

**VILLAGE OF HORTONVILLE**

**Annual Financial Report**

**December 31, 2018**

# VILLAGE OF HORTONVILLE

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December 31, 2018

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**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, 2018, 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, 2018, 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, 2018, 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.

***Change in Accounting Principles***

As discussed in Note 1, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that the schedules of proportionate share of the net pension liability (asset) and employer contributions-Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability (asset) and employer contributions – other than post-employment benefits other than pensions – cost sharing plan, 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.

*Supplementary 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. The supplementary information is the responsibility of management.

To the Village Board  
Village of Hortonville

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 utility operating revenues and expenses 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**  
\_\_\_\_\_, 2019

## **BASIC FINANCIAL STATEMENTS**

VILLAGE OF HORTONVILLE

Statement of Net Position

As of December 31, 2018

|   | Primary Government         |                                 |
|---|----------------------------|---------------------------------|
|   | Governmental<br>Activities | Business-<br>Type<br>Activities |
| <b>ASSETS</b>                                     |                            |                                 |
| Cash and Investments                              | \$ 2,397,617               | \$ 1,309,431                    |
| Receivables:                                      |                            |                                 |
| Taxes   | 1,076,013                  | -                               |
| Accounts  | 125,502                    | 340,280                         |
| Special Assessments                               | 165,547                    | 10,224                          |
| Loans   | 224,272                    | -                               |
| Other   | -                          | 24,382                          |
| Internal Balances                                 | 512,255                    | (512,255)                       |
| Inventories                                       | -                          | 2,068                           |
| Restricted Cash                                   | 1,095,453                  | 861,569                         |
| Prepaid Expenses                                  | 23,868                     | -                               |
| Net Pension Asset                                 | 174,268                    | 41,172                          |
| Capital Assets:                                   |                            |                                 |
| Capital Assets Not Being Depreciated              | 1,595,712                  | 116,115                         |
| Other Capital Assets, Net of Depreciation         | 11,567,460                 | 10,903,214                      |
| <b>Total Assets</b>                               | <u>18,957,967</u>          | <u>13,096,200</u>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>             |                            |                                 |
| Deferred Outflows of Resources Related to Pension | 260,480                    | 116,008                         |
| Deferred Outflows of Resources Related to Other   |                            |                                 |
| Post-Employment Benefits                          | 5,591                      | 1,321                           |
| <b>Total Deferred Outflow of Resources</b>        | <u>266,071</u>             | <u>117,329</u>                  |
| <b>LIABILITIES</b>                                |                            |                                 |
| Accounts Payable and Accrued Liabilities          | 218,841                    | 77,031                          |
| Accrued Interest                                  | 11,846                     | 10,341                          |
| Deposits  | 3,086                      | -                               |
| Unearned Revenues                                 | -                          | 11,366                          |
| Long-Term Obligations:                            |                            |                                 |
| Due Within One Year                               | 815,337                    | 282,705                         |
| Due in More Than One Year                         | 4,385,803                  | 3,506,618                       |
| OPEB Liability                                    | 51,698                     | 12,213                          |
| <b>Total Liabilities</b>                          | <u>5,486,611</u>           | <u>3,900,274</u>                |
| <b>DEFERRED INFLOW OF RESOURCES</b>               |                            |                                 |
| Deferred Inflows Related to Pension               | 304,065                    | 126,309                         |
| Deferred Inflows Related to Other                 |                            |                                 |
| Post-Employment Benefits                          | 5,329                      | 1,258                           |
| Taxes Levied for Subsequent Year                  | 2,037,423                  | -                               |
| <b>Total Deferred Inflow of Resources</b>         | <u>2,346,817</u>           | <u>127,567</u>                  |
| <b>NET POSITION</b>                               |                            |                                 |
| Net Investment in Capital Assets                  | 7,944,518                  | 7,230,006                       |
| Restricted  | 1,745,528                  | 892,440                         |
| Unrestricted                                      | 1,700,564                  | 1,063,242                       |
| <b>TOTAL NET POSITION</b>                         | <u>\$ 11,390,610</u>       | <u>\$ 9,185,688</u>             |

