

Mount Horeb Utilities

Enterprise Funds of the Village of Mount Horeb, Wisconsin

Financial Statements and
Supplementary Information

December 31, 2020 and 2019

Mount Horeb Utilities

Enterprise Funds of the Village of Mount Horeb, Wisconsin

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Independent Auditors' Report

To the Utility Commission of
Mount Horeb Utilities

Report on the Financial Statements

We have audited the accompanying financial statements of Mount Horeb Utilities, enterprise funds of the Village of Mount Horeb, Wisconsin, as of and for the years ended December 31, 2020 and 2019, and the related notes to the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Mount Horeb Utilities' 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 Mount Horeb Utilities' 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 financial position of Mount Horeb Utilities as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Mount Horeb Utilities enterprise funds and do not purport to, and do not, present fairly the financial position of the Village of Mount Horeb, Wisconsin, as of December 31, 2020 and 2019 and the respective changes in financial position, or cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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

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

Supplementary Information

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



Madison, Wisconsin
May 4, 2021

ELECTRIC UTILITY

Mount Horeb Electric Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 806,209	\$ 751,454
Interest receivable	-	29
Customer accounts receivable	413,388	444,152
Other accounts receivable	11,956	13,042
Due from municipality	3,743	1,724
Materials and supplies	<u>186,695</u>	<u>123,105</u>
Total current assets	<u>1,421,991</u>	<u>1,333,506</u>
Noncurrent Assets		
Restricted assets:		
Depreciation account	1,814,787	1,786,974
Net pension asset	100,803	-
Capital assets:		
Plant in service	15,946,591	15,465,519
Accumulated depreciation	<u>(9,591,605)</u>	<u>(9,107,919)</u>
Total noncurrent assets	<u>8,270,576</u>	<u>8,144,574</u>
Total assets	<u>9,692,567</u>	<u>9,478,080</u>
Deferred Outflows of Resources		
Unamortized loss on advance refunding	178	701
Deferred outflows related to pension	<u>241,141</u>	<u>293,279</u>
Total deferred outflows of resources	<u>241,319</u>	<u>293,980</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 460,890	\$ 391,432
Due to municipality	350,198	376,498
Accrued interest	625	1,219
Commitment to community	17,865	16,342
Current portion of general obligation debt	<u>100,000</u>	<u>100,000</u>
Total current liabilities	<u>929,578</u>	<u>885,491</u>
Noncurrent Liabilities		
General obligation debt	-	100,000
Unamortized debt premium	432	1,705
Customer advances for construction	12,073	7,520
Net pension liability	<u>-</u>	<u>105,336</u>
Total noncurrent liabilities	<u>12,505</u>	<u>214,561</u>
Total liabilities	<u>942,083</u>	<u>1,100,052</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>307,189</u>	<u>150,810</u>
Net Position		
Net investment in capital assets	6,254,732	6,156,596
Restricted for:		
Depreciation	1,814,787	1,786,974
Pension	100,803	-
Unrestricted	<u>514,292</u>	<u>577,628</u>
Total net position	<u>\$ 8,684,614</u>	<u>\$ 8,521,198</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of electricity	\$ 5,904,280	\$ 5,955,783
Other	<u>55,466</u>	<u>45,642</u>
Total operating revenues	<u>5,959,746</u>	<u>6,001,425</u>
Operating Expenses		
Operation and maintenance	5,414,628	5,369,448
Depreciation	<u>467,151</u>	<u>458,542</u>
Total operating expenses	<u>5,881,779</u>	<u>5,827,990</u>
Operating Income	<u>77,967</u>	<u>173,435</u>
Nonoperating Expenses		
Investment income	25,831	70,149
Interest expense	(3,094)	(9,615)
Amortization of premium	1,273	2,071
Amortization of loss on advance refunding	(523)	(852)
Miscellaneous expenses	(1,370)	-
Loss on retirement	<u>(6,825)</u>	<u>-</u>
Total nonoperating expenses	<u>15,292</u>	<u>61,753</u>
Income before contributions and transfers	93,259	235,188
Capital Contributions	47,220	27,789
Capital Contributions, Municipal	219,742	-
Transfer In (Out)	-	(40,000)
Transfers, Tax Equivalent	<u>(196,805)</u>	<u>(202,828)</u>
Change in net position	163,416	20,149
Net Position, Beginning	<u>8,521,198</u>	<u>8,501,049</u>
Net Position, Ending	<u>\$ 8,684,614</u>	<u>\$ 8,521,198</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 5,861,505	\$ 5,872,038
Received from municipality for services	128,225	133,211
Paid to suppliers for goods and services	(4,878,926)	(4,803,158)
Paid to employees for operating payroll	<u>(505,777)</u>	<u>(470,877)</u>
Net cash flows from operating activities	<u>605,027</u>	<u>731,214</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	(202,828)	(199,093)
Repayment of advances to other funds	<u>-</u>	<u>28,114</u>
Net cash flows from noncapital financing activities	<u>(202,828)</u>	<u>(170,979)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(513,318)	(534,146)
Capital contributions received	271,515	35,309
Debt retired	(100,000)	(235,000)
Interest paid	<u>(3,688)</u>	<u>(11,569)</u>
Net cash flows from capital and related financing activities	<u>(345,491)</u>	<u>(745,406)</u>
Cash Flows From Investing Activities		
Investments sold and matured	12,107	62,934
Investment income	<u>25,860</u>	<u>68,959</u>
Net cash flows from investing activities	<u>37,967</u>	<u>131,893</u>
Net change in cash and cash equivalents	94,675	(53,278)
Cash and Cash Equivalents, Beginning	<u>2,526,321</u>	<u>2,579,599</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,620,996</u>	<u>\$ 2,526,321</u>
Noncash Investing, Capital and Related Financing Activities		
Unrealized gain / (loss) on investments	<u>\$ -</u>	<u>\$ 620</u>

See notes to the financial statements

Mount Horeb Electric Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 77,967	\$ 173,435
Nonoperating revenue (expense)	(1,370)	-
Noncash items in operating income:		
Depreciation	467,151	458,542
Depreciation charged to clearing and other utilities	73,637	68,293
Changes in assets and liabilities:		
Customer accounts receivable	30,764	(16,484)
Other accounts receivable	1,086	4,107
Due from other funds	(2,019)	11,436
Materials and supplies	(63,590)	9,494
Pension related deferrals and liabilities	2,378	39,362
Accounts payable	37,777	(20,716)
Due to other funds	(20,277)	(1,020)
Commitment to community	1,523	4,765
	<u>605,027</u>	<u>731,214</u>
Net cash flows from operating activities	<u>\$ 605,027</u>	<u>\$ 731,214</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 806,209	\$ 751,454
Depreciation account	<u>1,814,787</u>	<u>1,786,974</u>
Total cash and investments	2,620,996	2,538,428
Less noncash equivalents	<u>-</u>	<u>(12,107)</u>
Cash and cash equivalents	<u>\$ 2,620,996</u>	<u>\$ 2,526,321</u>

