1)</u>	<u>343,654</u>
<u>\$ 324,058</u>	<u>\$ 285,637</u>	<u>\$ 216,271</u>	<u>\$ 16,912</u>	<u>\$ 77,126</u>	<u>\$ -</u>	<u>\$ 414,921</u>

VILLAGE OF MOUNT HOREB

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2019

	Capital Projects Fund			Total Nonmajor Governmental Funds
	TIF District		TIF District No. 4	
	TIF District No. 3	No. 3 Amendment		
REVENUES				
Taxes	\$ 630,197	\$ -	\$ 83,962	\$ 879,645
Other taxes	-	-	-	80,821
Intergovernmental	4,813	-	1,765	12,178
Public charges for services	-	-	-	89,144
Intergovernmental charges for services	-	-	-	121,746
Investment income	13,697	-	7,090	84,454
Miscellaneous	-	-	-	155,151
Total Revenues	648,707	-	92,817	1,423,139
EXPENDITURES				
Current				
General government	3,845	-	3,400	36,968
Health and human services	-	-	-	159,728
Culture, recreation and education	-	-	-	248,839
Conservation and development	-	-	-	24,412
Capital Outlay	-	-	-	50,132
Debt Service				
Principal	-	-	-	395,025
Interest and fiscal charges	-	-	-	359,002
Total Expenditures	3,845	-	3,400	1,274,106
Excess (Deficiency) of Revenues Over Expenditures	644,862	-	89,417	149,033
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	754,026
Transfers (out)	(506,300)	(54,337)	(22,321)	(593,657)
Total Other Financing Sources (Uses)	(506,300)	(54,337)	(22,321)	160,369
Net Change in Fund Balance	138,562	(54,337)	67,096	309,402
FUND BALANCE (DEFICIT) - Beginning of Year	147,867	(578,356)	206,612	1,439,020
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 286,429	\$ (632,693)	\$ 273,708	\$ 1,748,422

RESOLUTION 2020-10
WAIVING INTEREST ON PROPERTY TAX INSTALLMENTS
DUE ON OR AFTER APRIL 1, 2020

WHEREAS, in December, 2019, a novel strain of coronavirus known as COVID-19 was detected, and COVID-19 has continued to spread throughout the world, including to the **United States and the State of Wisconsin** ("COVID-19 Pandemic"); and

WHEREAS, because of the COVID-19 Pandemic, on March 24, 2020, Secretary-designee Andrea Palm of the Wisconsin Department of Health Services issued Emergency Order **#12, Safer at Home Order** ("Safer at Home Order") **requiring that everyone in Wisconsin** stay at their home or place of residence except in limited circumstances until April 24, 2020; and

WHEREAS, on April 16, 2020, Secretary-designee Palm extended the Safer at Home Order, with certain modifications, to May 26, 2020, pursuant to Emergency Order #28; and

WHEREAS, the federal, state, local and individual responses to the COVID-19 Pandemic and the uncertainty as to the effectiveness of those responses in mitigating the duration of the COVID-19 Pandemic have created economic hardship and uncertainty in the local business community, households throughout the community, and for every property taxpayer in the Village of Mount Horeb; and

WHEREAS, in response to the COVID-19 Pandemic, on April 15, 2020, the Wisconsin **Legislature enacted 2019 Wisconsin Act 185** ("Act 185"), **which** Governor Evers signed on April 16, 2020; and

WHEREAS, Dane County Resolution RES_020 ("The County Resolution") enables, for purposes of Section 105(25) of Act 185, any taxation district in the County to waive interest and penalties on installment payments of property taxes due and payable after April 1, 2020, in a manner consistent with Act 185; and

WHEREAS, the plain language of Section 105(25) of Act 185 allows for either a **general or a "case-by-case" finding of hardship to qualify** for the above referenced waiver of interest and penalties; and

WHEREAS, The County Resolution authorizes the waiver of interest and penalties for all property taxpayers in the county on a finding of general hardship based upon current and anticipated economic conditions; and

WHEREAS, **this Resolution is intended to be "similar" to** The County Resolution for purposes of Section 105(25) of Act 185; and

WHEREAS, the interest rate on delinquent general property taxes, special charges, special assessments, and special taxes included in the tax roll for collection is 1.0% per month or fraction of a month pursuant to Wisconsin Statute § 74.47(1).