See Accompanying Notes



| Primary<br>Government | Component<br>Unit    |
|-----------------------|----------------------|
| <u>Total</u>          | <u>Fire District</u> |
| \$ 3,707,048          | \$ 59,129            |
| 1,076,013             | -                    |
| 465,782               | -                    |
| 175,771               | -                    |
| 224,272               | -                    |
| 24,382                | -                    |
| -                     | -                    |
| 2,068                 | -                    |
| 1,957,022             | -                    |
| 23,868                | -                    |
| 215,440               | -                    |
| 1,711,827             | 1,191,273            |
| 22,470,674            | -                    |
| <u>32,054,167</u>     | <u>1,250,402</u>     |
| 376,488               | -                    |
| 6,912                 | -                    |
| <u>383,400</u>        | <u>-</u>             |
| 295,872               | -                    |
| 22,187                | -                    |
| 3,086                 | -                    |
| 11,366                | -                    |
| 1,098,042             | -                    |
| 7,892,421             | -                    |
| 63,911                | -                    |
| <u>9,386,885</u>      | <u>-</u>             |
| 430,374               | -                    |
| 6,587                 | -                    |
| 2,037,423             | -                    |
| <u>2,474,384</u>      | <u>-</u>             |
| 15,174,524            | 1,191,273            |
| 2,637,968             | -                    |
| 2,763,806             | 59,129               |
| <u>\$ 20,576,298</u>  | <u>\$ 1,250,402</u>  |

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Activities  
For the Year Ended December 31, 2018

|                                      | <b>Program Revenues</b> |                                 |   |                                  |
|--------------------------------------|-------------------------|---------------------------------|---|----------------------------------|
|                                      | <b>Expenses</b>         | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Contributions</b> |
| <b>FUNCTIONS/PROGRAMS</b>            |                         |                                 |   |                                  |
| Governmental Activities:             |                         |                                 |   |                                  |
| General Government                   | \$ 789,026              | \$ 48,997                       | \$ 520  | \$ -                             |
| Public Safety                        | 913,190                 | 183,164                         | 9,459   | -                                |
| Public Works                         | 874,166                 | 142,834                         | 118,287   | 418,937                          |
| Culture and Recreation               | 307,463                 | 56,523                          | 132,128   | -                                |
| Health and Human Services            | 17,945                  | 13,150                          | 1,013   | -                                |
| Conservation and Development         | 11,059                  | -                               | -   | -                                |
| Interest and Fiscal Charges          | 166,038                 | -                               | -   | -                                |
| <b>Total Governmental Activities</b> | <b>3,078,887</b>        | <b>444,668</b>                  | <b>261,407</b>                                    | <b>418,937</b>                   |
| <b>BUSINESS-TYPE ACTIVITIES</b>      |                         |                                 |   |                                  |
| Water and Wastewater Utility         | 1,216,012               | 1,488,782                       | -   | -                                |
| <b>COMPONENT UNIT</b>                |                         |                                 |   |                                  |
| Fire District                        | 87,216                  | 13,259                          | 103,664   | -                                |
| <b>TOTAL</b>                         | <b>\$ 4,382,115</b>     | <b>\$ 1,946,709</b>             | <b>\$ 365,071</b>                                 | <b>\$ 418,937</b>                |