See notes to the financial statements

WATER UTILITY

Mount Horeb Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 1,068,496	\$ 843,473
Restricted assets:		
Redemption account	111,008	108,353
Customer accounts receivable	98,994	88,108
Other accounts receivable	12,544	4,147
Due from municipality	2,602	1,420
Due from sewer utility	61,245	63,441
Materials and supplies	<u>14,033</u>	<u>15,677</u>
Total current assets	<u>1,368,922</u>	<u>1,124,619</u>
Noncurrent Assets		
Restricted assets:		
Reserve account	163,828	162,161
Depreciation account	179,510	129,995
Net pension asset	41,347	-
Capital assets:		
Plant in service	14,683,481	14,604,090
Accumulated depreciation	<u>(6,025,669)</u>	<u>(5,685,823)</u>
Total noncurrent assets	<u>9,042,497</u>	<u>9,210,423</u>
Total assets	<u>10,411,419</u>	<u>10,335,042</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>94,496</u>	<u>116,270</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 19,873	\$ 17,579
Due to municipality	237,969	247,918
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	160,000	155,000
Accrued interest	<u>4,308</u>	<u>4,825</u>
Total current liabilities	<u>422,150</u>	<u>425,322</u>
Noncurrent Liabilities		
Revenue bonds	850,000	1,010,000
Unamortized debt premium	7,932	10,458
Customer deposits	12,985	12,853
Net pension liability	<u>-</u>	<u>44,937</u>
Total noncurrent liabilities	<u>870,917</u>	<u>1,078,248</u>
Total liabilities	<u>1,293,067</u>	<u>1,503,570</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>124,952</u>	<u>59,660</u>
Net Position		
Net investment in capital assets	7,803,708	7,904,970
Restricted for:		
Debt service	106,700	103,528
Depreciation	179,510	129,995
Pension	41,347	-
Unrestricted	<u>956,631</u>	<u>749,589</u>
Total net position	<u>\$ 9,087,896</u>	<u>\$ 8,888,082</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of water	\$ 1,185,409	\$ 1,129,161
Other	<u>60,106</u>	<u>56,877</u>
Total operating revenues	<u>1,245,515</u>	<u>1,186,038</u>
Operating Expenses		
Operation and maintenance	529,359	674,759
Depreciation	<u>361,920</u>	<u>349,068</u>
Total operating expenses	<u>891,279</u>	<u>1,023,827</u>
Operating Income	<u>354,236</u>	<u>162,211</u>
Nonoperating Expenses		
Investment income	13,675	32,148
Interest expense	(26,883)	(30,229)
Amortization of premium	<u>2,526</u>	<u>2,807</u>
Total nonoperating expenses	<u>(10,682)</u>	<u>4,726</u>
Income before contributions and transfers	343,554	166,937
Capital Contributions	-	3,000
Capital Contributions, Connection Fees	37,120	35,728
Capital Contributions, Municipal	43,179	5,050
Transfers, Tax Equivalent	<u>(224,039)</u>	<u>(235,112)</u>
Change in net position	199,814	(24,397)
Net Position, Beginning	<u>8,888,082</u>	<u>8,912,479</u>
Net Position, Ending	<u>\$ 9,087,896</u>	<u>\$ 8,888,082</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 1,256,102	\$ 1,227,905
Paid to suppliers for goods and services	(309,401)	(438,870)
Paid to employees for operating payroll	<u>(216,323)</u>	<u>(200,450)</u>
Net cash flows from operating activities	<u>730,378</u>	<u>588,585</u>
Cash Flows From Noncapital Financing Activities		
Paid to municipality for tax equivalent	<u>(235,112)</u>	<u>(234,614)</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(84,801)	(165,671)
Capital contributions received	37,120	35,728
Repayment of capital related advances	-	(27,000)
Debt retired	(155,000)	(150,000)
Interest paid	<u>(27,400)</u>	<u>(31,007)</u>
Net cash flows from capital and related financing activities	<u>(230,081)</u>	<u>(337,950)</u>
Cash Flows From Investing Activities		
Investment income	<u>13,675</u>	<u>32,148</u>
Net change in cash and cash equivalents	278,860	48,169
Cash and Cash Equivalents, Beginning	<u>1,243,982</u>	<u>1,195,813</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,522,842</u>	<u>\$ 1,243,982</u>
Noncash Capital and Related Financing Activities		
Developer financed additions to utility plant	<u>\$ -</u>	<u>\$ 3,000</u>
Municipality financed additions to utility plant	<u>\$ 43,179</u>	<u>\$ 5,050</u>

See notes to the financial statements

Mount Horeb Water Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 354,236	\$ 162,211
Noncash items in operating income:		
Depreciation	361,920	349,068
Depreciation charged to clearing and other utilities	28,724	37,766
Changes in assets and liabilities:		
Customer accounts receivable	(10,886)	(2,422)
Other accounts receivable	(8,397)	21,134
Due from other funds	1,014	(4,864)
Materials and supplies	1,644	(1,340)
Pension related deferrals and liabilities	782	14,931
Accounts payable	85	9,914
Due to other funds	1,124	1,862
Customer deposits	132	325
	<u>730,378</u>	<u>588,585</u>
Net cash flows from operating activities	<u>\$ 730,378</u>	<u>\$ 588,585</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 1,068,496	\$ 843,473
Redemption account	111,008	108,353
Reserve account	163,828	162,161
Depreciation account	<u>179,510</u>	<u>129,995</u>
	<u>\$ 1,522,842</u>	<u>\$ 1,243,982</u>
Cash and cash equivalents	<u>\$ 1,522,842</u>	<u>\$ 1,243,982</u>

See notes to the financial statements

SEWER UTILITY

Mount Horeb Sewer Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and investments	\$ 881,604	\$ 538,960
Restricted assets:		
Redemption account	598,621	592,089
Customer accounts receivable	221,189	203,227
Other accounts receivable	31,648	2,034
Due from municipality	<u>18,614</u>	<u>2,983</u>
Total current assets	<u>1,751,676</u>	<u>1,339,293</u>
Noncurrent Assets		
Restricted assets:		
Replacement account	679,653	521,327
Net pension asset	64,696	-
Other assets:		
Depreciation account	637,026	534,293
Capital assets:		
Plant in service	37,274,146	37,157,392
Accumulated depreciation	(9,270,673)	(8,277,874)
Construction work in progress	<u>27,140</u>	<u>-</u>
Total noncurrent assets	<u>29,411,988</u>	<u>29,935,138</u>
Total assets	<u>31,163,664</u>	<u>31,274,431</u>
Deferred Outflows of Resources		
Deferred outflows related to pension	<u>161,034</u>	<u>199,272</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 37,319	\$ 260,940
Due to municipality	27,524	20,461
Due to water utility	61,245	63,441
Current liabilities payable from restricted assets:		
Current portion of revenue bonds	825,687	789,484
Accrued interest	<u>48,180</u>	<u>50,657</u>
Total current liabilities	<u>999,955</u>	<u>1,184,983</u>
Noncurrent Liabilities		
Revenue bonds	15,014,180	15,415,372
Net pension liability	<u>-</u>	<u>75,767</u>
Total noncurrent liabilities	<u>15,014,180</u>	<u>15,491,139</u>
Total liabilities	<u>16,014,135</u>	<u>16,676,122</u>
Deferred Inflows of Resources		
Deferred inflows related to pension	<u>199,804</u>	<u>105,118</u>
Net Position		
Net investment in capital assets	12,190,746	12,526,399
Restricted for:		
Debt service	550,441	541,432
Equipment replacement	679,653	521,327
Pension	64,696	-
Unrestricted	<u>1,625,223</u>	<u>1,103,305</u>
Total net position	<u>\$ 15,110,759</u>	<u>\$ 14,692,463</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Treatment charges	\$ 2,471,216	\$ 2,402,552
Other	<u>44,397</u>	<u>11,071</u>
Total operating revenues	<u>2,515,613</u>	<u>2,413,623</u>
Operating Expenses		
Operation and maintenance	957,030	975,017
Depreciation	<u>1,053,476</u>	<u>720,901</u>
Total operating expenses	<u>2,010,506</u>	<u>1,695,918</u>
Operating Income	<u>505,107</u>	<u>717,705</u>
Nonoperating Expenses		
Investment income	23,961	55,914
Interest expense	<u>(288,565)</u>	<u>(275,658)</u>
Total nonoperating expenses	<u>(264,604)</u>	<u>(219,744)</u>
Income before contributions	240,503	497,961
Capital Contributions, Connection Fees	76,257	31,900
Capital Contributions, Municipal	<u>101,536</u>	<u>104,427</u>
Change in net position	418,296	634,288
Net Position, Beginning	<u>14,692,463</u>	<u>14,058,175</u>
Net Position, Ending	<u>\$ 15,110,759</u>	<u>\$ 14,692,463</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Received from customers	\$ 2,452,406	\$ 2,416,631
Paid to suppliers for goods and services	(649,650)	(567,942)
Paid to employees for operating payroll	<u>(385,410)</u>	<u>(331,644)</u>
Net cash flows from operating activities	<u>1,417,346</u>	<u>1,517,045</u>
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(251,298)	(3,110,152)
Capital contributions received	76,257	31,900
Debt retired	(795,916)	(678,871)
Interest paid	(291,042)	(268,080)
Proceeds from debt issue	<u>430,927</u>	<u>2,746,667</u>
Net cash flows from capital and related financing activities	<u>(831,072)</u>	<u>(1,278,536)</u>
Cash Flows From Investing Activities		
Investment income	<u>23,961</u>	<u>55,914</u>
Net change in cash and cash equivalents	610,235	294,423
Cash and Cash Equivalents, Beginning	<u>2,186,669</u>	<u>1,892,246</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,796,904</u>	<u>\$ 2,186,669</u>
Noncash Capital and Related Financing Activities		
Municipality financed additions to utility plant	<u>\$ 101,536</u>	<u>\$ 104,427</u>