NOW THEREFORE BE IT RESOLVED that pursuant to Section 105(25) of Act 185, the Town/Village Board hereby finds and authorizes the following:

1. Because of the COVID-19 Pandemic, the various federal laws and regulations implemented as a result of the COVID-19 Pandemic, the various emergency orders and regulations implemented by state and local governments, and Act 185, the Town/Village Board finds that all property taxpayers are experiencing hardship as that term is used in Section 105(25) of Act 185.
2. The Village of Mount Horeb waives the interest that would otherwise accrue on late property tax installments due and payable after April 1, 2020 as provided in Section 105(25) of Act 185 and enabled by The County Resolution.

BE IT FURTHER RESOLVED that all actions heretofore taken by the Board and other appropriate public officers and agents of the Village of Mount Horeb with respect to the matters contemplated under this Resolution are hereby ratified, confirmed and approved.

Adopted this 3rd day of June, 2020.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk

VILLAGE OF MOUNT HOREB
RESOLUTION 2020-07

BUDGET AMENDMENT

BE IT RESOLVED that the Village Board of the Village of Mount Horeb authorizes an amendment to the 2020 Village Budget to transfer funds as follows:

<u>Account Number</u>	<u>Account Name</u>	<u>Increase</u>	<u>Decrease</u>
<u>GENERAL FUND - REVENUE</u>			
100-443100-0	Building Permits The decrease reflects expected activity based partially on COVID-19.		\$15,000
100-467410-0	Recreation Program (Taxable) The decrease reflects expected program cancellations due to COVID-19.		\$7,500
100-467415-0	Recreation Program (Non-Taxable) The decrease reflects expected program cancellations due to COVID-19.		\$65,000
100-467418-0	WPRA Ticket Program Revenue The decrease reflects expected program cancellations due to COVID-19.		\$6,000
100-492200-0	Transfer from Other Funds The decrease reflects expected reduction in Village portion of Room Tax due to COVID-19.		\$2,500
100-492600-0	Transfer from Utility Funds The decrease reflects elimination of financial contribution to MHAEDC.		\$35,000
100-411100-0	Property Taxes – General Fund The increase is due to reclassification between the debt service fund and the general fund.	\$6,223	
100-411110-0	Property Taxes – Other Funds The decrease is due to reclassification between the debt service fund and the general fund.		\$6,223
<u>GENERAL FUND - EXPENSE</u>			
100-553100-249	Recreation: Miscellaneous Contractual The decrease reflects expected program cancellations due to COVID-19.		\$35,000
100-553100-340	Recreation: Operating Supplies The decrease reflects expected program cancellations due to COVID-19.		\$12,000
100-553100-341	Recreation: WPRA Ticket Expense The decrease reflects expected program cancellations due to COVID-19.		\$6,000
100-567000-240	Economic Dev: Miscellaneous Initiatives The decrease reflects the difference in Village support of the Economic Development Director role versus the financial support of the MHAEDC that was budgeted.		\$15,500
100-521100-111	Police: Regular Wages The decrease reflects changing the hire date of a patrol officer from 7/1/2020 to 1/1/2021.		\$40,000
100-521100-395	Police: Technology Expense The decrease reflects re-allocation of Police expenses to equipment and Danecom (below).		\$9,520

100-521200-810 Police: Equipment \$5,520
The increase reflects re-allocation of Police expenses from technology (above).

100-526000-290 Police: Danecom Expenditures \$4,000
The increase reflects re-allocation of Police expenses from technology (above).

100-512000-810 Court: Equipment \$2,323
The increase is due to a computer purchase in 2020 that was budgeted in 2019.

100-592000-500 Transfer to Other Funds (Taxes) \$6,223
The decrease is due to reclassification between the debt service fund and the general fund.

DEBT SERVICE FUND

300-492100-0 Transfer from General Fund (Taxes) \$6,223
The decrease is due to reclassification between the debt service fund and the general fund.

