

# **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
<b>Revenues:</b>						
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>
<b>Expenses:</b>						
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	<u>368,463</u>	<u>265,575</u>	<u>(368,463)</u>	<u>(265,575)</u>	<u>-</u>	<u>-</u>
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	\$ 41,114,235	\$ 39,503,497	\$ 44,155,385	\$ 42,375,397	\$ 85,269,620	\$ 81,878,894

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](mailto:Amy.Hall@mounthorebwi.info).

**VILLAGE OF MOUNT HOREB**

STATEMENT OF NET POSITION  
As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
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>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
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>
<b>LIABILITIES</b>			
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
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>
<b>NET POSITION</b>			
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>
<b>TOTAL NET POSITION</b>	<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
<b>Governmental Activities</b>				
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	-	-	-
<b>Total Governmental Activities</b>	<u>8,562,635</u>	<u>1,023,473</u>	<u>862,075</u>	<u>-</u>
<b>Business-type Activities</b>				
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
<b>Total Business-type Activities</b>	<u>8,864,089</u>	<u>9,601,086</u>	<u>-</u>	<u>98,417</u>
<b>Total</b>	<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>473,947</u>	<u>473,947</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
<b>ASSETS</b>				
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	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,521,150</b>	<b>\$ 736,423</b>	<b>\$ 1,765,251</b>	<b>\$ 2,148,054</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
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>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 5,521,150</b>	<b>\$ 736,423</b>	<b>\$ 1,765,251</b>	<b>\$ 2,148,054</b>

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>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 21,906,105</u></b>

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
<b>REVENUES</b>				
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
<b>Total Revenues</b>	<u>4,406,661</u>	<u>700,979</u>	<u>1,672,528</u>	<u>351,297</u>
<b>EXPENDITURES</b>				
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
<b>Total Expenditures</b>	<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>
<b>OTHER FINANCING SOURCES (USES)</b>				
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)
<b>Total Other Financing Sources (Uses)</b>	<u>487,639</u>	<u>-</u>	<u>41,889</u>	<u>2,140,515</u>
 <b>Net Change in Fund Balance</b>	 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>
 <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	 <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
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,080,233</u></b>

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
<b>ASSETS</b>				
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
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
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
<b>LIABILITIES</b>				
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>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
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>
<b>NET POSITION</b>				
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>
<b>TOTAL NET POSITION</b>	<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
<b>OPERATING REVENUES</b>				
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
<b>Total Operating Revenues</b>	<b>6,001,425</b>	<b>1,186,038</b>	<b>2,413,623</b>	<b>9,601,086</b>
<b>OPERATING EXPENSES</b>				
Operations and maintenance	5,369,448	674,759	975,017	7,019,224
Depreciation	458,542	349,068	720,901	1,528,511
<b>Total Operating Expenses</b>	<b>5,827,990</b>	<b>1,023,827</b>	<b>1,695,918</b>	<b>8,547,735</b>
<b>Operating Income</b>	<b>173,435</b>	<b>162,211</b>	<b>717,705</b>	<b>1,053,351</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
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)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>61,753</b>	<b>4,726</b>	<b>(219,744)</b>	<b>(153,265)</b>
<b>Income Before Contributions and Transfers</b>	<b>235,188</b>	<b>166,937</b>	<b>497,961</b>	<b>900,086</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
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)
<b>Total Contributions and Transfers</b>	<b>(215,039)</b>	<b>(191,334)</b>	<b>136,327</b>	<b>(270,046)</b>
<b>Change in Net Position</b>	<b>20,149</b>	<b>(24,397)</b>	<b>634,288</b>	<b>630,040</b>
<b>TOTAL NET POSITION - Beginning of Year</b>	<b>8,501,049</b>	<b>8,912,479</b>	<b>14,058,175</b>	<b>31,471,703</b>
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 8,521,198</b>	<b>\$ 8,888,082</b>	<b>\$ 14,692,463</b>	<b>\$ 32,101,743</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(199,093)	(234,614)	-	(433,707)
Advances repaid from other funds	28,114	-	-	28,114
Net Cash Flows From Noncapital Financing Activities	(170,979)	(234,614)	-	(405,593)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(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
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 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
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
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
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 731,214</u></b>	<b><u>\$ 588,585</u></b>	<b><u>\$ 1,517,045</u></b>	<b><u>\$ 2,836,844</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>				
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)
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,526,321</u></b>	<b><u>\$ 1,243,982</u></b>	<b><u>\$ 2,186,669</u></b>	<b><u>\$ 5,956,972</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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

---

	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 8,549,619
Taxes receivable	<u>911,018</u>
<b>TOTAL ASSETS</b>	<u>9,460,637</u>
<b>LIABILITIES</b>	
Accounts payable	6,138
Due to other governmental units	<u>9,454,499</u>
<b>TOTAL LIABILITIES</b>	<u>9,460,637</u>
<b>NET POSITION</b>	<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
<b>ADDITIONS</b>	
Property taxes collected for other governments	\$ 6,714,861
<b>TOTAL ADDITIONS</b>	<u>6,714,861</u>
<b>DEDUCTIONS</b>	
Distributions to other governments	<u>6,714,861</u>
<b>TOTAL DEDUCTIONS</b>	<u>6,714,861</u>
<b>Change in Fiduciary Net Position</b>	-
NET POSITION - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<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

---

<b>NOTE</b>	<u>Page</u>
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	<u>1,813</u>	<u>-</u>	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
<b>Total</b>	<b>\$ 51,645</b>	<b>\$ 16,063</b>	<b>\$ 30,099</b>	<b>\$ 5,483</b>