See notes to the financial statements

Mount Horeb Sewer Utility

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities		
Operating income	\$ 505,107	\$ 717,705
Noncash items in operating income:		
Depreciation	1,053,476	720,901
Changes in assets and liabilities:		
Customer accounts receivable	(17,962)	(6,242)
Other accounts receivable	(29,614)	(1,429)
Due from other funds	(15,631)	10,679
Pension related deferrals and liabilities	(7,539)	29,938
Accounts payable	(75,358)	38,316
Due to other funds	4,867	7,177
	<u>\$ 1,417,346</u>	<u>\$ 1,517,045</u>
Net cash flows from operating activities		
	<u>\$ 1,417,346</u>	<u>\$ 1,517,045</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position Accounts		
Cash and investments	\$ 881,604	\$ 538,960
Redemption account	598,621	592,089
Replacement account	679,653	521,327
Depreciation account	637,026	534,293
	<u>\$ 2,796,904</u>	<u>\$ 2,186,669</u>
Cash and cash equivalents		
	<u>\$ 2,796,904</u>	<u>\$ 2,186,669</u>

See notes to the financial statements

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

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

Deposits and Investments

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

Time deposits in any credit union, bank, savings bank or trust company.

Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

Bonds or securities issued or guaranteed by the federal government.

The local government investment pool.

Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

Securities of an open end management investment company or investment trust, subject to various conditions and investment options.

Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

Receivables/Payables

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

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

Materials and Supplies

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Capital Assets

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

Capital assets of the Utilities are recorded at cost or the estimated acquisition value at the time of contribution to the Utilities. Major outlays for utility plant are capitalized as projects are constructed.

Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

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

Pensions

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

Deferred Outflow of Resources

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

Customer Advances for Construction

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

Commitment to Community

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Long-Term Obligations

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

Deferred Inflows of Resources

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

Revenues and Expenses

The Utilities distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the utility's principal ongoing operations. The principal operating revenues of the Utilities are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Charges for Services

Billings are rendered and recorded monthly based on metered usage. The Utilities do not accrue revenues beyond billing dates.

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

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

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

Capital Contributions

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

Connection or Impact Fee

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

Transfers

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Effect of New Accounting Standards on Current Period Financial Statements

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

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

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

2. Deposits and Investments

	Carrying Value as of December 31,		Risks
	2020	2019	
Checking and money market	\$ 6,940,217	\$ 5,956,447	Custodial credit risk
State and local bonds	-	12,107	Credit, custodial credit, concentration of credit, interest rate risk
Cash on hand	525	525	Not applicable
Total	<u>\$ 6,940,742</u>	<u>\$ 5,969,079</u>	

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

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000.

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

In addition, the Utilities and other funds of the city have collateral or depository insurance agreements in the amount of \$25,000,000 at December 31, 2020 and 2019.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

The Utilities 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 Utilities use quoted market prices for fair value measurements. The state and local bonds held by the village and utilities are valued using Level 2 inputs.

Custodial Credit Risk

Deposits

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

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

	2020		2019	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
Local and area banks	<u>\$ 6,940,217</u>	<u>\$ 6,940,217</u>	<u>\$ 5,956,448</u>	<u>\$ 5,956,448</u>

Investments

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

The Utilities maintain certain investments with the same counterparties as the municipality. The following is a summary of the these investment balances disclosed by type.

	2020		2019	
	Bank Balance	Carrying Value	Bank Balance	Carrying Value
State and local bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,107</u>	<u>\$ 12,107</u>

Credit Risk

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

At December 31, 2019, the Village's various state and local bonds commingled with the utilities were rated Aa2 by Moody's Investment Services.

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, 2020 and 2019, the Utilities' investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2020	2019
Ashwaubenon CDA Lease Bonds	State and local bonds	-%	100.00%

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Interest Rate Risk

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

As of December 31, 2019, the Utilities' investments were as follows:

Investment Type	Fair Value	Maturity (In Months)		
		Less than 12	12 - 36	Greater than 36
State and local bonds	\$ 12,107	\$ 12,107	\$ -	\$ -

The Utilities' investment policy addresses this risk. The Village will generally not allow investments with maturities over three years unless matched to a specific cash flow.

3. Interfund Receivables/Payables and Transfers

The following is a schedule of interfund balances for the years ending December 31, 2020 and 2019:

Due To	Due From	2020		2019	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric, Water and Sewer	\$ 615,691	Tax equivalent, accrued payroll	\$ 644,877	Tax equivalent, accrued payroll
Electric, Water and Sewer	Municipality	24,959	Tax roll	6,127	Tax roll
Water	Sewer	61,245	Joint metering allocation	63,441	Joint metering allocation

The following is a schedule of transfer balances for the years ending December 31, 2020 and 2019:

To	From	2020		2019	
		Amount	Principal Purpose	Amount	Principal Purpose
Municipality	Electric	\$ 196,805	Tax equivalent	\$ 202,828	Tax equivalent
Municipality	Water	224,039	Tax equivalent	235,112	Tax equivalent
Municipality	Electric	-		40,000	Economic development

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

4. Restricted Assets

Restricted Accounts

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

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

Replacement Account

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

Net Pension Asset

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

Restricted Net Position

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

	<u>2020</u>	<u>2019</u>
Restricted Assets		
Depreciation account	\$ 1,814,787	\$ 1,786,974
Net pension asset	<u>100,803</u>	<u>-</u>
Total restricted assets	<u>1,915,590</u>	<u>1,786,974</u>
Total restricted net position as calculated	<u>\$ 1,915,590</u>	<u>\$ 1,786,974</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Depreciation	\$ 1,814,787	\$ 1,786,974
Pension	<u>100,803</u>	<u>-</u>
Total restricted net position	<u>\$ 1,915,590</u>	<u>\$ 1,786,974</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