Introduced and passed this 6th day of May, 2020.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk

VILLAGE OF MOUNT HOREB
RESOLUTION NO. 2020-11

A RESOLUTION CREATING THE COMMUNITY DEVELOPMENT AUTHORITY OF THE
VILLAGE OF MOUNT HOREB

Recitals

- A. The Village of Mount Horeb is authorized pursuant to Section 66.1335 of the Wisconsin Statutes to create, by resolution, a Housing and Community Development Authority, to be known as the Community Development Authority of the Village of Mount Horeb.
- B. The Village finds that there is a need for blight elimination, slum clearance, urban renewal and community development programs and projects, and housing projects in the Village.

NOW, THEREFORE, BE IT RESOLVED, by the Village Board of the Village of Mount Horeb that:

1. Creation. The Community Development Authority of the Village of Mount Horeb is hereby created pursuant to Wis. Stat. §66.1335. The Community Development Authority shall be a separate body politic for the purpose of carrying out blight elimination, slum clearance, urban renewal programs and projects, and housing projects. The Community Development Authority shall have the powers set forth in Wis. Stat. §66.1335, except as limited by Paragraph 5 of this Resolution.
2. Findings and Declaration of Necessity. The Village finds and declares that there exists within the Village the need for blight elimination, slum clearance, urban renewal and community development programs and projects, and housing projects.
3. Members. The members of the Community Development Authority shall be appointed and confirmed pursuant to the process identified in Wis. Stat. §66.1335. The Community Development Authority shall annually elect a chairperson and vice chairperson from among its members. Vacancies occurring in the office of a chairperson or vice chairperson shall be from among the members for the unexpired portion of the members term. Whenever the Village Board President is appointed and confirmed by the Village Board as a member of the Community Development Authority, the Village Board President shall act as chairperson of the Community Development Authority.

4. Meetings; quorum; bylaws. Meetings of the Community Development Authority shall be held in compliance with the Wisconsin Open Meetings Law, Wis. Stat. §§19.81-19.98. Four (4) members shall constitute a quorum of the Community Development Authority for the purpose of conducting its business and exercising its powers and for all other purposes. Action may be taken by the Community Development Authority upon the affirmative vote of the majority of members present at any meeting at which a quorum is present. No vacancy in the membership of the Community Development Authority shall impair the right of a quorum to exercise the powers and perform functions of the Community Development Authority. The Community Development Authority may adopt, and from time to time amend or repeal, bylaws and other rules and regulations not inconsistent with applicable law, as it deems necessary in the performance of its functions, subject to the approval of the Village Board.
5. Powers and Duties.
 - a. The Community Development Authority shall have all powers, duties and functions of a housing authority as set forth in Wis. Stat. §66.1201. As to all housing projects initiated by the Community Development Authority, it shall proceed under Wis. Stat. §66.1201. Notwithstanding the preceding sentences, the Community Development Authority must receive approval from the Village Board for each project on a project-by-project basis before the Community Development Authority exercises its powers, duties and functions under Wis. Stat. §66.1201.
 - b. The Community Development Authority shall have all the powers, duties and functions of a redevelopment authority as set forth in Wis. Stat. §66.1333. As to all projects relating to blight elimination, slum clearance, urban renewal and redevelopment programs, the Community Development Authority shall proceed under Wis. Stat. §§66.1105, 66.13(1), to 66.1329, 66.1329, 66.1331, 66.1333 or 66.1337, as determined appropriate by the Village Board on a project-by-project basis. Notwithstanding the preceding sentences, the Community Development Authority must receive approval from the Village Board for each project on a project-by-project basis before the Community Development Authority exercises its powers, duties and functions under Wis. Stat. §66.1333.
 - c. The Community Development Authority is authorized to act as agent for the Village in planning and carrying out community development programs and activities approved by the Village Board under the Federal Housing and Community Development Act of 1974, as amended.