**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 - RESTATED**

**NET POSITION - END OF YEAR**

| Net (Expenses) Revenues and<br>Changes in Net Position |                             |               | Component<br>Unit |
|--|-----------------------------|---------------|-------------------|
| Governmental<br>Activities                             | Business-Type<br>Activities | Totals        | Fire<br>District  |
| \$ (739,509)   | \$ -                        | \$ (739,509)  | \$ -              |
| (720,567)  | -                           | (720,567)     | -                 |
| (194,108)  | -                           | (194,108)     | -                 |
| (118,812)  | -                           | (118,812)     | -                 |
| (3,782)  | -                           | (3,782)       | -                 |
| (11,059)   | -                           | (11,059)      | -                 |
| (166,038)  | -                           | (166,038)     | -                 |
| (1,953,875)  | -                           | (1,953,875)   | -                 |
| -  | 272,770                     | 272,770       | -                 |
| -  | -                           | -             | 29,707            |
| (1,953,875)  | 272,770                     | (1,681,105)   | 29,707            |
| 891,842  | -                           | 891,842       | -                 |
| 636,745  | -                           | 636,745       | -                 |
| 402,005  | -                           | 402,005       | -                 |
| 6,575  | -                           | 6,575         | -                 |
| 473,232  | -                           | 473,232       | -                 |
| 20,229   | 12,043                      | 32,272        | -                 |
| 57,772   | 27,407                      | 85,179        | 5,654             |
| 2,488,400  | 39,450                      | 2,527,850     | 5,654             |
| (6,903)  | 6,903                       | -             | -                 |
| 527,622  | 319,123                     | 846,745       | 35,361            |
| 10,862,988   | 8,866,565                   | 19,729,553    | 1,215,041         |
| \$ 11,390,610  | \$ 9,185,688                | \$ 20,576,298 | \$ 1,250,402      |

See Accompanying Notes

VILLAGE OF HORTONVILLE

Balance Sheet

Governmental Funds

As of December 31, 2018

|   | General             | Debt<br>Service     | Capital<br>Improvements |
|---|---------------------|---------------------|-------------------------|
| <b>ASSETS</b>   |                     |                     |                         |
| Cash and Investments  | \$ 941,042          | \$ 1,418,643        | \$ 20,473               |
| Restricted Cash   | 435,988             | 309,543             | 5,072                   |
| Receivables   |                     |                     |                         |
| Taxes   | 487,960             | 346,442             | 5,676                   |
| Accounts  | 125,502             | -                   | -                       |
| Special Assessments   | -                   | 32,400              | -                       |
| Loans   | 74,269              | -                   | -                       |
| Prepaid Expenses  | 23,868              | -                   | -                       |
| Due from Other Funds  | 204,351             | 62,159              | 166,481                 |
| Advance to Other Funds  | -                   | 199,380             | -                       |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,292,980</b> | <b>\$ 2,368,567</b> | <b>\$ 197,702</b>       |
| <b>LIABILITIES, DEFERRED INFLOW OF RESOURCES<br/>AND FUND BALANCES (DEFICIT)</b>        |                     |                     |                         |
| <b>Liabilities</b>  |                     |                     |                         |
| Accounts Payable  | \$ 76,170           | \$ -                | \$ -                    |
| Accrued Liabilities   | 42,664              | -                   | -                       |
| Deposits  | 2,886               | -                   | -                       |
| Advance from Other Fund   | -                   | -                   | -                       |
| <b>Total Liabilities</b>  | <b>121,720</b>      | <b>-</b>            | <b>-</b>                |
| <b>Deferred Inflows of Resources</b>  |                     |                     |                         |
| Special Assessments   | -                   | 32,400              | -                       |
| Long-Term Receivables   | 74,269              | -                   | -                       |
| Other Long-Term Loan Receivable   | 102,032             | -                   | -                       |
| Taxes Levied for Subsequent Year  | 923,948             | 655,985             | 10,748                  |
| <b>Total Deferred Inflows of Resources</b>  | <b>1,100,249</b>    | <b>688,385</b>      | <b>10,748</b>           |
| <b>Fund Balances (Deficits)</b>   |                     |                     |                         |
| Nonspendable  | 23,868              | 199,380             | -                       |
| Restricted  | -                   | 1,480,802           | -                       |
| Committed   | -                   | -                   | -                       |
| Assigned  | 351,935             | -                   | 186,954                 |
| Unassigned  | 695,208             | -                   | -                       |
| <b>Total Fund Balances (Deficits)</b>   | <b>1,071,011</b>    | <b>1,680,182</b>    | <b>186,954</b>          |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES<br/>AND FUND BALANCES (DEFICITS)</b> | <b>\$ 2,292,980</b> | <b>\$ 2,368,567</b> | <b>\$ 197,702</b>       |