	<u>2020</u>	<u>2019</u>
Restricted assets		
Redemption account	\$ 111,008	\$ 108,353
Reserve account	163,828	162,161
Depreciation account	179,510	129,995
Net pension asset	<u>41,347</u>	<u>-</u>
Total restricted assets	<u>495,693</u>	<u>400,509</u>
Less restricted assets not funded by revenues		
Reserve from borrowing	<u>(163,828)</u>	<u>(162,161)</u>
Current Liabilities Payable From Restricted Assets	<u>(4,308)</u>	<u>(4,825)</u>
Total restricted net position as calculated	<u>\$ 327,557</u>	<u>\$ 233,523</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 106,700	\$ 103,528
Depreciation	179,510	129,995
Pension	<u>41,347</u>	<u>-</u>
Total restricted net position	<u>\$ 327,557</u>	<u>\$ 233,523</u>

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

	<u>2020</u>	<u>2019</u>
Restricted assets		
Redemption account	\$ 598,621	\$ 592,089
Replacement account	679,653	521,327
Net pension asset	<u>64,696</u>	<u>-</u>
Total restricted assets	<u>1,342,970</u>	<u>1,113,416</u>
Current Liabilities Payable From Restricted Assets	<u>(48,180)</u>	<u>(50,657)</u>
Total restricted net position as calculated	<u>\$ 1,294,790</u>	<u>\$ 1,062,759</u>

The purpose of the restricted net position is as follows:

	<u>2020</u>	<u>2019</u>
Debt service	\$ 550,441	\$ 541,432
Equipment replacement	679,653	521,327
Pension	<u>64,696</u>	<u>-</u>
Total restricted net position	<u>\$ 1,294,790</u>	<u>\$ 1,062,759</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

5. Advances to Other Funds

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount 12/31/2020</u>
8/19/09	Advance from electric utility to water utility for utility garage construction	10/1/19	2.50 - 4.13%	\$ 226,000	\$ -

The advance from the electric utility to the water utility was paid off in 2019.

6. Changes in Capital Assets

Electric Utility

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

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

A summary of changes in electric capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated:				
Land and land rights	\$ 52,269	\$ -	\$ -	\$ 52,269
Capital assets being depreciated:				
Distribution	12,331,924	335,216	64,263	12,602,877
General	<u>2,734,978</u>	<u>221,197</u>	<u>145,802</u>	<u>2,810,373</u>
Total capital assets being depreciated	<u>15,066,902</u>	<u>556,413</u>	<u>210,065</u>	<u>15,413,250</u>
Total capital assets	<u>15,119,171</u>	<u>556,413</u>	<u>210,065</u>	<u>15,465,519</u>
Less accumulated depreciation	<u>(8,768,882)</u>	<u>(550,167)</u>	<u>211,130</u>	<u>(9,107,919)</u>
Net capital assets	<u>\$ 6,350,289</u>			<u>\$ 6,357,600</u>

Water Utility

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

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
Capital assets, not being depreciated:				
Land and land rights	\$ 62,950	\$ -	\$ -	\$ 62,950
Capital assets being depreciated:				
Source of supply	583,486	-	-	583,486
Pumping	1,860,895	-	-	1,860,895
Water treatment	29,959	-	-	29,959
Transmission and distribution	11,142,715	117,816	40,263	11,220,268
General	<u>924,085</u>	<u>14,049</u>	<u>12,211</u>	<u>925,923</u>
Total capital assets being depreciated	<u>14,541,140</u>	<u>131,865</u>	<u>52,474</u>	<u>14,620,531</u>
Total capital assets	<u>14,604,090</u>	<u>131,865</u>	<u>52,474</u>	<u>14,683,481</u>
Less accumulated depreciation	<u>(5,685,823)</u>	<u>(392,320)</u>	<u>52,474</u>	<u>(6,025,669)</u>
Net capital assets	<u>\$ 8,918,267</u>			<u>\$ 8,657,812</u>

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

A summary of changes in water capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated:				
Land and land rights	\$ 62,950	\$ -	\$ -	\$ 62,950
Capital assets being depreciated:				
Source of supply	583,486	-	-	583,486
Pumping	1,860,895	-	-	1,860,895
Water treatment	29,959	-	-	29,959
Transmission and distribution	11,053,812	123,546	34,643	11,142,715
General	923,857	1,571	1,343	924,085
Total capital assets being depreciated	<u>14,452,009</u>	<u>125,117</u>	<u>35,986</u>	<u>14,541,140</u>
Total capital assets	<u>14,514,959</u>	<u>125,117</u>	<u>35,986</u>	<u>14,604,090</u>
Less accumulated depreciation	<u>(5,334,975)</u>	<u>(386,834)</u>	<u>35,986</u>	<u>(5,685,823)</u>
Net capital assets	<u>\$ 9,179,984</u>			<u>\$ 8,918,267</u>

Sewer Utility

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

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

A summary of changes in sewer capital assets for 2019 follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
Capital assets, not being depreciated:				
Land and land rights	\$ 969,622	\$ -	\$ -	\$ 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	<u>17,491,249</u>	<u>19,260,471</u>	<u>563,950</u>	<u>36,187,770</u>
Total capital assets	<u>18,460,871</u>	<u>19,260,471</u>	<u>563,950</u>	<u>37,157,392</u>
Less accumulated depreciation	<u>(8,120,923)</u>	<u>(720,901)</u>	<u>563,950</u>	<u>(8,277,874)</u>
Construction in progress	<u>16,505,176</u>	<u>2,644,008</u>	<u>19,149,184</u>	<u>-</u>
Net capital assets	<u>\$ 26,845,124</u>			<u>\$ 28,879,518</u>

7. Long-Term Obligations

Revenue Debt, Electric Utility

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
8/19/09	Construction of utility garage	10/1/19	2.50 - 4.13%	\$ 1,130,000	\$ -

All Utilities revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2019 was \$140,569. Total customer gross revenues as defined for the same period was \$6,071,574. All of the electric revenue debt was paid off during 2019 and thus does not have any future revenues pledged for its repayment.

Revenue Debt, Water Utility

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
6/17/15	Refund the 2006 water revenue bonds	5/1/26	2.00 - 3.00%	\$ 1,765,000	\$ 1,010,000

Mount Horeb Utilities

Notes to Financial Statements
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Revenue bonds debt service requirements to maturity follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 160,000	\$ 24,050	\$ 184,050
2022	160,000	20,650	180,650
2023	165,000	17,400	182,400
2024	170,000	13,200	183,200
2025	175,000	8,025	183,025
2026	<u>180,000</u>	<u>2,700</u>	<u>182,700</u>
Total	<u>\$ 1,010,000</u>	<u>\$ 86,025</u>	<u>\$ 1,096,025</u>

All Utility revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2020 and 2019 were \$182,400 and \$180,450, respectively. Total customer gross revenues as defined for the same periods were \$1,296,310 and \$1,253,914. Annual principal and interest payments are expected to require 14 percent of gross revenues on average.