- d. The Community Development Authority is authorized to act as agent for the Village to perform acts (except the development of the general plan of the Village) which may be otherwise performed by the Village Plan Commission under Wis. Stat. §§66.1105, 66.1301 to 66.1329; 66.1331 or 66.1337.
 - e. Except as limited by this Paragraph 5, the Community Development Authority shall have all powers as authorized by Wis. Stat. §66.1335. In addition, the Community Development Authority shall have such other powers, duties and functions as conferred on it from time to time by the Village Board.
6. **Wisconsin Statutes. References to the "Wisconsin Statutes" or "Wis. Stat." mean** the Wisconsin Statutes in effect at the time this Resolution is adopted and all subsequent amendments thereto.
7. **Severability.** The invalidity of one or more of the phrases, sentences, clauses or sections contained in this Resolution shall not affect the validity of the remaining portions of this Resolution. The Village Board hereby declares that it would have enacted the remainder of this Resolution even without any such phrase, sentence, clause or section.

Resolution adopted this 3rd day of June, 2020.

Randy J Littel, Village President

ATTEST:

Alyssa Gross, Village Clerk

**COMMUNITY DEVELOPMENT AUTHORITY OF THE
VILLAGE OF MOUNT HOREB, WISCONSIN**

**By-Laws and
Rules of Procedure**

1. General Rules by Statute, Ordinance or Resolutions

The Community Development Authority of the Village of Mount Horeb shall be governed and controlled by Statutes of the State of Wisconsin and as such statutes may hereafter be amended; by all ordinances of the Village of Mount Horeb, and as such ordinances may hereafter be amended; by the resolution creating the Authority; and by the by-laws and rules of procedure: All provisions of the Wisconsin Statutes and all ordinances or resolutions of the Village of Mount Horeb as may be enacted from time to time shall take precedence over the by-laws and rules of procedure.

2. General Powers and Duties

The Authority shall exercise all powers conferred and perform all duties imposed by Statutes of the State of Wisconsin and ordinances and resolutions of the Village of Mount Horeb, and shall perform such further and other duties as may properly from time to time be required by the Village Board. Notwithstanding the preceding sentence, the Authority must receive approval from the Village Board for each project on a project-by-project basis before the Authority exercises any powers, duties or functions under Wis. Stat. §§66.1201 or 66.1333.

3. Officers and Their Duties

Presiding Officers. The presiding officer of the Authority shall be designated as chairperson and shall be the Village President, unless he/she designates an alternative. TO act in the absence of the chairperson, the Authority shall elect a vice chairperson to preside at the meeting. The presiding officer shall preside at all meetings of the Authority and shall have the right to vote and make motions; shall rule on matters of procedure, subject to appeal from such rulings and proper motion; shall conduct meetings in accordance within the rules; shall have such powers and duties as may be necessary to conduct orderly meetings; and shall have such other powers and duties as herein assigned, or may be assigned. The executive director shall be the Village Administrator.

Treasurer. The Village Finance Director shall serve as treasurer of the Authority. The treasurer of the Authority shall handle and keep a record of financial dealings of the Authority.

Secretary. The Village Clerk shall serve the Authority as its secretary and advisor and shall perform all duties requested by the Authority. These duties include handling all correspondence and clerical work of the Authority; keeping

accurate notes of all matters coming before the Authority; receiving and filing all communications, applications, requests and other documents directed to the Authority; marking each document so received with the official filing stamp of the Authority; publishing or mailing all notices or advertisements required by law or as directed by the Authority; preparing and distributing to each member of the Authority not later than the Friday prior to a meeting a summary statement of the nature of each item on the meeting agenda and a copy of the minutes of the last meeting. The secretary may utilize members of the Village staff as may be made available by the Village Board to accomplish these tasks.

4. Agenda

The Village Clerk shall prepare the agenda with direction from the chairperson and executive director.

5. Meetings

Regular Meetings. Regular meetings shall be held at a time and place designated by the Authority. All meetings will be held at the Municipal Building. Regular meeting times are subject to change only by consensus of the members.

Special Meetings. Special meetings may be called by the presiding officer whenever in his or her judgement such meeting is necessary, and the presiding officer shall call a special meeting whenever he or she is requested to do so by at least three (3) members of the Authority. Such request may be made orally. Notice of a special meeting shall be given by announcement thereof at any regular meeting and by written or telephone notice to members not present at the regular meeting. Any business which could be done at a regular meeting may be done at a special meeting.