| TID<br>No. 2      | TID<br>No. 3      | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------|-------------------|--------------------------------|--------------------------------|
| \$ -              | \$ 17,459         | \$ -                           | \$ 2,397,617                   |
| 145,941           | 60,806            | 138,103                        | 1,095,453                      |
| 163,337           | 68,054            | 4,544                          | 1,076,013                      |
| -                 | -                 | -                              | 125,502                        |
| 133,147           | -                 | -                              | 165,547                        |
| -                 | -                 | 150,003                        | 224,272                        |
| -                 | -                 | -                              | 23,868                         |
| -                 | -                 | -                              | 432,991                        |
| 271,266           | 23,370            | 19,006                         | 513,022                        |
| <u>\$ 713,691</u> | <u>\$ 169,689</u> | <u>\$ 311,656</u>              | <u>\$ 6,054,285</u>            |
| <br>              |                   |                                |                                |
| \$ -              | \$ 1,695          | \$ 98,312                      | \$ 176,177                     |
| -                 | -                 | -                              | 42,664                         |
| -                 | 200               | -                              | 3,086                          |
| 378,125           | -                 | 55,633                         | 433,758                        |
| <u>378,125</u>    | <u>1,895</u>      | <u>153,945</u>                 | <u>655,685</u>                 |
| <br>              |                   |                                |                                |
| 133,147           | -                 | -                              | 165,547                        |
| -                 | -                 | 150,003                        | 224,272                        |
| -                 | -                 | -                              | 102,032                        |
| 309,278           | 128,860           | 8,604                          | 2,037,423                      |
| <u>442,425</u>    | <u>128,860</u>    | <u>158,607</u>                 | <u>2,529,274</u>               |
| <br>              |                   |                                |                                |
| -                 | -                 | 19,006                         | 242,254                        |
| -                 | -                 | 134,043                        | 1,614,845                      |
| -                 | 38,934            | -                              | 38,934                         |
| -                 | -                 | -                              | 538,889                        |
| (106,859)         | -                 | (153,945)                      | 434,403                        |
| <u>(106,859)</u>  | <u>38,934</u>     | <u>(896)</u>                   | <u>2,869,325</u>               |
| <br>              |                   |                                |                                |
| <u>\$ 713,691</u> | <u>\$ 169,689</u> | <u>\$ 311,656</u>              | <u>\$ 6,054,285</u>            |

**VILLAGE OF HORTONVILLE**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
As of December 31, 2018

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**Total Fund Balances - Governmental Funds** \$ 2,869,325

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:

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:

|                                       |                    |            |
|---------------------------------------|--------------------|------------|
| Governmental Capital Assets           | 20,775,461         |            |
| Governmental Accumulated Depreciation | <u>(7,612,289)</u> | 13,163,172 |

The Village's proportionate share of the Wisconsin Retirement System pension plan, and other post-employment benefits are not available financial resources; therefore, they are not reported in the fund financial statements.

|  |           |
|--|-----------|
| Deferred Outflows of Resources Related to Pension                        | 260,480   |
| Deferred Inflows of Resources Related to Pension                         | (304,065) |
| Deferred Outflows of Resources Related to Other Post-Employment Benefits | 5,591     |
| Deferred Inflows of Resources Related to Other Post-Employment Benefits  | (5,329)   |

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:

|                              |         |
|------------------------------|---------|
| Long-Term Receivable         | 224,272 |
| Other                        | 102,032 |
| Deferred Special Assessments | 165,548 |

Pension asset is not available in the current period and therefore not reported in the fund financial statements. 174,268

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.