Revenue Debt, Sewer Utility

The following bonds have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
9/25/13	Improvements to the wastewater treatment plant	5/1/33	2.63%	\$ 1,685,220	\$ 1,241,335 * (1)
12/31/17	Improvements to the wastewater treatment plant	5/1/37	1.76%	13,031,858	14,598,532 * (1)

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

- (1) - During 2013 the Utility was authorized to issue \$1,774,300 of Sewer System Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2020. The repayment schedule is for the amount issued.
- During 2017 the Utility was authorized to issue \$16,750,650 of Sewer System Clean Water Fund revenue bonds. The original amount reported above has been issued as of December 31, 2020. The repayment schedule is for the amount issued.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Revenue bonds debt service requirements to maturity follows:

Year Ending December 31,	Direct Placement		
	Principal	Interest	Total
2021	\$ 825,687	\$ 281,475	\$ 1,107,162
2022	840,900	266,118	1,107,018
2023	856,399	250,473	1,106,872
2024	872,190	234,534	1,106,724
2025	888,277	218,294	1,106,571
2026-2030	4,693,504	836,985	5,530,489
2031-2035	4,912,800	388,590	5,301,390
2036-2037	1,950,110	34,413	1,984,523
Total	<u>\$ 15,839,867</u>	<u>\$ 2,510,882</u>	<u>\$ 18,350,749</u>

All Utility revenues are pledged as security of the above revenue bonds until the bonds are defeased. Principal and interest paid for 2020 and 2019 were \$1,086,958 and \$946,951, respectively. Total customer gross revenues as defined for the same periods were \$2,615,831 and \$2,501,437. Annual principal and interest payments are expected to require 41 percent of gross revenues on average.

General Obligation Debt, Electric Utility

The following general obligation bonds and notes have been issued:

Date	Purpose	Final Maturity	Interest Rate	Original Amount	Outstanding Amount 12/31/20
6/19/13	Refund the 2002 electric system revenue bonds	4/1/21	1.00 - 2.50%	\$ 805,000	\$ 100,000

General obligation bonds and notes debt service requirements to maturity follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 100,000	\$ 2,500	\$ 102,500
Total	<u>\$ 100,000</u>	<u>\$ 2,500</u>	<u>\$ 102,500</u>

Long-Term Obligations Summary, Electric Utility

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

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

Mount Horeb Utilities

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Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
General obligation debt	300,000	-	100,000	200,000	100,000
Customer advances for construction	-	7,520	-	7,520	-
Unamortized debt premium	<u>3,776</u>	<u>-</u>	<u>2,071</u>	<u>1,705</u>	<u>-</u>
Total	<u>\$ 438,776</u>	<u>\$ 7,520</u>	<u>\$ 237,071</u>	<u>\$ 209,225</u>	<u>\$ 100,000</u>

Long-Term Obligations Summary, Water Utility

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

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

Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 1,315,000	\$ -	\$ 150,000	\$ 1,165,000	\$ 155,000
Advance from municipality	27,000	-	27,000	-	-
Customer deposits	12,528	325	-	12,853	-
Unamortized premium	<u>13,265</u>	<u>-</u>	<u>2,807</u>	<u>10,458</u>	<u>-</u>
Total	<u>\$ 1,367,793</u>	<u>\$ 325</u>	<u>\$ 179,807</u>	<u>\$ 1,188,311</u>	<u>\$ 155,000</u>

Long-Term Obligations Summary, Sewer Utility

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

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

Mount Horeb Utilities

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Long-term obligation activity for the year ended December 31, 2019 is as follows:

	<u>1/1/19</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/19</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds	\$ 14,137,060	\$ 2,746,667	\$ 678,871	\$ 16,204,856	\$ 789,484
Total	<u>\$ 14,137,060</u>	<u>\$ 2,746,667</u>	<u>\$ 678,871</u>	<u>\$ 16,204,856</u>	<u>\$ 789,484</u>

In addition to the liabilities above, information on the net pension liability (asset) for electric, water and sewer utilities is provided in Note 9.

Bond Covenant Disclosures

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

Insurance

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

The Utilities are covered under the following insurance policies at December 31, 2020:

<u>Type</u>	<u>Coverage</u>	<u>Expiration</u>
<i>League of Wisconsin Municipalities Mutual Insurance</i>		
General Liability	\$ 3,000,000	1/1/2021
Personal and Advertising Injury and Law Enforcement	3,000,000	1/1/2021
Premises medical payments	10,000	1/1/2021
Workers Compensation	2,000,000	1/1/2021
Public Officials Errors and Omissions	3,000,000	1/1/2021
Damage to Premises Rented to You	250,000	1/1/2021

Number of Customers and Billed Volumes, Electric

The Utility has the following number of customers and billed volumes for 2020 and 2019:

	<u>Customers</u>		<u>Sales (000 kWh)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Residential	3,456	3,397	29,212	28,238
General	436	473	7,401	8,868
Small power	59	48	13,435	13,216
Large power	5	6	4,122	4,200
Street and highway lighting	107	109	486	606
Yard lights	-	59	-	43
Total	<u>4,063</u>	<u>4,092</u>	<u>54,656</u>	<u>55,171</u>

Mount Horeb Utilities

Notes to Financial Statements
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Number of Customers and Billed Volumes, Water

The Utility has the following number of customers and billed volumes for 2020 and 2019:

	Customers		Sales (000 gals)	
	2020	2019	2020	2019
Residential	2,716	2,705	119,097	110,728
Multifamily residential	33	31	7,371	7,189
Commercial	191	179	16,319	18,157
Public authority	29	38	1,980	3,805
Irrigation	906	903	6,840	4,164
Total	<u>3,875</u>	<u>3,856</u>	<u>151,607</u>	<u>144,043</u>

Utility Budget

The 2020 and 2019 Utility budgets were prepared and approved as required by the bond resolutions.

The debt coverage requirement was met for all Utilities at December 31, 2020 and 2019.

8. Net Position

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

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

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

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

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

Mount Horeb Utilities

Notes to Financial Statements
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The following calculation supports the electric net investment in capital assets:

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (9,591,605)	\$ (9,107,919)
Plant in service	<u>15,946,591</u>	<u>15,465,519</u>
Subtotal	<u>6,354,986</u>	<u>6,357,600</u>
Less capital related debt		
Current portion of capital related long-term debt	100,000	100,000
Long-term portion of capital related long-term debt	-	100,000
Unamortized debt premium	432	1,705
Unamortized loss on advance refunding	<u>(178)</u>	<u>(701)</u>
Subtotal	<u>100,254</u>	<u>201,004</u>
Total net investment in capital assets	<u>\$ 6,254,732</u>	<u>\$ 6,156,596</u>

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

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (6,025,669)	\$ (5,685,823)
Plant in service	<u>14,683,481</u>	<u>14,604,090</u>
Subtotal	<u>8,657,812</u>	<u>8,918,267</u>
Less capital related debt		
Current portion of capital related long-term debt	160,000	155,000
Long-term portion of capital related long-term debt	850,000	1,010,000
Unamortized debt premium	<u>7,932</u>	<u>10,458</u>
Subtotal	<u>1,017,932</u>	<u>1,175,458</u>
Add unspent debt proceeds		
Reserve from borrowing	<u>163,828</u>	<u>162,161</u>
Total net investment in capital assets	<u>\$ 7,803,708</u>	<u>\$ 7,904,970</u>

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

	<u>2020</u>	<u>2019</u>
Total accumulated depreciation	\$ (9,270,673)	\$ (8,277,874)
Total construction work in progress	27,140	-
Plant in service	<u>37,274,146</u>	<u>37,157,392</u>
Subtotal	<u>28,030,613</u>	<u>28,879,518</u>
Less capital related debt		
Current portion of capital related long-term debt	825,687	789,484
Long-term portion of capital related long-term debt	15,014,180	15,415,372
Construction payables	<u>-</u>	<u>148,263</u>
Subtotal	<u>15,839,867</u>	<u>16,353,119</u>
Total net investment in capital assets	<u>\$ 12,190,746</u>	<u>\$ 12,526,399</u>

9. Employees Retirement System

General Information About the Pension Plan

Plan description: The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits provided: Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

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

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

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The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22.0%
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)

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

The WRS recognized \$67,346 and \$67,218 in contributions from the Utilities during the current and prior reporting periods, respectively.

