

VILLAGE OF HORTONVILLE

Annual Financial Report

December 31, 2017

VILLAGE OF HORTONVILLE

Table of Contents

December 31, 2017

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 10
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	11 – 12
Statement of Activities	13 – 14
Balance Sheet – Governmental Funds	15 – 16
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Governmental Funds	18 – 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	20
Statement of Net Position – Proprietary Fund	21
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	22
Statement of Cash Flows – Proprietary Fund	23 – 24
Statement of Net Position – Fiduciary Funds	25
Statement of Revenues, Expenses, and Changes in Net Position – Fiduciary Fund	26
Notes to Financial Statements	27 – 53
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	54
Schedule of Budgetary Comparison – General Fund	55
Notes to Required Supplementary Information	56
SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Nonmajor Governmental Funds	58
Schedule of Water and Wastewater Utility Operating Revenues and Expenses	59
Schedule of Detailed Budgetary Comparison – General Fund	60 – 62

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Village Board
Village of Hortonville
Hortonville, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Hortonville (Village) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on Discretely Presented Component Unit

As discussed in Note 1 to the financial statements, the component unit has not recorded all of its capital assets and has not recorded depreciation expense on the assets which were capitalized. Accounting principles generally accepted in the United States of America require that all capital assets be recorded and depreciated, which would increase the assets, net position, and expenses of the component unit. The amount by which this departure from generally accepted accounting principles affects the assets, net position, and expenses of the discretely presented component unit is not reasonably determinable.

To the Village Board
Village of Hortonville

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Discretely Presented Component Unit" paragraph, the discretely presented component unit financial statements referred to in the first paragraph do not present fairly, the financial position of the discretely presented component unit of the Village as of December 31, 2017, and the changes in its financial position for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Hortonville as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension liability (asset) and employer contributions-Wisconsin Retirement System and budgetary comparison information for the general fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hortonville's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

To the Village Board
Village of Hortonville

The supplementary information is the responsibility of management. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances (deficits) – nonmajor governmental funds and schedule of water and wastewater operating revenues and expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances (deficits) – nonmajor governmental funds, and the schedule of water and wastewater utility operating revenue and expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of detailed budgetary comparison – general fund has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



KerberRose SC
Certified Public Accountants
June 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

As management of the Village of Hortonville (Village) we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2017, by \$19,760,889 (*net position*). Of this amount, \$1,949,798 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net position*). The total net position includes all infrastructure of the governmental funds installed from 1980 to present.
- The Village's total net position increased by a net amount of \$1,248,206 with a \$934,543 increase in the net investment in capital assets.
- As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$2,813,567 an increase of \$233,417 in comparison with the prior year.
- For the year ended December 31, 2017 the fund balance for the general fund increased \$55,958 in comparison with the prior year.
- The Village's total general obligation debt decreased by \$441,541.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, other supplementary information to the basic financial statements is provided.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected special assessments and earned but unused vacation and sick leave). This method of accounting is known as the accrual basis of accounting and is different from the modified basis of accounting used in the Village's fund financial statements. The intent of the government-wide financial statements is to give the reader a long-term view of the Village's financial condition.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, culture and recreation, health and human services, and conservation and development. The business-type activities of the Village includes the combined water and wastewater utility.

The government-wide financial statements can be found on pages 11 - 14 of this report.

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Fund Financial Statements

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

Governmental Funds

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

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

The Village maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances (deficit) for the general fund, debt service fund, capital improvements fund, TID No. 2 fund and TID No. 3 fund, which are considered to be major funds. Data for the remaining governmental funds are presented under the other governmental funds column. Fund data for the other governmental funds are provided later in this report.

The basic governmental fund financial statements can be found on pages 15 - 20 of this report.

Proprietary Funds

Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water utility and wastewater utility.

The proprietary fund financial statements can be found on pages 21 - 24 of this report.

Fiduciary Funds (Not included in government-wide statements)

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

The fiduciary fund financial statement can be found on pages 25 - 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27 - 53 of this report.

Required Supplementary Information

The required supplementary information includes the schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System and schedule of budgetary comparison for the general fund. This information can be found on pages 54 - 56.

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Other Information

This report also contains *supplementary information*. This includes detailed budget to actual information for the general fund, the combining statements for the non-major governmental funds and the schedule of water and wastewater utility operating revenues and expenses. The supplementary information can be found on pages 57 – 62.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,760,889 at the close of 2017.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and Other						
Assets	\$ 5,478,862	\$ 5,222,925	\$ 1,285,662	\$ 1,235,531	\$ 6,764,524	\$ 6,458,456
Capital Assets	13,233,016	13,396,373	11,355,142	10,966,010	24,588,158	24,362,383
Total Assets	<u>18,711,878</u>	<u>18,619,298</u>	<u>12,640,804</u>	<u>12,201,541</u>	<u>31,352,682</u>	<u>30,820,839</u>
Deferred Outflows of						
Resources	403,427	497,306	95,307	117,488	498,734	614,794
Current Liabilities	944,246	926,970	295,930	313,805	1,240,176	1,240,775
Long-Term Liabilities	5,156,886	5,713,853	3,515,285	3,784,479	8,672,171	9,498,332
Total Liabilities	<u>6,101,132</u>	<u>6,640,823</u>	<u>3,811,215</u>	<u>4,098,284</u>	<u>9,912,347</u>	<u>10,739,107</u>
Deferred Inflows of						
Resources	2,130,961	2,139,036	47,219	44,807	2,178,180	2,183,843
Net Position						
Net Investment in						
Capital Assets	7,377,888	7,086,414	7,591,750	6,948,681	14,969,638	14,035,095
Restricted	1,725,411	2,012,681	1,116,042	1,059,210	2,841,453	3,071,891
Unrestricted	1,779,913	1,237,650	169,885	168,047	1,949,798	1,405,697
Total Net Position	<u>\$ 10,883,212</u>	<u>\$ 10,336,745</u>	<u>\$ 8,877,677</u>	<u>\$ 8,175,938</u>	<u>\$ 19,760,889</u>	<u>\$ 18,512,683</u>

The largest portion of the Village's net position (approximately 76 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net assets (approximately 15 percent) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position \$1,949,798 may be used to meet the Village's ongoing obligations to its citizens and creditors.

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Government-Wide Financial Analysis (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for						
Services	\$ 615,424	\$ 409,263	\$ 1,474,823	\$ 1,420,054	\$ 2,090,247	\$ 1,829,317
Operating Grants						
And Contributions	268,734	288,608	-	-	268,734	288,608
Capital Grants						
And Contributions	180,464	-	342,902	53,387	523,366	53,387
General Revenues						
Taxes	1,953,949	1,820,642	-	-	1,953,949	1,820,642
Intergovernmental						
Revenues not						
Restricted to						
Specific Programs	473,292	474,121	-	-	473,292	474,121
Other	209,232	119,341	32,272	37,039	241,504	156,380
Total Revenues	3,701,095	3,111,975	1,849,997	1,510,480	5,551,092	4,622,455
Expenses						
General Government	619,779	613,539	-	-	619,779	613,539
Public Safety	856,378	1,162,866	-	-	856,378	1,162,866
Public Works	976,135	724,616	-	-	976,135	724,616
Culture and						
Recreation	397,932	407,604	-	-	397,932	407,604
Health and Human						
Services	13,453	14,972	-	-	13,453	14,972
Conservation and						
Development	24,854	14,873	-	-	24,854	14,873
Interest and Fiscal						
Charges	261,449	225,339	-	-	261,449	225,339
Water and						
Wastewater Utility	-	-	1,155,161	1,212,246	1,155,161	1,212,246
Total Expenses	3,149,980	3,163,809	1,155,161	1,212,246	4,305,141	4,376,055
Transfers	(4,648)	29,823	6,903	(29,823)	2,255	-
Change in Net Position	546,467	(22,011)	701,739	268,411	1,248,206	246,400
Net Position –						
Beginning of Year	10,336,745	10,358,756	8,175,938	7,907,527	18,512,683	18,266,283
Net Position –						
End of Year	\$ 10,883,212	\$ 10,336,745	\$ 8,877,677	\$ 8,175,938	\$ 19,760,889	\$ 18,512,683

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Government-Wide Financial Analysis (Continued)

Key elements are as follows:

Revenues increased by \$928,637 in 2017 as compared to 2016. The increase is mainly due to an increase in water and sewer customer fees as well as fees to governmental clients, and an increase in capital contributions.

Expenses decreased by \$70,914 in 2017 as compared to 2016. The decrease is mainly due to public safety expenses decreasing from the Village paying for a portion of a fire truck in the prior year and offset by an increase in public works expenses from capital projects.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$2,813,567, an increase of \$233,417 in comparison with the prior year. Of this amount, \$937,123 is nonspendable, \$1,569,099 is restricted, \$101,059 is committed, \$528,457 is assigned and the remaining balance of negative \$322,171 is unassigned.

The *general fund* is the chief operating fund of the Village. As of December 31, 2017, the total fund balance of the general fund was \$1,080,966 of which \$634,955 is nonspendable for delinquent personal property taxes and advances to other funds, \$322,925 is assigned for capital improvements and street maintenance and the remaining \$123,086 is unassigned. The fund balance increased by \$55,958.

The *debt service fund* has a total fund balance of \$1,762,704, of which \$302,168 is nonspendable for advances to other funds, and \$1,460,536 is restricted for the payment of debt service. The fund balance decreased by \$140,131.

The *capital improvements fund* has a total fund balance of \$205,532, all of which is assigned for various items and projects. The fund balance decreased by \$27,444.