|   |                 |                    |
|---|-----------------|--------------------|
| General Obligation Debt                     | (5,097,911)     |                    |
| Other Post-Employment Benefits              | (51,698)        |                    |
| Vested Employee Benefits                    | (34,184)        |                    |
| Accrued Sick Leave                          | (69,045)        |                    |
| Accrued Interest on General Obligation Debt | <u>(11,846)</u> | <u>(5,264,684)</u> |

**Total Net Position - Governmental Activities** \$ 11,390,610

**VILLAGE OF HORTONVILLE**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances (Deficits) - Governmental Funds  
For the Year Ended December 31, 2018

|  | General             | Debt<br>Service     | Capital<br>Improvements | TID<br>No. 2        |
|--|---------------------|---------------------|-------------------------|---------------------|
| <b>REVENUES</b>  |                     |                     |                         |                     |
| Taxes  | \$ 898,417          | \$ 636,745          | \$ 17,979               | \$ 326,114          |
| Intergovernmental  | 715,018             | -                   | 15,000                  | 2,143               |
| Licenses and Permits   | 88,760              | -                   | -                       | -                   |
| Fines, Forfeitures and Penalties                                     | 35,661              | -                   | -                       | -                   |
| Public Charges for Services  | 238,113             | -                   | 400                     | -                   |
| Intergovernmental Charges for Services                               | 66,752              | -                   | -                       | -                   |
| Special Assessments  | -                   | 85,327              | -                       | -                   |
| Investment Income  | 14,551              | 3,984               | -                       | -                   |
| Donations  | -                   | -                   | 418,937                 | -                   |
| Miscellaneous  | 7,848               | -                   | 4,951                   | 13,900              |
| <b>Total Revenues</b>  | <u>2,065,120</u>    | <u>726,056</u>      | <u>457,267</u>          | <u>342,157</u>      |
| <b>EXPENDITURES</b>  |                     |                     |                         |                     |
| Current:   |                     |                     |                         |                     |
| General Government   | 432,858             | -                   | -                       | 1,102               |
| Public Safety  | 886,417             | -                   | -                       | -                   |
| Public Works   | 423,485             | -                   | 102,790                 | 2,486               |
| Culture and Recreation   | 230,008             | -                   | -                       | -                   |
| Health and Human Services  | 17,945              | -                   | -                       | -                   |
| Conservation and Development   | 11,059              | -                   | -                       | -                   |
| Capital Outlay   | 66,400              | -                   | 358,821                 | -                   |
| Debt Service:  |                     |                     |                         |                     |
| Principal Retirement   | -                   | 743,542             | 13,675                  | -                   |
| Interest and Fiscal Charges  | -                   | 168,282             | 559                     | -                   |
| <b>Total Expenditures</b>  | <u>2,068,172</u>    | <u>911,824</u>      | <u>475,845</u>          | <u>3,588</u>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | <u>(3,052)</u>      | <u>(185,768)</u>    | <u>(18,578)</u>         | <u>338,569</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>                                |                     |                     |                         |                     |
| Transfers In   | 33,097              | 103,246             | -                       | -                   |
| Transfers (Out)  | (40,000)            | -                   | -                       | (24,812)            |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>(6,903)</u>      | <u>103,246</u>      | <u>-</u>                | <u>(24,812)</u>     |
| <b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>                        | (9,955)             | (82,522)            | (18,578)                | 313,757             |
| <b>FUND BALANCES (DEFICIT) - BEGINNING</b>                           | <u>1,080,966</u>    | <u>1,762,704</u>    | <u>205,532</u>          | <u>(420,616)</u>    |
| <b>FUND BALANCES (DEFICITS) - ENDING</b>                             | <u>\$ 1,071,011</u> | <u>\$ 1,680,182</u> | <u>\$ 186,954</u>       | <u>\$ (106,859)</u> |