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
<b>Governmental Activities</b>				
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
<b>Governmental Activities (cont.)</b>				
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:

<b>Governmental Activities</b>	
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	<u>40,000</u>	Economic development
Total - Fund Financial Statements		1,284,554	
Less: Fund eliminations		(806,614)	
Less: Transfers to utility		<u>(109,477)</u>	
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	<u>(109,477)</u>	
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
<b>Governmental Activities</b>					
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>
<b>Business-type Activities</b>					
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
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepaid items	\$ 71,072	\$ -	\$ -	\$ -	\$ -	\$ 71,072
Advances	1,170,416	-	-	-	-	1,170,416
Non-current receivables	658	-	-	-	-	658
Sub-total	1,242,146	-	-	-	-	1,242,146
<b>Restricted for:</b>						
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	-	218,169	-	869,867	1,476,966	2,565,002
<b>Committed to:</b>						
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	-	-	-	-	904,149	904,149
<b>Assigned to:</b>						
Capital projects	-	-	-	919,657	-	919,657
Subsequent year's budget	5,586	-	-	-	-	5,586
Sub-total	5,586	-	-	919,657	-	925,243
<b>Unassigned (deficit):</b>	1,176,261	-	(935,827)	-	(632,693)	(392,259)
Total Fund						
Balances (deficit)	\$ 2,423,993	\$ 218,169	\$ (935,827)	\$ 1,789,524	\$ 1,748,422	\$ 5,244,281

# 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	
<b>REVENUES</b>				
<b>TAXES</b>				
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	<u>2,643,269</u>	<u>2,643,269</u>	<u>2,649,601</u>	<u>6,332</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
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	<u>642,791</u>	<u>642,791</u>	<u>652,727</u>	<u>9,936</u>
<b>LICENSES AND PERMITS</b>				
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	<u>91,075</u>	<u>91,075</u>	<u>89,634</u>	<u>(1,441)</u>
<b>FINES, FORFEITURES AND PENALTIES</b>				
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	<u>32,500</u>	<u>32,500</u>	<u>41,616</u>	<u>9,116</u>

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>		
<b>PUBLIC CHARGES FOR SERVICES</b>				
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>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>78,025</u>	<u>78,025</u>	<u>119,367</u>	<u>41,342</u>
<b>MISCELLANEOUS REVENUES</b>				
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		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
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>
<b>PUBLIC SAFETY</b>				
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		
<b>PUBLIC WORKS</b>				
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	1,211,013	1,213,588	1,205,124	8,464
<b>CULTURE, RECREATION, AND EDUCATION</b>				
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	578,455	585,455	570,598	14,857
<b>CONSERVATION AND DEVELOPMENT</b>				
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	127,306	127,306	129,623	(2,317)
Total Expenditures	4,792,158	4,814,983	4,764,968	50,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	(553,495)	(553,490)	(358,307)	195,183

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	
<b>OTHER FINANCING SOURCES</b>				
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>
<b>Net Change in Fund Balance</b>	(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>
<b>FUND BALANCE - END OF YEAR</b>	<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
<b>REVENUES</b>			
<b>TAXES</b>			
General property taxes	\$ 477,299	\$ 477,299	\$ -
<b>INTERGOVERNMENTAL REVENUES</b>			
County aid - libraries	193,441	193,471	30
<b>PUBLIC CHARGES FOR SERVICES</b>			
Library	23,325	24,315	990
<b>INVESTMENT INCOME</b>			
Interest on investments	-	572	572
<b>MISCELLANEOUS REVENUES</b>			
Donations	-	2,870	2,870
Other miscellaneous	-	2,452	2,452
Total Miscellaneous Revenues	-	5,322	5,322
Total Revenues	694,065	700,979	6,914
<b>EXPENDITURES</b>			
<b>CULTURE, RECREATION, AND EDUCATION</b>			
Library	675,756	642,577	33,179
<b>CAPITAL OUTLAY</b>			
Library	7,070	26,490	(19,420)
Total Expenditures	682,826	669,067	13,759
<b>Net Change in Fund Balance</b>	11,239	31,912	20,673
FUND BALANCE - Beginning of Year	186,257	186,257	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 197,496</u>	<u>\$ 218,169</u>	<u>\$ 20,673</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
<b>ASSETS</b>				
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	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 105,523</b>	<b>\$ 152,716</b>	<b>\$ 86,027</b>	<b>\$ 178,001</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,093	\$ -	\$ -	\$ 979
Accrued liabilities	-	-	-	3,255
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	2,093	-	-	4,234
Deferred Inflows of Resources				
Unearned revenues	-	-	-	29,887
Total Deferred Inflows of Resources	-	-	-	29,887
Fund Balances				
Restricted	-	-	-	-
Committed	103,430	152,716	86,027	143,880
Unassigned (deficit)	-	-	-	-
Total Fund Balances	103,430	152,716	86,027	143,880
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 105,523</b>	<b>\$ 152,716</b>	<b>\$ 86,027</b>	<b>\$ 178,001</b>

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	
<b>ASSETS</b>					
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
<b>TOTAL ASSETS</b>	<b><u>\$ 493,273</u></b>	<b><u>\$ 961,365</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 371,107</u></b>	<b><u>\$ 3,386,567</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
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
<b>TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 493,273</u></b>	<b><u>\$ 961,365</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 371,107</u></b>	<b><u>\$ 3,386,567</u></b>

## 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
<b>REVENUES</b>				
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
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING SOURCES (USES)</b>				
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. 3	No. 3 Amendment	TIF District No. 4	
<b>REVENUES</b>				
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
<b>EXPENDITURES</b>				
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
<b>OTHER FINANCING SOURCES (USES)</b>				
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