The *TID No. 2 fund* has a total unassigned fund deficit of (\$420,616). The fund deficit decreased by \$372,548.

The *TID No. 3 fund* has a total committed fund balance of \$101,059. The fund balance decreased by \$27,756.

Proprietary Fund

The Village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and wastewater utility at the end of the year amounted to \$169,885. The total increase in net position was \$701,739.

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

General Fund Budgetary Highlights

During the year, actual revenues were more than budgeted revenues by \$34,616 primarily due to an increase in licenses and permits, public charges for service and miscellaneous revenue. Actual expenditures were less than budgeted by \$131,143 due primarily to current and former employee expenditures.

Capital Assets

The Village's investment in capital assets as of December 31, 2017, is \$24,588,158 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and public domain infrastructure (highways and roads).

Capital assets increased by \$225,775 net of depreciation in 2017.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 1,662,653	\$ 1,622,742	\$ 116,115	\$ 116,115	\$ 1,778,768	\$ 1,738,857
Buildings and Improvements	4,303,805	4,303,805	-	-	4,303,805	4,303,805
Machinery and Equipment	1,204,905	1,225,093	19,753,372	18,929,999	20,958,277	20,155,092
Infrastructure	13,121,410	13,017,193	-	-	13,121,410	13,017,193
Construction in Progress	48,491	-	-	-	48,491	-
Total Capital Assets	20,341,264	20,168,833	19,869,487	19,046,114	40,210,751	39,214,947
Less Accumulated Depreciation	7,108,248	6,772,460	8,514,345	8,080,104	15,622,593	14,852,564
Capital Assets Net Of Depreciation	\$ 13,233,016	\$ 13,396,373	\$ 11,355,142	\$ 10,966,010	\$ 24,588,158	\$ 24,362,383

For further details on capital asset activity, refer to Note 7 of the notes to financial statements.

Long-Term Debt

At the end of the current fiscal year, the Village has total debt outstanding of \$9,618,520; of this amount \$5,841,453 comprises debt backed by the full faith of the government. The remainder of the Village's debt represents capital leases and bonds secured solely by specific revenue sources.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
General Obligation Debt:						
Bonds	\$ 4,805,000	\$ 5,400,000	\$ -	\$ -	\$ 4,805,000	\$ 5,400,000
Notes	711,224	501,553	-	-	711,224	501,553
State Trust Funds	325,229	381,441	-	-	325,229	381,441
Total GO Debt	5,841,453	6,282,994	-	-	5,841,453	6,282,994
Capital Leases	13,675	26,965	4,559	8,989	18,234	35,954
Mortgage Revenue Bonds	-	-	3,758,833	4,008,340	3,758,833	4,008,340
Total	\$ 5,855,128	\$ 6,309,959	\$ 3,763,392	\$ 4,017,329	\$ 9,618,520	\$ 10,327,288

VILLAGE OF HORTONVILLE
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Long-Term Debt (Continued)

Debt Limit (5% of \$191,595,000)	\$ 9,579,750
Deduct long-term debt applicable to debt margin	(5,841,453)
Add Debt Service Restricted Fund Balance	<u>1,460,536</u>
Remaining Margin of Indebtedness Available	<u>\$ 5,198,833</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village is \$9,579,750.

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the Village is improving. Hortonville's healthy mix of manufacturing, tourism, service industry, and retail activities supports the tax base.

These factors were considered in preparing the Village's budget for the 2018 fiscal year.

Recent and Proposed Development

The Village continued lower building permit fees for new residential construction. Combined with market factors, the reduced fees have spurred the construction of 11 new homes in 2016 and 10 new homes in 2017. Nature's Haven subdivision is listed for sale (100+ lots) and Wildwind Subdivision (30 lots) has 3 new homes constructed, with 3 additional pending construction. It is anticipated that up to 12 homes will be constructed in Wildwind by year's end. The total estimated value of projects requiring building permits in 2017 was \$11,635,545.

In 2017, new construction was completed of MilCore LLC, Hortonville Storage, and Care Partners. Substantial renovation and/or additions were completed on Cornerstone Chiropractic and GlobalFab. From 2017 to 2018, assessed value of TID 2 increased by \$1.1M (net) and TID 3 increased by \$3M. TIDs 4 and 5 have remained relatively unchanged.

New construction is anticipated in 2018 of East Village Retail Center in TID 3 and Commonwealth Development (Cottages on Main) in TID 4. Expansions of JB Machine (TID 2) and MidCon are expected to be completed in 2018.

Future Outlook

The Village has applied for a Rural Business Development Grant to inject investment into a revolving loan fund and grant program for small business development, particularly in TID 5 (downtown blight). The Village is razing the home in the Retail Park (TID 3) and has substantial interest for townhome type development at the location. The Village received a state grant to reimburse approximately 50% of the costs of reconstructing Grandview Road. This is anticipated in 2018 or 2019 and is expected to spur development interest in the area of Nash Hills (TID 3). The Village has grown the assessed value within TID 2 and expects closure in 2019 or 2020.

The Village continues to be challenged by continued delays and threats to the Highway 15 bypass. The heavy truck traffic and commuter traffic through the Village continues to pose safety issues as well as threats to future planning and economic development.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Diane Wessell, Administrator, P.O. Box 99, Hortonville, WI 54944.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

VILLAGE OF HORTONVILLE

Statement of Net Position

As of December 31, 2017

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
ASSETS		
Cash and Investments	\$ 2,015,291	\$ 394,528
Receivables:		
Taxes	1,136,274	-
Accounts	110,092	341,462
Special Assessments	250,874	-
Loans	245,888	-
Other	-	57,144
Internal Balances	590,326	(589,001)
Inventories	-	2,414
Restricted Cash	1,130,117	1,079,115
Capital Assets:		
Capital Assets Not Being Depreciated	1,711,144	116,115
Other Capital Assets, Net of Depreciation	11,521,872	11,239,027
Total Assets	<u>18,711,878</u>	<u>12,640,804</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources	<u>403,427</u>	<u>95,307</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	135,411	14,345
Accrued Interest	14,648	10,951
Deposits	14,914	-
Unearned Revenues	-	11,366
Long-Term Obligations:		
Due Within One Year	779,273	259,268
Due in More Than One Year	5,109,644	3,504,124
Net Pension Liability	47,242	11,161
Total Liabilities	<u>6,101,132</u>	<u>3,811,215</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows Related to Pension	199,873	47,219
Taxes Levied for Subsequent Year	1,931,088	-
Total Deferred Inflow of Resources	<u>2,130,961</u>	<u>47,219</u>
NET POSITION		
Net Investment in Capital Assets	7,377,888	7,591,750
Restricted	1,725,411	1,116,042
Unrestricted	1,779,913	169,885
TOTAL NET POSITION	<u>\$ 10,883,212</u>	<u>\$ 8,877,677</u>

See Accompanying Notes

Primary Government	Component Unit
<u>Total</u>	<u>Fire District</u>
\$ 2,409,819	\$ 23,768
1,136,274	-
451,554	-
250,874	-
245,888	-
57,144	-
1,325	-
2,414	-
2,209,232	-
1,827,259	1,191,273
22,760,899	-
<u>31,352,682</u>	<u>1,215,041</u>
498,734	-
149,756	-
25,599	-
14,914	-
11,366	-
1,038,541	-
8,613,768	-
58,403	-
<u>9,912,347</u>	<u>-</u>
247,092	-
1,931,088	-
<u>2,178,180</u>	<u>-</u>
14,969,638	1,191,273
2,841,453	-
1,949,798	23,768
<u>\$ 19,760,889</u>	<u>\$ 1,215,041</u>

See Accompanying Notes

VILLAGE OF HORTONVILLE
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Contributions
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 619,779	\$ 48,668	\$ 6,936	\$ -
Public Safety	856,378	164,445	14,376	-
Public Works	976,135	308,257	112,246	180,464
Culture and Recreation	397,932	84,079	133,828	-
Health and Human Services	13,453	9,975	1,348	-
Conservation and Development	24,854	-	-	-
Interest and Fiscal Charges	261,449	-	-	-
Total Governmental Activities	3,149,980	615,424	268,734	180,464
BUSINESS-TYPE ACTIVITIES				
Water and Wastewater Utility	1,155,161	1,474,823	-	342,902
COMPONENT UNIT				
Fire District	115,770	12,234	102,824	-
TOTAL	\$ 4,420,911	\$ 2,102,481	\$ 371,558	\$ 180,464

GENERAL REVENUES

Taxes:

Property Taxes, Levied for General Purposes
Property Taxes, Levied for Debt Service
Property Taxes, Levied for Capital Assets Including TIF
Other Taxes

Intergovernmental Revenues not Restricted to
Specific Programs

Investment Income

Miscellaneous

Total General Revenues

TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

<u>Net (Expenses) Revenues and Changes in Net Position</u>			<u>Component Unit</u>
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>	<u>Fire District</u>
\$ (564,175)	\$ -	\$ (564,175)	\$ -
(677,557)	-	(677,557)	-
(375,168)	-	(375,168)	-
(180,025)	-	(180,025)	-
(2,130)	-	(2,130)	-
(24,854)	-	(24,854)	-
(261,449)	-	(261,449)	-
<u>(2,085,358)</u>	<u>-</u>	<u>(2,085,358)</u>	<u>-</u>
-	662,564	662,564	-
-	-	-	(712)
<u>(2,085,358)</u>	<u>662,564</u>	<u>(1,422,794)</u>	<u>(712)</u>
856,636	-	856,636	-
635,858	-	635,858	-
456,879	-	456,879	-
4,576	-	4,576	-
473,292	-	473,292	-
19,452	6,889	26,341	-
189,780	25,383	215,163	3,911
<u>2,636,473</u>	<u>32,272</u>	<u>2,668,745</u>	<u>3,911</u>
<u>(4,648)</u>	<u>6,903</u>	<u>2,255</u>	<u>-</u>
546,467	701,739	1,248,206	3,199
10,336,745	8,175,938	18,512,683	1,211,842
<u>\$ 10,883,212</u>	<u>\$ 8,877,677</u>	<u>\$ 19,760,889</u>	<u>\$ 1,215,041</u>