| TID<br>No. 3     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------|--------------------------------|--------------------------------|
| \$ 57,912        | \$ -                           | \$ 1,937,167                   |
| -                | -                              | 732,161                        |
| -                | -                              | 88,760                         |
| -                | -                              | 35,661                         |
| -                | -                              | 238,513                        |
| -                | -                              | 66,752                         |
| -                | -                              | 85,327                         |
| -                | 1,711                          | 20,246                         |
| -                | -                              | 418,937                        |
| 12,449           | 42,775                         | 81,923                         |
| <u>70,361</u>    | <u>44,486</u>                  | <u>3,705,447</u>               |
| -                | 129,304                        | 563,265                        |
| -                | -                              | 886,417                        |
| 42,023           | -                              | 570,784                        |
| -                | -                              | 230,008                        |
| -                | -                              | 17,945                         |
| 12,029           | -                              | 23,088                         |
| -                | -                              | 425,221                        |
| -                | -                              | 757,217                        |
| -                | -                              | 168,841                        |
| <u>54,052</u>    | <u>129,304</u>                 | <u>3,642,786</u>               |
| <u>16,309</u>    | <u>(84,818)</u>                | <u>62,661</u>                  |
| -                | -                              | 136,343                        |
| <u>(78,434)</u>  | <u>-</u>                       | <u>(143,246)</u>               |
| <u>(78,434)</u>  | <u>-</u>                       | <u>(6,903)</u>                 |
| (62,125)         | (84,818)                       | 55,758                         |
| <u>101,059</u>   | <u>83,922</u>                  | <u>2,813,567</u>               |
| <u>\$ 38,934</u> | <u>\$ (896)</u>                | <u>\$ 2,869,325</u>            |



**VILLAGE OF HORTONVILLE**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2018

|   |                  |                |
|---|------------------|----------------|
| <b>Net Change in Fund Balances (Deficits) - Total Governmental Funds</b>  | \$               | 55,758         |
| <b>Amounts reported for governmental activities in the statement of activities are different because:</b>   |                  |                |
| 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   | 425,221          |                |
| Depreciation expense reported in the statement of activities  | <u>(486,043)</u> |                |
| Amount by which capital outlays are less than depreciation in the current period.   |                  | (60,822)       |
| The Village disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expenses reported on the statement of activities as a net loss and has no effect on the governmental funds changes in fund balances. |                  |                |
| The value of capital assets disposed of during the year   | (110,873)        |                |
| The amount of depreciation recapture for the year   | <u>13,700</u>    |                |
| Amount by which capital asset disposals are more than the accumulated depreciation on those assets in the current period.   |                  | (97,173)       |
| Amounts related to the pension that do not use current financial resources and therefore, are not reported in the fund financial statements.  |                  | (25,636)       |
| Amounts related to the other post-employment benefit that affect the statement of activities but do not affect the fund financial statements.   |                  | (4,414)        |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                  |                |
| Special Assessments   |                  | (85,326)       |
| Municipal Court   |                  | 14,912         |
| Community Development Block Grant Loans   |                  | (21,616)       |
| 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  |                  | 757,217        |
| 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   | 65,761           |                |
| Vested employee benefits earned in current year   | <u>(73,841)</u>  |                |
| Amounts paid are less than amounts earned by  |                  | (8,080)        |
| 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   | 168,841          |                |
| The amount of interest accrued during the current period  | <u>(166,039)</u> |                |
| Interest paid is more than interest accrued by  |                  | <u>2,802</u>   |
| <b>Change in Net Position - Governmental Activities</b>   | \$               | <u>527,622</u> |