Contribution rates as of December 31, 2020 and December 31, 2019 are:

	<u>2020</u>		<u>2019</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
General (including Executives and Elected Officials)	6.55 %	6.55 %	6.7 %	6.7 %
Protective with Social Security	6.55 %	10.55 %	6.7 %	10.7 %
Protective without Social Security	6.55 %	14.95 %	6.7 %	14.9 %

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

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

At December 31, 2019, the Utilities reported a liability (asset) of \$226,040 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability (asset) 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 Utilities' proportion of the net pension liability (asset) was based on the Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village of Mount Horeb's proportion was 0.02291 percent, which was a decrease of 0.00000356 percent from its proportion measured as of December 31, 2017.

For the years ended December 31, 2020 and 2019, the Utilities recognized pension expense of \$65,439 and \$150,002, respectively.

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

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

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At December 31, 2019, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Electric Utility</u>		<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86,452	\$ 149,273	\$ 33,768	\$ 59,143	\$ 60,385	\$ 104,179
Changes in assumption	19,169	-	6,670	-	12,729	-
Net differences between project and actual earnings on pension plan	153,669	-	61,883	-	104,307	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	462	1,537	197	517	333	939
Employer contributions subsequent to the measurement date	<u>33,527</u>	<u>-</u>	<u>13,752</u>	<u>-</u>	<u>21,518</u>	<u>-</u>
Total	<u>\$ 293,279</u>	<u>\$ 150,810</u>	<u>\$ 116,270</u>	<u>\$ 59,660</u>	<u>\$ 199,272</u>	<u>\$ 105,118</u>

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

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>
Years ending December 31,			
2021	\$ (31,257)	\$ (13,366)	\$ (19,251)
2022	(23,128)	(9,890)	(14,244)
2023	3,892	1,664	2,398
2024	(54,206)	(23,181)	(33,385)
2025	-	-	-
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (104,699)</u>	<u>\$ (44,773)</u>	<u>\$ (64,482)</u>

Mount Horeb Utilities

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

	<u>2020</u>	<u>2019</u>
Actuarial valuation date	December 31, 2018	December 31, 2017
Measurement date of net pension liability (asset)	December 31, 2019	December 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Value	Fair Value
Long-term expected rate of return	7.0%	7.0%
Discount rate	7.0%	7.0%
Salary increases		
Inflation	3.0%	3.0%
Seniority/Merit	0.1% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments *	1.9%	1.9%

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

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

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Long-term expected return on plan assets: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

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

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2019 are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49 %	8.1 %	5.5 %
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
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
Variable Fund Asset Class			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

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

Single discount rate: A single discount rate of 7.00 percent was used to measure the total pension liability as of December 31, 2020 and December 31, 2019. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a long term bond rate of 2.75 percent and 3.71 percent, in 2020 and 2019 respectively. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

Sensitivity of the Utilities's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the Utilities's proportionate share of the net pension liability (asset) calculated using the current discount rate, as well as what the Utilities'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 or 1-percentage-point higher than the current rate.

The sensitivity analysis as of December 31, 2020 follows:

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

The sensitivity analysis as of December 31, 2019 follows:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Electric Utility 's proportionate share of the net position liability (asset)	\$ 421,133	\$ 105,336	\$ (128,379)
Water Utility's proportionate share of the net position liability (asset)	194,369	44,937	(59,252)
Sewer Utility's proportionate share of the net position liability (asset)	291,553	75,767	(88,878)

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

10. Commitments and Contingencies

Long-Term Contracts, WPPI Energy

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

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

Mount Horeb Utilities

Notes to Financial Statements
December 31, 2020 and 2019

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

WPPI Energy's outstanding debt service obligation to be paid by its members through their wholesale power charges through the remainder of the long-term contract was \$305 million as of December 31, 2020.

Claims and Judgments

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

REQUIRED SUPPLEMENTARY INFORMATION

Mount Horeb Utilities

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended December 31, 2020

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

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) (Village)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/20	0.02341334%	\$ (206,846)	\$ 1,050,325	23.53%	102.96%
12/31/19	0.02291230%	226,040	1,002,269	26.83%	96.45%
12/31/18	0.02291586%	(190,669)	970,191	-19.65%	102.93%
12/31/17	0.02266274%	61,296	997,939	6.14%	99.12%
12/31/16	0.02263951%	107,448	973,676	11.04%	98.20%
12/31/15	0.02196354%	(162,124)	962,015	-16.85%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System
Year Ended December 31, 2020

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
12/31/20	\$ 78,680	\$ 78,680	\$ -	\$ 1,165,634	6.75%
12/31/19	68,797	68,797	-	1,050,325	6.55%
12/31/18	67,152	67,152	-	1,002,269	6.70%
12/31/17	65,973	65,973	-	970,191	6.80%
12/31/16	65,864	65,864	-	997,939	6.60%
12/31/15	66,210	66,210	-	973,676	6.80%

See notes to the required supplementary information

Mount Horeb Utilities

Notes to Required Supplementary Information

Year Ended December 31, 2020

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

Changes of assumptions.

	<u>2015 - 2018</u>	<u>2019 - 2020</u>
Long-term expected rate of	7.2%	7.0%
Discount rate	7.2%	7.0%
Salary increases		
Inflation	3.2%	3.0%
Seniority/Merit	0.2% - 5.6%	0.1% - 5.6%
Mortality	Wisconsin 2012 Mortality Table	Wisconsin 2018 Mortality Table
Post-retirement adjustments	2.10%	1.90%

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

SUPPLEMENTARY INFORMATION

Mount Horeb Electric Utility

Electric Utility Plant

Year Ended December 31, 2020

	<u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/20</u>
Distribution				
Land and land rights	\$ 51,998	\$ -	\$ -	\$ 51,998
Structures and improvements	50,868	-	-	50,868
Station equipment	1,147,209	-	-	1,147,209
Poles, towers and fixtures	880,349	10,971	8,050	883,270
Overhead conductors and devices	1,524,358	11,622	6,300	1,529,680
Underground conduit	1,514,759	171,515	2,550	1,683,724
Underground conductors and devices	3,035,659	171,488	5,250	3,201,897
Line transformers	1,986,301	18,291	1,750	2,002,842
Services	1,262,068	56,297	2,200	1,316,165
Meters	431,476	1,741	1,917	431,300
Installation on customers' premises	9,830	20,890	7,300	23,420
Street lighting and signal systems	760,000	22,943	850	782,093
Total distribution	<u>12,654,875</u>	<u>485,758</u>	<u>36,167</u>	<u>13,104,466</u>
General				
Land and land rights	271	-	-	271
Structures and improvements	1,506,400	-	-	1,506,400
Office furniture and equipment	110,906	-	-	110,906
Computer equipment	99,890	-	-	99,890
Transportation equipment	720,629	43,692	12,211	752,110
Tools, shop and garage equipment	108,056	-	-	108,056
Laboratory equipment	17,033	-	-	17,033
Power-operated equipment	201,740	-	-	201,740
Communication equipment	40,914	-	-	40,914
Miscellaneous equipment	4,805	-	-	4,805
Total general	<u>2,810,644</u>	<u>43,692</u>	<u>12,211</u>	<u>2,842,125</u>
Total electric utility plant	<u>\$ 15,465,519</u>	<u>\$ 529,450</u>	<u>\$ 48,378</u>	<u>\$ 15,946,591</u>