See Accompanying Notes

VILLAGE OF HORTONVILLE

Balance Sheet

Governmental Funds

As of December 31, 2017

	General	Debt Service	Capital Improvements	TID No. 2
ASSETS				
Cash and Investments	\$ 293,024	\$ 1,460,536	\$ 70,553	\$ 93,323
Restricted Cash	533,975	298,727	9,397	152,286
Receivables				
Taxes	572,521	338,018	10,369	172,974
Delinquent Personal Property Taxes	11,505	-	-	-
Accounts	110,092	-	-	-
Special Assessments	-	117,727	-	133,147
Loans	52,669	-	-	-
Due from Other Funds	59,145	-	138,548	85,724
Advance to Other Funds	623,450	302,168	-	-
TOTAL ASSETS	\$ 2,256,381	\$ 2,517,176	\$ 228,867	\$ 637,454
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES (DEFICIT)				
Liabilities				
Accounts Payable	\$ 83,229	\$ -	\$ 5,356	\$ -
Accrued Liabilities	45,345	-	-	-
Deposits	14,714	-	-	-
Advance from Other Fund	-	-	-	598,809
Total Liabilities	143,288	-	5,356	598,809
Deferred Inflows of Resources				
Special Assessments	-	117,727	-	133,147
Long-Term Receivables	52,669	-	-	-
Other Long-Term Loan Receivable	87,120	-	-	-
Taxes Levied for Subsequent Year	892,338	636,745	17,979	326,114
Total Deferred Inflows of Resources	1,032,127	754,472	17,979	459,261
Fund Balances (Deficit)				
Nonspendable	634,955	302,168	-	-
Restricted	-	1,460,536	-	-
Committed	-	-	-	-
Assigned	322,925	-	205,532	-
Unassigned	123,086	-	-	(420,616)
Total Fund Balances (Deficit)	1,080,966	1,762,704	205,532	(420,616)
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 2,256,381	\$ 2,517,176	\$ 228,867	\$ 637,454

TID No. 3	Other Governmental Funds	Total Governmental Funds
\$ 97,855	\$ -	\$ 2,015,291
27,169	108,563	1,130,117
30,887	-	1,124,769
-	-	11,505
-	-	110,092
-	-	250,874
-	193,219	245,888
4,741	-	288,158
-	-	925,618
<u>\$ 160,652</u>	<u>\$ 301,782</u>	<u>\$ 6,102,312</u>

\$ 1,481	\$ -	\$ 90,066
-	-	45,345
200	-	14,914
-	24,641	623,450
<u>1,681</u>	<u>24,641</u>	<u>773,775</u>

-	-	250,874
-	193,219	245,888
-	-	87,120
57,912	-	1,931,088
<u>57,912</u>	<u>193,219</u>	<u>2,514,970</u>

-	-	937,123
-	108,563	1,569,099
101,059	-	101,059
-	-	528,457
-	(24,641)	(322,171)
<u>101,059</u>	<u>83,922</u>	<u>2,813,567</u>
<u>\$ 160,652</u>	<u>\$ 301,782</u>	<u>\$ 6,102,312</u>

VILLAGE OF HORTONVILLE

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
As of December 31, 2017

Total Fund Balances - Governmental Funds		\$ 2,813,567
<p>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</p>		
<p>Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:</p>		
Governmental Capital Assets	20,341,264	
Governmental Accumulated Depreciation	<u>(7,108,248)</u>	13,233,016
<p>The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.</p>		
Deferred Outflows Related to Pension	403,427	
Deferred Inflows Related to Pension	<u>(199,873)</u>	203,554
<p>Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds. Amounts reported for governmental activities in the statement of net position:</p>		
Long-Term Receivable		245,888
Other		87,120
Deferred Special Assessments		250,874
<p>Pension liability not payable in the current period therefore not reported in the fund financial statements.</p>		
		(47,242)
<p>Liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet.</p>		
General Obligation Debt	(5,841,453)	
Capital Leases	(13,675)	
Vested Employee Benefits	(33,789)	
Accrued Interest on General Obligation Debt	<u>(14,648)</u>	(5,903,565)
Total Net Position - Governmental Activities		<u>\$ 10,883,212</u>

THIS PAGE LEFT BLANK INTENTIONALLY

VILLAGE OF HORTONVILLE
Statement of Revenues, Expenditures, and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended December 31, 2017

	General	Debt Service	Capital Improvements	TID No. 2
REVENUES				
Taxes	\$ 861,212	\$ 635,858	\$ 40,134	\$ 347,271
Intergovernmental	759,031	-	15,000	2,112
Licenses and Permits	84,965	-	-	-
Fines, Forfeitures and Penalties	27,200	-	-	-
Public Charges for Services	293,283	-	400	-
Intergovernmental Charges for Services	74,536	-	-	-
Special Assessments	-	-	1,702	-
Investment Income	12,739	4,871	85	-
Miscellaneous	41,867	-	185,178	38,613
Total Revenues	<u>2,154,833</u>	<u>640,729</u>	<u>242,499</u>	<u>387,996</u>
EXPENDITURES				
Current:				
General Government	425,992	-	-	1,207
Public Safety	810,560	-	-	-
Public Works	487,816	-	86,475	98,597
Culture and Recreation	274,903	-	-	-
Health and Human Services	13,452	-	-	-
Conservation and Development	24,794	-	-	13
Capital Outlay	55,891	-	332,949	-
Debt Service:				
Principal Retirement	-	697,760	13,290	-
Interest and Fiscal Charges	-	169,625	944	-
Total Expenditures	<u>2,093,408</u>	<u>867,385</u>	<u>433,658</u>	<u>99,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>61,425</u>	<u>(226,656)</u>	<u>(191,159)</u>	<u>288,179</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	162,896	93,323
Transfers In	34,583	86,525	819	-
Transfers (Out)	(40,050)	-	-	(8,954)
Total Other Financing Sources (Uses)	<u>(5,467)</u>	<u>86,525</u>	<u>163,715</u>	<u>84,369</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	55,958	(140,131)	(27,444)	372,548
FUND BALANCES (DEFICIT) - BEGINNING	<u>1,025,008</u>	<u>1,902,835</u>	<u>232,976</u>	<u>(793,164)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 1,080,966</u>	<u>\$ 1,762,704</u>	<u>\$ 205,532</u>	<u>\$ (420,616)</u>

TID No. 3	Other Governmental Funds	Total Governmental Funds
\$ 69,474	\$ -	\$ 1,953,949
-	-	776,143
-	-	84,965
-	-	27,200
-	-	293,683
-	-	74,536
-	-	1,702
-	1,756	19,451
5,123	23,187	293,968
<u>74,597</u>	<u>24,943</u>	<u>3,525,597</u>
-	2,000	429,199
-	-	810,560
10,105	-	682,993
-	-	274,903
-	-	13,452
14,677	22,701	62,185
-	-	388,840
-	-	711,050
-	-	170,569
<u>24,782</u>	<u>24,701</u>	<u>3,543,751</u>
<u>49,815</u>	<u>242</u>	<u>(18,154)</u>
-	-	256,219
-	-	121,927
(77,571)	-	(126,575)
<u>(77,571)</u>	<u>-</u>	<u>251,571</u>
(27,756)	242	233,417
128,815	83,680	2,580,150
<u>\$ 101,059</u>	<u>\$ 83,922</u>	<u>\$ 2,813,567</u>

VILLAGE OF HORTONVILLE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances (Deficit) - Total Governmental Funds \$ 233,417

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	388,840	
Depreciation expense reported in the statement of activities	<u>(476,177)</u>	
Amount by which capital outlays are less than depreciation in the current period.		(87,337)

The Village disposed of outdated assets resulting in a reduction of prior year depreciation expense reported on the statement of activities and has no effect on the governmental funds.