**VILLAGE OF HORTONVILLE**

Statement of Net Position

Proprietary Fund

As of December 31, 2018

|   | <b>Water and<br/>Wastewater Utility</b> |
|---|---|
| <b>CURRENT ASSETS</b>                                       |   |
| Cash and Investments  | \$ 1,309,431                            |
| Customer Accounts Receivable                                | 340,280                                 |
| Prepaid Expenses  | 10,224                                  |
| Other Accounts Receivable                                   | 24,382                                  |
| Inventories   | 2,068                                   |
| <b>Total Current Assets</b>                                 | <u>1,686,385</u>                        |
| <b>NON-CURRENT ASSETS</b>                                   |   |
| Restricted Assets:  |   |
| Replacement Fund  | 416,823                                 |
| Debt Retirement   | 444,746                                 |
| Net Pension Asset   | 41,172                                  |
| Capital Assets:   |   |
| Water   |   |
| Plant in Service  | 5,486,019                               |
| Accumulated Depreciation                                    | (1,794,384)                             |
| Sewer   |   |
| Plant in Service  | 14,477,297                              |
| Accumulated Depreciation                                    | (7,149,603)                             |
| <b>Total Non-Current Assets</b>                             | <u>11,922,070</u>                       |
| <b>Total Assets</b>   | <u>13,608,455</u>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                       |   |
| Deferred Outflows Related to Pension                        | 116,008                                 |
| Deferred Outflows Related to Other Post-Employment Benefits | 1,321                                   |
| <b>Total Deferred Outflows of Resources</b>                 | <u>117,329</u>                          |
| <b>CURRENT LIABILITIES</b>                                  |   |
| Current Portion of Long-Term Debt                           | 282,705                                 |
| Accounts Payable  | 71,865                                  |
| Due to Other Funds  | 18,239                                  |
| Accrued Payroll   | 5,166                                   |
| Accrued Interest  | 10,341                                  |
| Unearned Revenues   | 11,366                                  |
| <b>Total Current Liabilities</b>                            | <u>399,682</u>                          |
| <b>NON-CURRENT LIABILITIES</b>                              |   |
| Other Post-Employment Benefits                              | 12,213                                  |
| Advances from Other Fund                                    | 494,016                                 |
| Noncurrent Portion of Long-Term Obligations                 | 3,506,618                               |
| <b>Total Non-Current Liabilities</b>                        | <u>4,012,847</u>                        |
| <b>Total Liabilities</b>                                    | <u>4,412,529</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                        |   |
| Deferred Inflows Related to Pension                         | 126,309                                 |
| Deferred Inflows Related to Other Post-Employment Benefits  | 1,258                                   |
| <b>Total Deferred Inflows of Resources</b>                  | <u>127,567</u>                          |
| <b>NET POSITION</b>   |   |
| Net Investment in Capital Assets                            | 7,230,006                               |
| Restricted  | 892,440                                 |
| Unrestricted  | 1,063,242                               |
| <b>TOTAL NET POSITION</b>                                   | <u>\$ 9,185,688</u>                     |

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2018

|  | <b>Water and<br/>Wastewater Utility</b> |
|--|---|
| <b>OPERATING REVENUES</b>                      | \$ 1,488,782                            |
| <b>OPERATING EXPENSES</b>                      |   |
| Operation and Maintenance                      | 632,653                                 |
| Depreciation                                   | 474,121                                 |
| Taxes  | 20,537                                  |
| <b>Total Operating Expenses</b>                | <b>1,127,311</b>                        |
| <b>OPERATING INCOME</b>                        | <b>361,471</b>                          |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>       |   |
| Rental Income                                  | 27,407                                  |
| Investment Income                              | 12,043                                  |
| Interest Expense                               | (88,701)                                |
| <b>Total Non-Operating Revenues (Expenses)</b> | <b>(49,251)</b>                         |
| <b>INCOME BEFORE TRANSFERS</b>                 | <b>312,220</b>                          |
| <b>TRANSFER OUT</b>                            | (33,097)                                |
| <b>TRANSFERS IN</b>                            | <b>40,000</b>                           |
| <b>CHANGE IN NET POSITION</b>                  | <b>319,123</b>                          |
| <b>NET POSITION - BEGINNING - RESTATED</b>     | <b>8,866,565</b>                        |
| <b>NET POSITION - ENDING</b>                   | <b>\$ 9,185,688</b>                     |