Wisconsin Open Meetings Law. Meetings of the Authority shall be held in compliance with the Wisconsin Open Meetings Law, Wis. Stat. §§19.81-19.98.

Quorum. A quorum for all meetings shall consist of four members and the presiding officer shall be included in such a count.

6. Voting

Provided a quorum is present, and except as otherwise by law or these rules provided, the affirmative vote of a majority of the members present shall be required to decide any matter up for consideration. In the event that any member is disqualified from voting on a matter, the member shall be counted in determining whether a quorum is present. However, the member's disqualification shall not decrease the number of votes required for passage of any motion, resolution or taking of any other action.

7. Membership and Terms of Office

- A. Membership. The Authority shall consist of seven (7) members, who shall all be residents of the Village. Two (2) of the members shall be members of the Village Board.
- B. Qualifications of Commissioners. In making appointments to the Authority, the Village Board shall give consideration to the general interest of the appointee in redevelopment, slum clearance and urban renewal programs and housing programs. Appointees shall have sufficient ability and experience in related fields, especially finance and management, to maintain efficiency in the redevelopment program and its planning and direction.
- C. Appointment of members. Appointment of all members shall be by the Village President, subject to Village Board confirmation.
- D. Terms of office. The term of office for members shall be four (4) years with the exception that Trustee appointees shall serve a term concurrent with the term of the Village office. The initial terms of the citizen members shall be staggered and designated by their appointment with two (2) appointments for one (1) year, one (1) for two (2) years, one (1) for three (3) years and one (1) for four (4) years. All terms of office shall run from the effective date of this Resolution and the May 1 date thereafter. Each member shall hold his/her office until a successor has been appointed and qualified. Vacancies and new appointments shall be filled in the same manner as provided above. Removal of Commissioners shall be governed by Sec. 66.40(8), Wis. Stats.

8. Public Hearings

The order of business for holding a public hearing shall be as follows:

1. A brief statement by the executive director as to the name of the applicant and the nature of the application.
2. Presentation by the applicant, including any maps, documents and the like, not previously filed.
3. Presentation by Authority staff, if applicable.
4. Statements of all other persons in favor of, or in opposition to, the application
5. Closing of the hearing or, if necessary, adjournment of the hearing to a future date.

Conduct of Public Hearings. The presiding officer shall announce immediately prior to each public hearing that no one will be heard unless the person states his

or her name and address. The presiding officer shall briefly explain the order of business. The presiding officer shall have the right prior to the hearing to announce that each person's statement shall be limited to a specified period of time, and the presiding officer shall have the right to terminate any statement when the speaker's time has elapsed, or in the event of unnecessary repetition, or in the event the statement is not material or germane. The Authority may modify the Order of Business or the rules for a public hearing at its discretion.

Appearance. All persons desiring to be heard shall be heard, in person or by attorney.

Withdrawal of Application. At any time prior to a motion to grant or refuse a request, application or petition, the applicant may withdraw the request, application or petition and such withdrawal shall not entitle the applicant to a refund of whatever filing or publication fee may previously have been paid.

8. Decision

All final decisions by the Authority shall be in writing and shall be the form of an order or decision duly adopted by resolution, subject to Village Board approval. All such decisions shall be signed by the presiding officer, attested by the secretary and shall thereupon be filed with the records of the case. The date on which the written decision is filed in the case shall be deemed the date of filing of the decision. The secretary shall promptly thereafter mail a copy of the decision to the applicant or petitioner or his or her attorney and to every other interested public official.

9. Recommendation

Depending on the nature of the action, recommendations may be reviewed by the Plan Commission before submission to the Village Board. Recommendations may be by resolution or in such other form as the Village Board deems appropriate and upon adoption of any recommendation, a copy of the same shall be delivered by the secretary to the Plan Commission.

10. Amendment of Rules

These rules may be amended from time to time upon a concurring vote of a majority of all members of the Authority and upon approval of the Village Board.