Mount Horeb Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of electricity:		
Residential	\$ 3,940,386	\$ 3,975,440
Small commercial and industrial	1,156,414	1,131,675
Large commercial and industrial	421,258	428,440
Public street and highway lighting	128,226	133,211
Sales for resale	53,506	51,090
Interdepartmental	204,490	235,927
Total sales of electricity	<u>5,904,280</u>	<u>5,955,783</u>
Other operating revenues:		
Forfeited discounts	7,410	10,884
Miscellaneous service revenues	1,725	3,795
Rent from electric property	3,840	3,840
Other	42,491	27,123
Total operating revenues	<u>5,959,746</u>	<u>6,001,425</u>
Operating Expenses		
Operation and maintenance:		
Other power supply:		
Purchased power	4,410,162	4,372,491
Other	-	11,717
Total other power supply	<u>4,410,162</u>	<u>4,384,208</u>
Distribution:		
Line and station labor	73,912	102,010
Line and station supplies	57,471	44,851
Street lighting and signal system	16	-
Meter	6,731	5,141
Miscellaneous	(40)	(381)
Maintenance:		
Structures and equipment	40,650	16,937
Lines	53,613	56,998
Line transformers	-	20,224
Street lighting and signal system	9,886	21,851
Meters	3,990	4,967
Total distribution	<u>246,229</u>	<u>272,598</u>
Customer accounts:		
Meter reading	1,035	1,266
Accounting and collecting	110,310	81,812
Total customer accounts	<u>111,345</u>	<u>83,078</u>

Mount Horeb Electric Utility

Electric Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Administrative and general:		
Salaries	\$ 102,802	\$ 88,296
Office supplies	17,076	14,937
Administrative expenses transferred	(38,509)	-
Outside services employed	99,351	60,822
Property insurance	8,155	7,100
Injuries and damages	19,819	20,177
Employee pensions and benefits	256,012	252,862
Miscellaneous	54,527	47,576
Transportation	49,175	58,165
Maintenance	1,602	1,526
Total administrative and general	<u>570,010</u>	<u>551,461</u>
Taxes	<u>76,882</u>	<u>78,103</u>
Total operation and maintenance	5,414,628	5,369,448
Depreciation	<u>467,151</u>	<u>458,542</u>
Total operating expenses	<u>5,881,779</u>	<u>5,827,990</u>
Operating income	<u>\$ 77,967</u>	<u>\$ 173,435</u>

Mount Horeb Electric Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2020 and 2019

	Electric	
	2020	2019
Utility Financed Plant in Service		
Beginning of year	\$ 13,026,087	\$ 12,720,480
End of year	<u>13,472,703</u>	<u>13,026,087</u>
Average	<u>13,249,395</u>	<u>12,873,284</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(7,562,379)	(7,302,777)
End of year	<u>(7,970,993)</u>	<u>(7,562,379)</u>
Average	<u>(7,766,686)</u>	<u>(7,432,578)</u>
Materials and Supplies		
Beginning of year	123,105	132,599
End of year	<u>186,695</u>	<u>123,105</u>
Average	<u>154,900</u>	<u>127,852</u>
Regulatory Liability		
Beginning of year	(102,285)	(127,857)
End of year	<u>(76,713)</u>	<u>(102,285)</u>
Average	<u>(89,499)</u>	<u>(115,071)</u>
Average net rate base	<u>\$ 5,548,110</u>	<u>\$ 5,453,487</u>
Operating income, regulatory basis	<u>\$ (36,004)</u>	<u>\$ 89,404</u>
Rate of return (percent)	<u>(0.65)%</u>	<u>1.64 %</u>
Authorized rate of return (percent)	<u>7.00 %</u>	<u>7.00 %</u>

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

Mount Horeb Water Utility

Water Utility Plant

Year Ended December 31, 2020

	Balance 1/1/20	Additions	Retirements	Balance 12/31/20
Source of Supply				
Land and land rights	\$ 31,550	\$ -	\$ -	\$ 31,550
Wells and springs	583,486	-	-	583,486
Total source of supply	<u>615,036</u>	<u>-</u>	<u>-</u>	<u>615,036</u>
Pumping				
Structures and improvements	1,126,563	-	-	1,126,563
Other power production equipment	105,000	-	-	105,000
Electric pumping equipment	590,810	-	-	590,810
Diesel pumping equipment	35,147	-	-	35,147
Other pumping equipment	3,375	-	-	3,375
Total pumping	<u>1,860,895</u>	<u>-</u>	<u>-</u>	<u>1,860,895</u>
Water Treatment				
Water treatment equipment	29,959	-	-	29,959
Transmission and Distribution				
Land and land rights	31,400	-	-	31,400
Distribution reservoirs and standpipes	1,286,035	-	-	1,286,035
Transmission and distribution mains	6,377,618	-	-	6,377,618
Services	1,563,138	41,759	470	1,604,427
Meters	1,034,237	57,819	37,293	1,054,763
Hydrants	880,621	18,238	2,500	896,359
Other transmission and distribution plant	1,066	-	-	1,066
Total transmission and distribution	<u>11,174,115</u>	<u>117,816</u>	<u>40,263</u>	<u>11,251,668</u>
General				
Structures and improvements	358,816	-	-	358,816
Office furniture and equipment	22,675	-	-	22,675
Computer equipment	51,447	-	-	51,447
Transportation equipment	75,558	14,049	12,211	77,396
Stores equipment	2,135	-	-	2,135
Tools, shop and garage equipment	58,680	-	-	58,680
Laboratory equipment	1,932	-	-	1,932
Power-operated equipment	53,891	-	-	53,891
Communication equipment	39,421	-	-	39,421
SCADA equipment	251,080	-	-	251,080
Miscellaneous equipment	8,450	-	-	8,450
Total general	<u>924,085</u>	<u>14,049</u>	<u>12,211</u>	<u>925,923</u>
Total water utility plant	<u>\$ 14,604,090</u>	<u>\$ 131,865</u>	<u>\$ 52,474</u>	<u>\$14,683,481</u>

Mount Horeb Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Sales of water:		
Metered:		
Residential	\$ 625,450	\$ 584,223
Multifamily residential	29,983	29,433
Commercial	73,727	79,098
Public authorities	15,462	21,037
Irrigation	96,717	74,920
Service to other systems	<u>3,490</u>	<u>2,782</u>
Total metered sales	844,829	791,493
Private fire protection	14,633	14,684
Public fire protection	<u>325,947</u>	<u>322,984</u>
Total sales of water	<u>1,185,409</u>	<u>1,129,161</u>
Other operating revenues:		
Forfeited discounts	1,693	2,714
Miscellaneous service revenue	<u>58,413</u>	<u>54,163</u>
Total operating revenues	<u>1,245,515</u>	<u>1,186,038</u>
Operating Expenses		
Operation and maintenance:		
Pumping:		
Operation labor	32,805	31,466
Fuel or power purchased for pumping	97,284	92,472
Operation supplies	<u>10,488</u>	<u>37,084</u>
Total pumping	<u>140,577</u>	<u>161,022</u>
Water treatment:		
Chemicals	20,588	17,690
Operation supplies	<u>373</u>	<u>1,209</u>
Total water treatment	<u>20,961</u>	<u>18,899</u>
Transmission and distribution:		
Operation supplies	12,349	9,109
Maintenance:		
Distribution reservoirs and standpipes	1,641	85,815
Mains	15,193	73,008
Services	39,562	34,782
Meters	7,916	6,479
Hydrants	<u>9,259</u>	<u>13,915</u>
Total transmission and distribution	<u>85,920</u>	<u>223,108</u>
Customer accounts:		
Meter reading labor	1,981	2,531
Accounting and collecting labor	<u>58,682</u>	<u>46,863</u>
Total customer accounts	<u>60,663</u>	<u>49,394</u>