The value of capital assets disposed of during the year	(216,409)	
The amount of depreciation recapture for the year	<u>140,389</u>	
Amount by which capital asset disposals are more than the accumulated depreciation on those assets in the current period.		(76,020)

Amounts related to the pension that do not use current financial resources and therefore, are not reported in the fund financial statements. (62,075)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Special Assessments		109,410
Municipal Court		3,872
Community Development Block Grant Loans		(31,107)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

The amount of debt proceeds for the current year is		(256,219)
---	--	-----------

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is		711,050
--	--	---------

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by

Vested employee benefits paid in current year	49,445	
Vested employee benefits earned in current year	<u>(50,412)</u>	
Amounts paid are less than amounts earned by		(967)

In the governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	170,569	
The amount of interest accrued during the current period	<u>(168,126)</u>	
Interest paid is more than interest accrued by		<u>2,443</u>

Change in Net Position - Governmental Activities \$ 546,467

VILLAGE OF HORTONVILLE

Statement of Net Position

Proprietary Fund

As of December 31, 2017

	Water and Wastewater Utility
CURRENT ASSETS	
Cash and Investments	\$ 394,528
Customer Accounts Receivable	341,462
Other Accounts Receivable	57,144
Inventories	2,414
Total Current Assets	795,548
NON-CURRENT ASSETS	
Restricted Assets:	
Replacement Fund	414,960
Debt Retirement	664,155
Capital Assets:	
Water	
Plant in Service	5,416,872
Accumulated Depreciation	(1,686,464)
Sewer	
Plant in Service	14,431,271
Accumulated Depreciation	(6,806,537)
Total Non-Current Assets	12,434,257
Total Assets	13,229,805
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	95,307
CURRENT LIABILITIES	
Current Portion of Long-Term Debt	253,937
Accounts Payable	9,869
Due to Other Funds	286,833
Accrued Payroll	4,476
Accrued Interest	10,951
Unearned Revenues	11,366
Total Current Liabilities	577,432
NON-CURRENT LIABILITIES	
Advances from Other Fund	302,168
Net Pension Liability	11,161
Noncurrent Portion of Long-Term Obligations	3,509,455
Total Non-Current Liabilities	3,822,784
Total Liabilities	4,400,216
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	47,219
NET POSITION	
Net Investment in Capital Assets	7,591,750
Restricted	1,116,042
Unrestricted	169,885
TOTAL NET POSITION	\$ 8,877,677

See Accompanying Notes

VILLAGE OF HORTONVILLE

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2017

	<u>Water and Wastewater Utility</u>
OPERATING REVENUES	\$ 1,474,823
OPERATING EXPENSES	
Operation and Maintenance	586,657
Depreciation	463,103
Taxes	19,969
Total Operating Expenses	<u>1,069,729</u>
OPERATING INCOME	<u>405,094</u>
NON-OPERATING REVENUES (EXPENSES)	
Rental Income	25,383
Investment Income	6,889
Interest Expense	(85,432)
Total Non-Operating Revenues (Expenses)	<u>(53,160)</u>
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	<u>351,934</u>
TRANSFER OUT	(33,097)
TRANSFERS IN	40,000
CAPITAL CONTRIBUTIONS	<u>342,902</u>
CHANGE IN NET POSITION	701,739
NET POSITION - BEGINNING	<u>8,175,938</u>
NET POSITION - ENDING	<u><u>\$ 8,877,677</u></u>

See Accompanying Notes

THIS PAGE LEFT BLANK INTENTIONALLY

VILLAGE OF HORTONVILLE
Statement of Cash Flows - Proprietary Fund
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 1,463,219
Cash Received from Other Funds for Services	58,022
Cash Paid to Suppliers for Goods and Services	(437,741)
Cash Paid to Employees for Services	(158,523)
Net Cash Flows From Operating Activities	<u>924,977</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to Other Funds	(33,097)
Transfers from Other Funds	40,000
Payment from Other Funds on Advance	(106,459)
Net Cash Flows From Noncapital Financing Activities	<u>(99,556)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Rental Income Received	25,383
Investment Income Received	6,889
Net Cash Flows From Investing Activities	<u>32,272</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(852,235)
Principal Paid	(253,937)
Interest Paid	(84,053)
Net Cash Flows From Capital and Related Financing Activities	<u>(847,323)</u>
NET CHANGE IN CASH AND INVESTMENTS	10,370
CASH AND INVESTMENTS - BEGINNING	<u>1,463,273</u>
CASH AND INVESTMENTS - ENDING	<u><u>\$ 1,473,643</u></u>
 RECONCILIATION OF CASH AND INVESTMENTS PER	
CASH FLOWS	
Unrestricted Cash and Investments	\$ 394,528
Restricted Cash and Investments	<u>1,079,115</u>
CASH AND INVESTMENTS PER STATEMENT OF	
CASH FLOWS	<u><u>\$ 1,473,643</u></u>

See Accompanying Notes

VILLAGE OF HORTONVILLE
Statement of Cash Flows - Proprietary Fund - Continued
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income	\$ 405,094
Adjustments to Reconcile Operating Income to Net Cash	
Flows from Operating Activities:	
Non-Cash Items Included in Income:	
Depreciation	463,103
Change in Non-Cash Components of Working Capital:	
Accounts Receivable	(11,604)
Other Accounts Receivable	18,405
Inventories	(230)
Deferred Outflows Related to Pension	22,181
Accounts Payable	(22,827)
Other Liabilities	347
Due to Other Funds	58,022
Deferred Inflows Related to Pension	2,412
Net Pension Liability	<u>(9,926)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 924,977</u>

VILLAGE OF HORTONVILLE

Statement of Net Position

Fiduciary Funds

As of December 31, 2017

	Fiduciary Funds	
	Library Donation Fund	Agency
ASSETS		
Restricted Cash and Investments	\$ 2,341	\$ 1,193,717
Taxes Receivable	-	1,394,792
Total Assets	<u>2,341</u>	<u>2,588,509</u>
LIABILITIES		
Accounts Payable	-	1,483
Due to Other Taxing Units	-	2,587,026
Due to Other Fund	1,325	-
Total Liabilities	<u>1,325</u>	<u>2,588,509</u>
NET POSITION		
Restricted	<u>\$ 1,016</u>	<u>\$ -</u>

See Accompanying Notes

VILLAGE OF HORTONVILLE
Statement of Revenues, Expenses, and Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2017

	<u>Library Donation Fund</u>
REVENUES	
Donations	\$ 4,846
EXPENSES	
Capital Outlay	<u>7,335</u>
OTHER FINANCING USE:	
Transfers Out	2,255
NET CHANGE IN NET POSITION	(4,744)
NET POSITION - BEGINNING	<u>5,760</u>
NET POSITION - ENDING	<u>\$ 1,016</u>

See Accompanying Notes

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of Hortonville (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements, except for the discretely presented component unit not recording all of its capital assets and depreciation expense on the capital assets which were capitalized. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

The Village's basic financial statements include a fire district component unit. The criterion for including a legally separate organization as a component unit is the degree of financial accountability and fiscal dependency the Village has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that of the organization for it to be included in the reporting entity as a component unit.

The financial statements include the Hortonville/Hortonia Fire District (District) as a component unit. The District is a legally separate organization established in December 1997 to provide public fire protection to the two communities. Existing fire equipment of both communities was transferred to the newly formed District. However, the District has elected not to depreciate these assets and it has not capitalized subsequent assets. Costs of the District are shared based on equalized values. The five member Board of Commissioners consists of two members from each community plus a fifth member selected by the Board. The District is fiscally dependent on the municipalities, which must approve rates charged and debt issued. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. Separate financial statements for the District are not issued.

The Hortonville Water and Sewer Utility provide water and sanitary sewer services to properties within the Village of Hortonville and is managed by the Village Board and Public Works Committee.

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for charges which would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility enterprise fund 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.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred inflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenses/expenditures.

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

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

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service or capital projects funds based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Business-Type Activities

Proprietary Funds

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Because by definition these assets are being held for the benefit of a third party (such as other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Private-Purpose Trust Funds

Private-purpose Trust funds are used to account for resources legally held in a trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds (Continued)

Agency Funds

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The Village reports the following major governmental funds:

General Fund - which accounts for the Village's primary operating activities.

Debt Service Fund - which accounts for the Village's resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital Improvements Fund - which accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects.

Tax Incremental Financing District No. 2 (TID No. 2) Fund - which accounts for the expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

Tax Incremental Financing District No. 3 (TID No. 3) Fund - which accounts for the expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

The Village reports the following major proprietary fund:

Water and Wastewater Utility - which operates the water distribution system and operates the sewage treatment plant, sewage pumping stations and collection systems.

Non-Major Funds

The Village reports the following non-major funds:

Capital Projects Funds –
Tax Incremental District No. 4
Tax Incremental District No. 5

Special Revenue Funds –
Housing and Neighborhood Conservation
Wisconsin Development Fund Grant

Fiduciary Funds

The Village reports the following private purpose trust fund:

Library Donations Fund - which accounts for funds used for books or improvements to the library.

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Fiduciary Funds (Continued)

The Village reports the following agency fund:

Tax Collection Fund - which accounts for taxes and deposits collected by the Village, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund and private purpose trust fund financial statements. The agency fund has no measurement focus and uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Cash and Investments

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

The Village also has funds invested in the Wisconsin Local Government Investment Pool.

Restricted Cash

Governmental Funds - Certain assets of the governmental funds are classified as restricted assets because their use is restricted for subsequent year expenditures and tax collections for the subsequent year budget as well as cash that has been set aside for future residential home improvements.

Enterprise Fund - Cash has been set aside to provide for debt retirement and replacement of certain water and sewer utility plant equipment.

Fiduciary Funds - Cash has been set aside to provide for the Library Expendable Trust Fund and advance tax collections of other taxing units.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

Inventories

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

Special Assessments

Special assessments consist of capital projects constructed through non-special assessment debt. In governmental fund financial statements, special assessments are recorded as receivables and deferred inflows of resources when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements and proprietary funds, special assessments are recorded as receivables and capital contribution revenue when the capital outlays are made. All special assessments are due when billed and may be paid on an installment basis with interest. Special assessment receivables that become delinquent are added to the general tax roll. The method of enforcing collections is the same as for general Village taxes.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$2,500 or higher for governmental activities. Infrastructure improvements with a cost of \$20,000 or more are capitalized. For business-type activities, the threshold for capitalization is based on the Wisconsin Public Service Commission. Both also have an estimated useful life in excess of one year.

Capital assets are reported at actual or estimated historical cost. Donated assets are reported at estimated fair value at the time received.

General infrastructure assets acquired or constructed prior to January 1, 2004 are not reported in the financial statements.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Fund Financial Statements

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Buildings	20 - 40	20 - 50
Improvements	10 - 20	20 - 100
Property, Machinery and Equipment	2 - 15	4 - 10
Infrastructure	20 - 50	-

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has four items that qualify for reporting in this category. Accordingly, pension plan – difference between expected and actual experience, pension plan – net difference between projected and actual earnings on pension plan investments, pension plan – changes in assumptions and pension plan – employer contributions subsequent to the measurement date are reported in the statement of net position.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has four items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, pension plan – changes in proportionate share and differences between employer contributions and proportionate share of contributions, pension plan – net differences between projected and actual earnings on pension plan investments and pension plan – difference between expected and actual experience is reported in the statement of net position. The governmental funds report taxes levied for subsequent year, long-term receivables, and special assessments as deferred inflows of resources on the balance sheet.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for the governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds and premium are reported as an other financing source, and payments of principal and interest as expenditures. In governmental funds and government-wide statements, debt issuance costs are reported as expenditures/expenses.

Compensated Absences

The Village's policy allows employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused vacation. Vacation payments are on the basis of salary levels at time of termination.

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Continued)

Accrued vacation pay is recognized as an expenditure in governmental funds when liquidated with expendable available financial resources. At year end, accrued vacation pay that will not be liquidated with expendable available financial resources is reported as a liability in the statement of net position. This liability includes gross pay as well as payroll taxes and retirement contributions. Sick leave is earned at 12 sick days per year to a maximum of 60 days. Sick leave is paid out at a maximum of 50% accrued upon honorable retirement/termination of employment. Sick leave is recorded as an expenditure or expense when paid. No accumulated amount is recorded in the statements of net position.

Vacation is earned and taken based on an employee's anniversary year, not a calendar year. Accumulated vacation carryover as of December 31, 2017 is estimated to be \$33,789.

Regulated Municipal Utility

Hortonville Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission.

The Hortonville Wastewater Utility is not regulated.

Water and wastewater revenues are recorded based on accrual service rendered; billings are made to customers through quarterly billings.

Basis for Existing Rates

Water Utility – The Public Service Commission of Wisconsin approved a water rate increase in March 2016 and is designed to provide a 6.25% return on rate base.

Wastewater Utility – During 2005, the Public Service Commission of Wisconsin approved the deregulation of the wastewater utility and the current rates are approved by the utility board.

Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncement are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Equity Classifications

Government-Wide Statements

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

- Net investment in capital assets – 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.
- Restricted component of net position – Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- Unrestricted component of net position – Net amount that does 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 Village’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Unassigned fund balance, in the general fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has adopted a minimum fund balance policy. The policy establishes a minimum unassigned fund balance equal to 30% of general fund operating expenditures (less capital and debt service costs) for cash flow purposes, unanticipated non-reoccurring expenditures or to meet unanticipated revenue decreases or unexpected increases in service delivery costs. In the event the balance drops below the established minimum level, the Village will replenish the deficiency by reducing recurring expenditures to eliminate the deficiency, increase revenues or funding sources, or a combination of those options within the next fiscal year if possible.

Housing and Neighborhood Conservation and Wisconsin Development Loans Receivable

The Village has received federal grant funds for housing and neighborhood development loan programs to various residents. The Village records a loan receivable when the loan has been made and the funds have been disbursed.

Use of Estimates

The 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 and disclosures. Actual results may differ from those estimates.

Note 2 - Cash and Investments

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Local Government Investment Fund and the Wisconsin Investment Trust.
- 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.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

VILLAGE OF HORTONVILLE
Notes to Basic Financial Statements
December 31, 2017

Note 2 – Cash and Investments (Continued)

At December 31, 2017, the Village's bank balance of cash was \$5,548,532. The Village maintains its cash accounts at four financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2017:

Fully insured deposits	\$ 831,949
Collateralized with securities held by the pledging financial institution in the Village's name	4,319,314
Uninsured	<u>397,269</u>
Total	<u>\$ 5,548,532</u>

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2017.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission (SEC), but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

VILLAGE OF HORTONVILLE
Notes to Basic Financial Statements
December 31, 2017

Note 3 - Property Taxes

The Village bills and collects its own property taxes and also levies for the Hortonville Area School District, Fox Valley Technical College, Outagamie County, Black Otter Lake District and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 4 - Interfund Receivable, Payables and Transfers

Interfund receivables and payables between individual funds of the Village as of December 31, 2017, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Utility	\$ 57,820	Year End Cash Flow Timing
General Fund	Library Donation Fund	1,325	Year End Cash Flow Timing
TID No. 2	Water and Sewer Utility	85,724	Year End Cash Flow Timing
TID No. 3	Water and Sewer Utility	4,741	Year End Cash Flow Timing
Capital Improvements Fund	Water and Sewer Utility	138,548	Year End Cash Flow Timing
		<u>\$ 288,158</u>	

Interfund transfers for the year ended December 31, 2017, are as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Utility	\$ 33,097	Property Tax Equivalent
General Fund	Library Trust Fund	1,486	Transfer for Capital Projects
Capital Improvements	Library Trust Fund	769	Transfer for Capital Projects
Capital Improvements	General Fund	50	Transfer for Capital Projects
Water and Sewer Utility	General Fund	40,000	Sanitary Benefit Charge
Debt Service Fund	TID No. 2	8,954	Share of Debt Service Requirements
Debt Service Fund	TID No. 3	77,571	Share of Debt Service Requirements
		<u>\$ 161,927</u>	

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 5 - Long-Term Advance

Long-term advance at December 31, 2017 is as follows:

<u>Advance From</u>	<u>Advance To</u>	<u>Balance</u>	<u>Purpose</u>
General Fund	TID No. 2	\$ 598,809	Advanced for Capital Projects
General Fund	TID No. 4	12,358	Advanced for Capital Projects
General Fund	TID No. 5	12,283	Advanced for Capital Projects
Debt Service Fund	Water and Sewer Utility	302,168	Advanced for Capital Projects
		<u>\$ 925,618</u>	

Note 6 - Restricted Assets

Restricted assets on December 31, 2017 totaled \$3,405,290 and consisted of cash and investments held for the following purposes:

Governmental Funds:

General Fund	\$ 533,975	Advance tax collections to finance 2018 operations
Debt Service	298,727	Advance tax collections to finance 2018 operations
Capital Improvements	9,397	Advance tax collections to finance 2018 operations
TID No. 2	152,286	Advance tax collections to finance 2018 operations
TID No. 3	27,169	Advance tax collections to finance 2018 operations
Housing and Neighborhood Conservation	15,998	Future residential home improvements
Wisconsin Development Fund Grant	92,565	Future residential home improvements
Total Governmental Funds	<u>1,130,117</u>	

Fiduciary Funds:

Private Purpose Trust	2,341	Library Donation Fund
Agency	1,193,717	Advance tax collections for other taxing jurisdictions
Total Fiduciary Funds	<u>1,196,058</u>	

Enterprise Funds:

Water and Sewer Utility	664,155	To reserve funds for debt retirement
Water and Sewer Utility	414,960	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>1,079,115</u>	
Total Restricted Assets	<u>\$ 3,405,290</u>	

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 7 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 were as follows:

	<u>Balance</u> <u>1/1/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/17</u>
Governmental Activities				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 1,622,742	\$ 40,000	\$ (89)	\$ 1,662,653
Construction in Progress	-	48,491	-	48,491
Total Capital Assets Not Being Depreciated	<u>1,622,742</u>	<u>88,491</u>	<u>(89)</u>	<u>1,711,144</u>
Other Capital Assets:				
Buildings and Improvements	3,932,385	-	-	3,932,385
Improvements other than Buildings	371,420	-	-	371,420
Machinery and Equipment	1,225,093	3,132	(23,320)	1,204,905
Infrastructure	<u>13,017,193</u>	<u>297,217</u>	<u>(193,000)</u>	<u>13,121,410</u>
Total Capital Assets Being Depreciated	<u>18,546,091</u>	<u>300,349</u>	<u>(216,320)</u>	<u>18,630,120</u>
Total Capital Assets	<u>20,168,833</u>	<u>388,840</u>	<u>(216,409)</u>	<u>20,341,264</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(584,484)	(86,201)	-	(670,685)
Improvements other than Buildings	(254,370)	(8,784)	-	(263,154)
Machinery and Equipment	(673,026)	(79,815)	24,589	(728,252)
Infrastructure	<u>(5,260,580)</u>	<u>(301,377)</u>	<u>115,800</u>	<u>(5,446,157)</u>
Total Accumulated Depreciation	<u>(6,772,460)</u>	<u>(476,177)</u>	<u>140,389</u>	<u>(7,108,248)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,396,373</u>	<u>\$ (87,337)</u>	<u>\$ (76,020)</u>	<u>\$ 13,233,016</u>

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 7 - Capital Assets (Continued):

Business-Type Activities

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
Water				
Capital Assets not Being Depreciated:				
Land	\$ 13,166	\$ -	\$ -	\$ 13,166
Capital Assets Being Depreciated:				
Property and Equipment	5,115,810	305,229	(17,333)	5,403,706
Total Capital Assets	5,128,976	305,229	(17,333)	5,416,872
Less: Accumulated Depreciation	(1,585,177)	(118,620)	17,333	(1,686,464)
Net Utility Plant	<u>\$ 3,543,799</u>	<u>\$ 186,609</u>	<u>\$ -</u>	<u>\$ 3,730,408</u>
Wastewater				
Capital Assets, not Being Depreciated:				
Land	\$ 102,949	\$ -	\$ -	\$ 102,949
Capital Assets Being Depreciated:				
Property and Equipment	13,814,189	547,007	(32,874)	14,328,322
Total Capital Assets	13,917,138	547,007	(32,874)	14,431,271
Less: Accumulated Depreciation	(6,494,927)	(344,484)	32,874	(6,806,537)
Net Utility Plant	<u>\$ 7,422,211</u>	<u>\$ 202,523</u>	<u>\$ -</u>	<u>\$ 7,624,734</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 73,727
Public Safety	38,442
Public Works	334,247
Culture and Recreation	29,761
Total Governmental Activities Depreciation Expense	<u>\$ 476,177</u>