Mount Horeb Water Utility

Water Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Administrative and general:		
Salaries	\$ 40,298	\$ 35,699
Office supplies	13,898	14,108
Outside services employed	35,546	33,140
Property insurance	7,336	6,141
Injuries and damages	7,376	7,718
Employee pensions and benefits	89,138	92,860
Miscellaneous	13,980	14,146
Transportation	2,930	8,517
Maintenance	<u>1,202</u>	<u>1,145</u>
Total administrative and general	<u>211,704</u>	<u>213,474</u>
Taxes	<u>9,534</u>	<u>8,862</u>
Total operation and maintenance	529,359	674,759
Depreciation	<u>361,920</u>	<u>349,068</u>
Total operating expenses	<u>891,279</u>	<u>1,023,827</u>
Operating income	<u>\$ 354,236</u>	<u>\$ 162,211</u>

Mount Horeb Water Utility

Rate of Return - Regulatory Basis
Years Ended December 31, 2020 and 2019

	Water	
	2020	2019
Utility Financed Plant in Service		
Beginning of year	\$ 6,869,596	\$ 6,783,373
End of year	<u>6,950,228</u>	<u>6,869,596</u>
Average	<u>6,909,912</u>	<u>6,826,485</u>
Utility Financed Accumulated Depreciation		
Beginning of year	(3,171,819)	(2,978,840)
End of year	<u>(3,354,506)</u>	<u>(3,171,819)</u>
Average	<u>(3,263,163)</u>	<u>(3,075,330)</u>
Materials and Supplies		
Beginning of year	15,677	14,337
End of year	<u>14,033</u>	<u>15,677</u>
Average	<u>14,855</u>	<u>15,007</u>
Regulatory Liability		
Beginning of year	(88,477)	(110,562)
End of year	<u>(66,392)</u>	<u>(88,477)</u>
Average	<u>(77,435)</u>	<u>(99,520)</u>
Average net rate base	<u>\$ 3,584,169</u>	<u>\$ 3,666,642</u>
Operating income, regulatory basis	<u>\$ 289,379</u>	<u>\$ 99,991</u>
Rate of return (percent)	<u>8.07 %</u>	<u>2.73 %</u>
Authorized rate of return (percent)	<u>5.25 %</u>	<u>5.25 %</u>

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

Mount Horeb Sewer Utility

Sewer Utility Plant

Year Ended December 31, 2020

	Balance 1/1/20	Additions	Retirements	Adjustments	Balance 12/31/20
Collecting System					
Land and land rights	\$ 8,550	\$ -	\$ -	\$ -	\$ 8,550
Service connections	251,949	-	-	-	251,949
Collecting mains	7,192,400	101,536	4,710	-	7,289,226
Interceptor mains	491,884	-	-	-	491,884
Force mains	1,042,040	-	-	-	1,042,040
Other collecting system equipment	63,002	-	-	-	63,002
Total collecting system	<u>9,049,825</u>	<u>101,536</u>	<u>4,710</u>	<u>-</u>	<u>9,146,651</u>
Collecting System Pumping					
Land and land rights	46,844	-	-	-	46,844
Structures and improvements	539,143	168,801	-	-	707,944
Receiving wells	57,848	-	-	-	57,848
Electric pumping equipment	1,453,523	3,477	-	-	1,457,000
Miscellaneous pumping equipment	85,916	-	-	-	85,916
Total collecting system pumping	<u>2,183,274</u>	<u>172,278</u>	<u>-</u>	<u>-</u>	<u>2,355,552</u>
Treatment and Disposal					
Land and land rights	914,228	-	-	-	914,228
Structures and improvements	296,246	6,418,009	-	-	6,714,255
Preliminary treatment equipment	1,850,562	187,558	-	-	2,038,120
Primary treatment equipment	75,384	-	-	-	75,384
Secondary treatment equipment	894,923	6,343,153	-	-	7,238,076
Advanced treatment equipment	695,897	-	-	-	695,897
Chlorination equipment	59,788	1,043,677	-	-	1,103,465
Sludge treatment and disposal equipment	421,042	1,940,274	49,636	-	2,311,680
Plant site piping	174,748	2,641,299	-	-	2,816,047
Flow metering and monitoring equipment	35,675	38,140	-	-	73,815
Outfall sewer pipes	3,996	-	-	-	3,996
Other treatment and disposal equipment	351,665	200,121	-	-	551,786
Total treatment and disposal	<u>5,774,154</u>	<u>18,812,231</u>	<u>49,636</u>	<u>-</u>	<u>24,536,749</u>
General					
Structures and improvements	254,145	-	-	-	254,145
Office furniture and equipment	18,961	48,402	-	-	67,363
Computer equipment	70,001	-	-	-	70,001
Transportation equipment	429,380	-	-	-	429,380
Communication equipment	-	242,694	-	-	242,694
Other general equipment	113,666	7,660	6,331	-	114,995
Laboratory equipment	17,628	38,988	-	-	56,616
Total general	<u>903,781</u>	<u>337,744</u>	<u>6,331</u>	<u>-</u>	<u>1,235,194</u>
Completed Construction Not Classified					
	<u>19,246,358</u>	<u>64,758</u>	<u>-</u>	<u>(19,311,116)</u>	<u>-</u>
Total sewer utility plant	<u>\$37,157,392</u>	<u>\$19,488,547</u>	<u>\$ 60,677</u>	<u>\$(19,311,116)</u>	<u>\$37,274,146</u>

Mount Horeb Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Wastewater revenues:		
Residential	\$ 2,087,004	\$ 1,979,559
Commercial	342,320	360,935
Public authorities	38,836	57,953
Other	<u>3,056</u>	<u>4,105</u>
Total sewer revenues	<u>2,471,216</u>	<u>2,402,552</u>
Other operating revenues:		
Forfeited discounts	3,873	6,285
Rent from sewer property	3,094	3,294
Miscellaneous	<u>37,430</u>	<u>1,492</u>
Total operating revenues	<u>2,515,613</u>	<u>2,413,623</u>
Operating Expenses		
Operation and maintenance:		
Operation:		
Supervision and labor	18,952	16,454
Power and fuel for pumping	122,927	113,889
Treatment charges	26,204	22,873
Phosphorous removal chemicals	10,771	3,234
Laboratory expenses	32,073	37,415
Other operating supplies	4,201	1,480
Joint metering costs	61,843	63,554
Transportation	5,245	5,914
Rents	<u>9,060</u>	<u>9,060</u>
Total operation	<u>291,276</u>	<u>273,873</u>
Maintenance:		
Collection system	25,911	120,475
Pumping equipment	36,570	42,554
Treatment and disposal plant equipment	85,544	88,280
General plant structures and equipment	<u>68,357</u>	<u>56,490</u>
Total maintenance	<u>216,382</u>	<u>307,799</u>
Customer accounts:		
Accounting and collecting	68,787	52,966
Meter Reading	<u>1,981</u>	<u>2,531</u>
Total customer accounts	<u>70,768</u>	<u>55,497</u>
Administrative and general:		
Salaries	31,422	24,453
Office supplies	18,378	17,455
Outside services employed	50,045	41,065
Insurance	37,150	22,699
Employees pensions and benefits	190,624	181,871
Regulatory commission	15,503	18,714
Miscellaneous	<u>7,033</u>	<u>7,060</u>
Total administrative and general	<u>350,155</u>	<u>313,317</u>

Mount Horeb Sewer Utility

Sewer Utility Operating Revenues and Expenses
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Taxes	\$ 28,449	\$ 24,531
Total operation and maintenance	957,030	975,017
Depreciation	<u>1,053,476</u>	<u>720,901</u>
Total operating expenses	<u>2,010,506</u>	<u>1,695,918</u>
Operating income	<u>\$ 505,107</u>	<u>\$ 717,705</u>