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 7 - Capital Assets (Continued)

Business-Type Activities

Water Depreciation Charged to Accumulated Depreciation	\$ 118,619
Less: Share of Meter Depreciation	<u>(5,618)</u>
Water Depreciation Expense	<u>113,001</u>
Wastewater Depreciation Charged to Accumulated Depreciation	344,484
Plus: Share of Meter Depreciation	<u>5,618</u>
Wastewater Depreciation Expense	<u>350,102</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 463,103</u></u>

Note 8 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2017:

	<u>Balance 1/1/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/17</u>	<u>Due Within One Year</u>
Governmental Activities					
General Obligation Debt:					
Bonds and Notes Payable	\$ 6,282,994	\$ 256,219	\$ 697,760	\$ 5,841,453	\$ 745,325
Other Liabilities:					
Lease Payable	26,965	-	13,290	13,675	13,675
Net Pension Liability	89,256	78,218	120,232	47,242	-
Vested Compensated Absences	<u>32,822</u>	<u>50,412</u>	<u>49,445</u>	<u>33,789</u>	<u>20,273</u>
Total Governmental Activities	<u><u>\$ 6,432,037</u></u>	<u><u>\$ 384,849</u></u>	<u><u>\$ 880,727</u></u>	<u><u>\$ 5,936,159</u></u>	<u><u>\$ 779,273</u></u>

Interest during the year on long-term debt totaled \$170,569 for governmental funds.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 8 - Long-Term Obligations (Continued)

	<u>Balance 1/1/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/17</u>	<u>Due Within One Year</u>
Business-Type Activities					
Revenue Bonds Payable	\$ 4,008,340	\$ -	\$ 249,507	\$ 3,758,833	\$ 254,709
Other Liabilities:					
Lease Payable	8,989	-	4,430	4,559	4,559
Net Pension Liability	21,087	18,478	28,404	11,161	-
Total Business-Type Activities	<u>\$ 4,038,416</u>	<u>\$ 18,478</u>	<u>\$ 282,341</u>	<u>\$ 3,774,553</u>	<u>\$ 259,268</u>

Interest paid during the year on long-term debt totaled \$80,973 for the business-type activities.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
Governmental Activities					
2013 General Obligation Bonds	12/31/13	12/01/33	0.6%-4.4%	\$ 3,970,000	\$ 3,520,000
2014 Note Payable	01/10/14	01/01/24	3.25%	564,205	446,956
2014 State Trust Fund Loan	01/28/14	03/15/23	3.75%	460,679	325,229
2016 General Obligation Bonds	06/08/16	05/01/21	0.8%-1.25%	1,715,000	1,285,000
2016 Note Payable	02/10/16	02/10/19	3.00%	27,421	10,956
2017 Note Payable	08/23/17	08/23/20	3.00%	27,240	24,333
2017 Note Payable	12/14/17	12/14/21	2.75%	228,979	228,979
Total Governmental Activities					<u>\$ 5,841,453</u>
Business-Type Activities					
2010 Revenue Bonds	05/12/10	05/01/30	2.085%	\$ 5,533,330	<u>\$ 3,758,833</u>

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 8 - Long-Term Obligations (Continued):

Debt service requirements to maturity are as follows:

	Government Type Long-Term Debt		Business Type Long-Term Debt		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 745,325	\$ 166,498	\$ 254,709	\$ 75,716	\$ 1,000,034	\$ 242,214
2019	757,513	154,744	260,020	70,350	1,017,533	225,094
2020	622,815	142,758	265,441	64,872	888,256	207,630
2021	476,654	131,409	270,976	59,280	747,630	190,689
2022	285,579	121,652	276,625	53,571	562,204	175,223
2023-2027	1,358,567	453,112	1,472,085	177,972	2,830,652	631,084
2028-2032	1,300,000	232,420	958,977	30,267	2,258,977	262,687
2033	295,000	12,980	-	-	295,000	12,980
	<u>\$ 5,841,453</u>	<u>\$ 1,415,573</u>	<u>\$ 3,758,833</u>	<u>\$ 532,028</u>	<u>\$ 9,600,286</u>	<u>\$ 1,947,601</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule.

The 2017 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$191,595,000. The legal debt limit and margin of indebtedness as of December 31, 2017, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$191,595,000)	\$ 9,579,750
Deduct long-term debt applicable to debt margin	(5,841,453)
Add Debt Service Restricted Fund Balance	<u>1,460,536</u>
Remaining Margin of Indebtedness Available	<u>\$ 5,198,833</u>

Utility Revenues Pledged

The Village has pledged future sewer customer revenues, net of specified operating expenses, to repay the sewer system revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The bonds are payable from sewer customer net revenues and are payable through 2030. The total principal and interest remaining to be paid on the bonds is \$3,758,833 and \$532,028, respectively. Principal and interest paid for the current year and total customer revenues were \$249,507, \$80,246 and \$948,147, respectively.

The sewer system revenue bonds contain debt covenants related to minimum debt coverage and reserve funds. The Village was in compliance with these covenants as of December 31, 2017.

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 9 - Capital Lease

The Village is obligated under one capital lease used to finance the acquisition of a wheel loader. Presented below is the schedule of future minimum lease payments as of December 31, 2017:

<u>Year Ending</u>	<u>Amount</u>
2018	<u>\$ 18,234</u>

Note 10 - Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 13,233,016	\$ 11,355,142	\$ 24,588,158
Less: Related Long-Term Debt Outstanding	<u>(5,855,128)</u>	<u>(3,763,392)</u>	<u>(9,618,520)</u>
Net Investment in Capital Assets	<u>7,377,888</u>	<u>7,591,750</u>	<u>14,969,638</u>
Net Position Restricted For			
Debt Service	1,460,536	664,155	2,124,691
Equipment Replacement Fund	-	414,960	414,960
Long-Term Loans	108,563	-	108,563
Pension Benefits	156,312	36,927	193,239
Total Restricted	<u>1,725,411</u>	<u>1,116,042</u>	<u>2,841,453</u>
Unrestricted	<u>1,779,913</u>	<u>169,885</u>	<u>1,949,798</u>
Total Net Position - Government- Wide Statements	<u>\$ 10,883,212</u>	<u>\$ 8,877,677</u>	<u>\$ 19,760,889</u>

Fund balances reported on the governmental funds balance sheet at December 31, 2017 are classified as follows:

Nonspendable	
Delinquent Personal Property	\$ 11,505
Advances to Other Funds	
General Fund	623,450
Debt Service	<u>302,168</u>
Total Nonspendable	<u>937,123</u>
Restricted	
Housing and Neighborhood Conservation	15,998
Wisconsin Development Fund Grant	92,565
Debt Service	<u>1,460,536</u>
Total Restricted Fund Balance	<u>1,569,099</u>
Committed	
Tax Incremental District No. 3	<u>101,059</u>

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 10 - Net Position/Fund Balances (Continued)

Assigned		
General Fund		
Cemetery Maintenance	\$	49,427
Water Extension Replacement		67,899
Dam Inspection		6,000
Village Community Sign		2,500
Reassessment		10,000
Otto Miller Park		53,027
Veterans Memorial Park		4,492
Police Department Radios		3,813
Public Safety Grant/Donations		3,977
Comprehensive Plan		14,366
Boat Launch		11,542
Library		329
Accounting/Payroll/Utility Program		37,500
Municipal Building/Library		1,484
Urban Forestry		9,958
Events and Downtown Improvements		8,169
Senior Activities		447
Levy Stabilization/Emergency Response		37,706
Ambulance Subsidy		289
Total General Fund		<u>322,925</u>
Capital Improvements Fund		<u>205,532</u>
Total Assigned Fund Balance		<u>528,457</u>
Unassigned		
General Fund		123,086
Tax Incremental District No. 2		(420,616)
Tax Incremental District No. 4		(12,283)
Tax Incremental District No. 5		(12,358)
Total Unassigned Fund Balance (Deficits)		<u>(322,171)</u>
Total Governmental Funds Fund Balance	\$	<u>2,813,567</u>

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 11 - Defined Benefit Pension Plan

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.

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. 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 prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. 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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 11 - Defined Benefit Pension Plan (Continued)

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>
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$67,105 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%

Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension

At December 31, 2017, the Village reported a liability of \$58,403 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.00708571%, which was an increase of 0.00029529% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$148,637.

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 11 - Defined Benefit Pension Plan (Continued)

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 22,269	\$ 183,672
Changes in assumptions	61,063	-
Net differences between projected and actual earnings on pension plan investments	348,297	57,583
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	-	5,837
Employer contributions subsequent to the measurement date	67,105	-
	<u>\$ 498,734</u>	<u>\$ 247,092</u>

The \$67,105 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 150,483	\$ 74,679
2019	150,483	74,679
2020	125,873	74,468
2021	4,688	23,218
Thereafter	102	48

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 11 - Defined Benefit Pension Plan (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability at December 31, 2016 is based upon a roll-forward of the asset calculated from the December 31, 2015 actuarial valuation.

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0	45.0	8.3	5.4
Fixed Income	24.5	37.0	4.2	1.4
Inflation Sensitive Assets	15.5	20.0	4.3	1.5
Real Estate	8.0	7.0	6.5	3.6
Private Equity/Debt	8.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.6	3.7
Total Core Fund	110.0%	120.0%	7.4%	4.5%
 <u>Variable Fund Asset Class</u>				
U.S. Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0	30.0	8.5	5.6
Total Variable Fund	100.0%	100.0%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 11 - Defined Benefit Pension Plan (Continued)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability (asset). This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 768,331	\$ 58,403	(\$ 488,274)

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

Payables to the Pension Plan

The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. The amount due to the pension plan as of December 31, 2017 was \$6,851.

Note 12 - Tax Incremental Districts (TID)

The Village has established capital projects funds for Tax Incremental District No. 2, Tax Incremental District No. 3, Tax Incremental District No. 4, and Tax Incremental District No. 5 created by the Village in accordance with Wisconsin Statutes. At the time the Districts were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance such improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. Except for certain exceptions, the Statutes allow eighteen years after its creation date for a tax incremental financing district to incur project costs eligible for financing from tax increments. The Village's Districts were created on September 7, 2000, September 19, 2013, March 9, 2017 and March 9, 2017 and the final year to incur costs are 2019, 2028, 2032 and 2032, respectively. Unless terminated by the Village prior thereto, the TID's have statutory termination years of 2023, 2033, 2037 and 2037, respectively. In July 2011 TID No. 2 was designated as distressed. This designation extended the life of TID No. 2 by ten years with a new termination date of September 7, 2033.

VILLAGE OF HORTONVILLE

Notes to Financial Statements
December 31, 2017

Note 13 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past year.

Note 14 - Commitments and Contingencies

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2017, are not likely to have a material adverse impact on the Village's financial position.

Funds for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

Note 15 - Component Unit

The Hortonville and Hortonia Fire District is included as a component unit in a discrete column on the statement of net position and the statement of activities. The District is organized under Sections 61.65 and 66.30 of the Wisconsin Statutes and provides fire protection for properties located within the Village of Hortonville and the Town of Hortonia. The following additional disclosures are considered necessary for a fair presentation.

Measurement Focus and Basis of Accounting

The District prepares its financial statements using the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, except it does not record all capital assets nor does it record depreciation on its capital assets.

Cash

At December 31, 2017, the District's bank balance of cash was \$23,768. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2017

Note 15 - Component Unit (Continued)

Cash (Continued)

The following represents a summary of deposits as of December 31, 2017:

Fully insured deposits \$ 23,768

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2017.

Capital Assets

Capital assets activity for the year ended at December 31, 2017 follows:

	<u>Balance 1/1/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/17</u>
Equipment	<u>\$ 1,191,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,191,273</u>

The Fire District does not record depreciation on its capital assets.

Operating Grants and Contributions

Operating grants and contributions includes annual operating subsidies and fire insurance dues from the three governments in the amount of \$60,527 from the Village of Hortonville, \$38,697 from the Town of Hortonia, and \$3,600 from the Town of Liberty.

Note 16 - Negative Fund Balances

The Village had the following funds with a negative fund balance:

TID No. 2	\$ (420,616)
TID No. 4	(12,283)
TID No. 5	(12,358)
Total	<u>\$ (445,257)</u>

This deficit fund balances will be corrected with subsequent years' revenues.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HORTONVILLE
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net Pension Asset/Liability	Village's Proportionate Share of the Net Pension (Asset)/Liability	Village's Covered Payroll	Village's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Governmental Funds					
12/31/2016	0.00708571%	\$ 58,403	\$ 949,299	6.15%	99.12%
12/31/2015	0.00679045%	110,343	875,225	12.61%	98.20%
12/31/2014	0.00672369%	(165,152)	837,346	-19.72%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2017	\$ 67,105	\$ 67,105	\$ -	\$ 909,046	7.38%
12/31/2016	71,299	71,299	-	949,299	7.51%
12/31/2015	67,036	67,036	-	875,225	7.66%

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2014.

VILLAGE OF HORTONVILLE
Schedule of Budgetary Comparison
General Fund
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 860,863	\$ 860,863	\$ 861,212	\$ 349
Intergovernmental	755,762	756,839	759,031	2,192
Licenses and Permits	60,480	63,032	84,965	21,933
Fines, Forfeitures and Penalties	39,500	39,810	27,200	(12,610)
Public Charges for Services	215,835	278,736	293,283	14,547
Intergovernmental Charges for Services	92,390	92,390	74,536	(17,854)
Investment Income	9,500	9,500	12,739	3,239
Miscellaneous	2,580	19,047	41,867	22,820
Total Revenues	<u>2,036,910</u>	<u>2,120,217</u>	<u>2,154,833</u>	<u>34,616</u>
EXPENDITURES				
General Government	387,535	436,837	425,992	10,845
Public Safety	881,783	860,129	810,560	49,569
Public Works	423,073	513,741	487,816	25,925
Culture and Recreation	321,198	335,108	274,903	60,205
Health and Human Services	34,690	23,007	13,452	9,555
Conservation and Development	16,986	25,749	24,794	955
Capital Outlay	60,680	29,980	55,891	(25,911)
Total Expenditures	<u>2,125,945</u>	<u>2,224,551</u>	<u>2,093,408</u>	<u>131,143</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(89,035)</u>	<u>(104,334)</u>	<u>61,425</u>	<u>165,759</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	33,097	33,097	34,583	1,486
Transfers Out	(45,000)	(45,000)	(40,050)	4,950
Total Other Financing Sources (Uses)	<u>(11,903)</u>	<u>(11,903)</u>	<u>(5,467)</u>	<u>6,436</u>
NET CHANGE IN FUND BALANCE	(100,938)	(116,237)	55,958	172,195
FUND BALANCE - BEGINNING	<u>1,025,008</u>	<u>1,025,008</u>	<u>1,025,008</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 924,070</u>	<u>\$ 908,771</u>	<u>\$ 1,080,966</u>	<u>\$ 172,195</u>

VILLAGE OF HORTONVILLE
Notes to Required Supplementary Information
December 31, 2017

Defined Benefit Pension Plan

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

Changes of assumptions. There were no changes in the assumptions.

Budgetary Process

The Village follows these procedures in establishing the budgetary data:

- During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

Excess of Actual Expenditures Over Budget in Individual Funds

The Village had the following function with an excess of actual expenditures over budget for the year ended December 31, 2017.

Capital Outlay	<u>\$ 25,911</u>
----------------	------------------

THIS PAGE LEFT BLANK INTENTIONALLY

SUPPLEMENTARY INFORMATION

VILLAGE OF HORTONVILLE

Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2017

	Capital Projects Funds		Special Revenue Funds		Total Nonmajor Funds
	TID #4	TID #5	Housing and Neighborhood Conservation	Wisconsin Development Fund Grant	
ASSETS					
Restricted Cash	\$ -	\$ -	\$ 15,998	\$ 92,565	\$ 108,563
Loans Receivable	-	-	30,999	162,220	193,219
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,997</u>	<u>\$ 254,785</u>	<u>\$ 301,782</u>
LIABILITY, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
Liability					
Advances to Other Funds	\$ 12,283	\$ 12,358	\$ -	\$ -	\$ 24,641
Deferred Inflow of Resources					
Long-Term Receivables	-	-	30,999	162,220	193,219
Fund Balances (Deficits)					
Restricted	-	-	15,998	92,565	108,563
Unassigned	(12,283)	(12,358)	-	-	(24,641)
Total Fund Balance (Deficit)	<u>(12,283)</u>	<u>(12,358)</u>	<u>15,998</u>	<u>92,565</u>	<u>83,922</u>
TOTAL LIABILITY, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					

VILLAGE OF HORTONVILLE
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Capital Projects Funds		Special Revenue Funds		Total Nonmajor Funds
	TID #4	TID #5	Housing and Neighborhood Conservation	Wisconsin Development Fund Grant	
REVENUES					
Loan Repayment	\$ -	\$ -	\$ -	\$ 23,187	\$ 23,187
Investment Income	-	-	-	1,756	1,756
Total Revenues	-	-	-	24,943	24,943
EXPENDITURES					
General Government	1,000	1,000	-	-	2,000
Conservation and Development	11,283	11,358	-	60	22,701
Total Expenditures	12,283	12,358	-	60	24,701
NET CHANGE IN FUND BALANCES	(12,283)	(12,358)	-	24,883	242
FUND BALANCES - BEGINNING	-	-	15,998	67,682	83,680
FUND BALANCES (DEFICITS) - ENDING	\$ (12,283)	\$ (12,358)	\$ 15,998	\$ 92,565	\$ 83,922

VILLAGE OF HORTONVILLE

Schedule of Water and Wastewater Utility Operating Revenues and Expenses
For the Year Ended December 31, 2017

OPERATING REVENUES

Sales:

Metered Sales:

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Residential	\$ 252,742	\$ 694,827	\$ 947,569
Commercial	39,215	150,286	189,501
Industrial	11,374	31,721	43,095
Public Authorities	19,926	71,312	91,238
Total Metered Sales	<u>323,257</u>	<u>948,146</u>	<u>1,271,403</u>

Public Fire Protection	168,554	-	168,554
------------------------	---------	---	---------

Total Sales	<u>491,811</u>	<u>948,146</u>	<u>1,439,957</u>
--------------------	----------------	----------------	------------------

Other Operating Revenues

Customer Forfeited Discounts	1,514	5,476	6,990
Non Operating Income	26,385	1,491	27,876
Total Operating Revenues	<u>519,710</u>	<u>955,113</u>	<u>1,474,823</u>

OPERATING EXPENSES

Operation, Maintenance and General Expenses

Operation and Maintenance Expenses:

Supervision and Labor	42,509	54,685	97,194
Maintenance and Repairs of Water Plant	46,155	5,987	52,142
Power Purchased for Pumping	17,638	68,081	85,719
Chemicals	10,788	8,462	19,250
Operating Supplies and Expenses	7,459	42,407	49,866
Transportation Expenses	1,862	1,214	3,076
Total Operating and Maintenance Expenses	<u>126,411</u>	<u>180,836</u>	<u>307,247</u>

Administrative and General Expenses

Administrative Salaries and Wages	43,533	43,533	87,066
Office Supplies and Expenses	6,380	6,373	12,753
Professional Services	8,488	22,684	31,172
Property Insurance	6,721	11,359	18,080
Employee Benefits	32,501	32,742	65,243
Billing, Collecting and Accounting	25,636	25,636	51,272
Meter Reading	433	433	866
Miscellaneous	3,740	9,218	12,958
Total Administrative and General Expenses	<u>127,432</u>	<u>151,978</u>	<u>279,410</u>

Total Operation, Maintenance and General Expenses	<u>253,843</u>	<u>332,814</u>	<u>586,657</u>
--	----------------	----------------	----------------

Other Operating Expenses

Depreciation	113,001	350,102	463,103
Taxes	9,872	10,097	19,969
Total Other Operating Expenses	<u>122,873</u>	<u>360,199</u>	<u>483,072</u>

Total Operating Expenses	<u>376,716</u>	<u>693,013</u>	<u>1,069,729</u>
---------------------------------	----------------	----------------	------------------

OPERATING INCOME	<u>\$ 142,994</u>	<u>\$ 262,100</u>	<u>\$ 405,094</u>
-------------------------	-------------------	-------------------	-------------------

VILLAGE OF HORTONVILLE
Schedule of Detailed Budgetary Comparison
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUE AND OTHER FINANCING SOURCE				
TAXES				
General Property Taxes	\$ 856,542	\$ 856,542	\$ 856,636	\$ 94
Other Taxes	4,311	4,311	4,284	(27)
Interest on Taxes	10	10	292	282
Total Taxes	<u>860,863</u>	<u>860,863</u>	<u>861,212</u>	<u>349</u>
INTERGOVERNMENTAL				
Shared Revenues	467,162	467,162	467,363	201
Fire Insurance Dues	7,700	8,377	8,377	-
General Highway Aids	96,573	96,573	97,246	673
Computer Aid	3,900	3,900	3,727	(173)
Expenditure Restraint Program	51,104	51,104	51,105	1
Police Training	1,120	1,120	1,435	315
Managed Forest Crop	-	-	90	90
Library County Aid	125,073	125,073	125,073	-
Cemetery County Aid	130	130	298	168
Other State Aids	3,000	3,400	4,317	917
Total Intergovernmental	<u>755,762</u>	<u>756,839</u>	<u>759,031</u>	<u>2,192</u>
LICENSES AND PERMITS				
Liquor and Malt Beverage Licenses	5,350	5,350	5,423	73
Operators Licenses	3,500	3,500	3,777	277
Cigarette Licenses	75	75	75	-
Bicycle Licenses	10	10	-	(10)
Dog and Cat Licenses	3,900	3,900	3,715	(185)
Building Permits	12,500	15,052	28,902	13,850
Other Permits	2,115	2,115	3,610	1,495
Water and Sewer Hookup Fees	1,030	1,030	7,684	6,654
Cable Television	32,000	32,000	31,779	(221)
Total Licenses and Permits	<u>60,480</u>	<u>63,032</u>	<u>84,965</u>	<u>21,933</u>
FINES AND FORFEITS				
Court Penalties and Fines	37,500	37,810	26,070	(11,740)
Parking Violations	2,000	2,000	1,130	(870)
Total Fines and Forfeits	<u>39,500</u>	<u>39,810</u>	<u>27,200</u>	<u>(12,610)</u>
PUBLIC CHARGES FOR SERVICES				
Property Inquiry Fees	2,300	2,300	2,610	310
License Publication Fees	450	450	490	40
Refuse Collection Fees	122,770	122,770	124,850	2,080
Recycling Cart Fees	-	60,101	60,101	-
Cemetery Sales and Charges	9,500	9,500	9,975	475
Library Fines	4,200	4,200	3,940	(260)
Police Report Fees	400	400	329	(71)
Miscellaneous Police Fees	310	-	172	172
Fire Call Fees	3,000	3,000	-	(3,000)
Ambulance Fees	28,505	28,599	28,946	347
Public Works Charges	-	-	500	500
Community Hall Fees	8,250	8,250	10,355	2,105
Recreation Fees	24,700	27,716	36,898	9,182
Park Fees	11,170	11,170	11,811	641
Copy Fees	50	50	1,249	1,199
Miscellaneous Charges	-	-	884	884
Election Services	230	230	173	(57)
Total Public Charges for Services	<u>215,835</u>	<u>278,736</u>	<u>293,283</u>	<u>14,547</u>

VILLAGE OF HORTONVILLE
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Police Liaison Officer Contract	\$ 91,690	\$ 91,690	\$ 74,536	\$ (17,154)
Fire District Fees	700	700	-	(700)
Total Intergovernmental Charges For Services	<u>92,390</u>	<u>92,390</u>	<u>74,536</u>	<u>(17,854)</u>
INVESTMENT INCOME:				
Investment Income	9,500	9,500	12,739	3,239
MISCELLANEOUS REVENUES				
Miscellaneous General Revenue	-	2,043	24,829	22,786
Donations	1,830	16,254	16,988	734
Sale of Equipment and Land	750	750	50	(700)
Total Miscellaneous Revenues	<u>2,580</u>	<u>19,047</u>	<u>41,867</u>	<u>22,820</u>
OTHER FINANCING SOURCE				
Transfers In	33,097	33,097	34,583	1,486
TOTAL REVENUES AND OTHER FINANCING SOURCE	<u>2,070,007</u>	<u>2,153,314</u>	<u>2,189,416</u>	<u>36,102</u>
EXPENDITURES AND OTHER FINANCING USE				
GENERAL GOVERNMENT				
Current:				
Village Board	14,639	14,733	14,681	52
Municipal Court	38,741	37,375	36,408	967
Legal	22,303	71,777	71,778	(1)
Administrative	186,092	187,103	175,235	11,868
Elections	5,350	5,350	3,428	1,922
Finance	8,477	7,202	9,877	(2,675)
Assessor	5,764	6,781	6,781	-
Village Hall Expenses	16,500	16,500	23,272	(6,772)
Property and Liability Insurance	89,669	90,016	81,060	8,956
Tax Refund	-	-	950	(950)
Miscellaneous	-	-	2,522	(2,522)
Total General Government	<u>387,535</u>	<u>436,837</u>	<u>425,992</u>	<u>10,845</u>
PUBLIC SAFETY				
Police Operations	585,848	559,971	511,124	48,847
Crossing Guards	12,140	12,140	11,518	622
Fire Protection	69,627	71,204	71,116	88
Public Fire Protection	168,554	168,554	168,554	-
Inspection	16,798	19,350	19,351	(1)
Ambulance	28,466	28,560	28,560	-
Emergency Government	350	350	337	13
Total Public Safety	<u>881,783</u>	<u>860,129</u>	<u>810,560</u>	<u>49,569</u>

VILLAGE OF HORTONVILLE
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
PUBLIC WORKS				
Public Works Administration	\$ 1,886	\$ 1,577	\$ 1,077	\$ 500
Street Maintenance	207,245	234,186	214,609	19,577
Street Lighting	44,321	43,258	43,259	(1)
Snow Removal	45,823	49,288	49,288	-
Sidewalks	4,321	3,000	-	3,000
Dams and Bridges	-	3,660	3,810	(150)
Storm Water Management	1,642	1,052	552	500
Sanitation	107,500	170,302	170,303	(1)
Landfill/Compost/Brush	9,985	7,351	4,851	2,500
Weed and Nuisance Control	350	67	67	-
Total Public Works	<u>423,073</u>	<u>513,741</u>	<u>487,816</u>	<u>25,925</u>
CULTURE AND RECREATION				
Library	194,379	191,817	147,234	44,583
Community Hall	19,910	23,968	22,968	1,000
Parks and Playgrounds	66,394	80,011	67,380	12,631
General Recreation	40,515	39,312	37,321	1,991
Total Culture and Recreation	<u>321,198</u>	<u>335,108</u>	<u>274,903</u>	<u>60,205</u>
HEALTH AND HUMAN SERVICES				
Cemetery	28,390	16,707	12,207	4,500
Water Ext/Replacement	5,000	5,000	-	5,000
Animal Control	1,300	1,300	1,245	55
Total Health and Human Services	<u>34,690</u>	<u>23,007</u>	<u>13,452</u>	<u>9,555</u>
CONSERVATION AND DEVELOPMENT				
Planning	-	12,049	12,049	-
Urban Development	16,550	8,650	8,114	536
Economic Development	436	5,050	4,631	419
Total Conservation and Development	<u>16,986</u>	<u>25,749</u>	<u>24,794</u>	<u>955</u>
CAPITAL OUTLAY				
Culture and Recreation	60,680	29,980	55,891	(25,911)
Total Expenditures	<u>2,125,945</u>	<u>2,224,551</u>	<u>2,093,408</u>	<u>131,143</u>
OTHER FINANCING USE				
Transfers Out	45,000	45,000	40,050	4,950
NET CHANGE IN FUND BALANCE	(100,938)	(116,237)	55,958	172,195
FUND BALANCE - BEGINNING	1,025,008	1,025,008	1,025,008	-
FUND BALANCE - ENDING	<u>\$ 924,070</u>	<u>\$ 908,771</u>	<u>\$ 1,080,966</u>	<u>\$ 172,195</u>