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2018

|   |                            |
|---|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                            |
| Cash Received from Customers  | \$ 1,489,964               |
| Cash Paid to Other Funds for Services                               | (268,594)                  |
| Cash Paid to Suppliers for Goods and Services                       | (391,610)                  |
| Cash Paid to Employees for Services                                 | (165,750)                  |
| <b>Net Cash Flows From Operating Activities</b>                     | <u>664,010</u>             |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>              |                            |
| Transfers to Other Funds  | (33,097)                   |
| Transfers from Other Funds  | 40,000                     |
| <b>Net Cash Flows From Noncapital Financing Activities</b>          | <u>6,903</u>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                            |
| Rental Income Received  | 27,407                     |
| Investment Income Received  | 12,043                     |
| <b>Net Cash Flows From Investing Activities</b>                     | <u>39,450</u>              |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>     |                            |
| Acquisition and Construction of Capital Assets                      | (141,471)                  |
| Debt Proceeds   | 301,547                    |
| Principal Paid  | (275,618)                  |
| Payment to Other Funds on Advance                                   | 191,847                    |
| Interest Paid   | (89,311)                   |
| <b>Net Cash Flows From Capital and Related Financing Activities</b> | <u>(13,006)</u>            |
| <b>NET CHANGE IN CASH AND INVESTMENTS</b>                           | 697,357                    |
| <b>CASH AND INVESTMENTS - BEGINNING</b>                             | <u>1,473,643</u>           |
| <b>CASH AND INVESTMENTS - ENDING</b>                                | <u><u>\$ 2,171,000</u></u> |
| <b>RECONCILIATION OF CASH AND INVESTMENTS PER</b>                   |                            |
| <b>CASH FLOWS</b>   |                            |
| Unrestricted Cash and Investments                                   | \$ 1,309,431               |
| Restricted Cash and Investments                                     | <u>861,569</u>             |
| <b>CASH AND INVESTMENTS PER STATEMENT OF</b>                        |                            |
| <b>CASH FLOWS</b>   | <u><u>\$ 2,171,000</u></u> |

**VILLAGE OF HORTONVILLE**  
Statement of Cash Flows - Proprietary Fund - Continued  
For the Year Ended December 31, 2018

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**CASH FLOWS FROM OPERATING ACTIVITIES**

|   |                   |
|---|-------------------|
| Operating Income                                      | \$ 361,471        |
| Adjustments to Reconcile Operating Income to Net Cash |                   |
| Flows from Operating Activities:                      |                   |
| Non-Cash Items Included in Income:                    |                   |
| Depreciation  | 474,121           |
| Change in Non-Cash Components of Working Capital:     |                   |
| Accounts Receivable                                   | 1,182             |
| Other Accounts Receivable                             | 32,762            |
| Prepaid Expenses                                      | (10,224)          |
| Inventories   | 346               |
| Deferred Outflows Related to Pension                  | (20,701)          |
| Deferred Outflows Related to OPEB                     | (1,321)           |
| Accounts Payable                                      | 65,159            |
| Other Liabilities                                     | 690               |
| Due to Other Funds                                    | (268,594)         |
| Deferred Inflows Related to Pension                   | 79,090            |
| Deferred Inflows Related to OPEB                      | 1,258             |
| Net Pension Asset                                     | (11,161)          |
| OPEB Liability  | 1,104             |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>       | <b>\$ 664,010</b> |

**VILLAGE OF HORTONVILLE**

Statement of Net Position

Fiduciary Funds

As of December 31, 2018

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|                                 | <b>Fiduciary Funds</b>               |                  |
|---------------------------------|--------------------------------------|------------------|
|                                 | <b>Library<br/>Donation<br/>Fund</b> | <b>Agency</b>    |
| <b>ASSETS</b>                   |                                      |                  |
| Restricted Cash and Investments | \$ 3,723                             | \$ 1,216,318     |
| Taxes Receivable                | -                                    | 1,361,309        |
| Due from Other Funds            | 1,144                                | -                |
| <b>Total Assets</b>             | <u>4,867</u>                         | <u>2,577,627</u> |
| <b>LIABILITIES</b>              |                                      |                  |
| Due to Other Taxing Units       | -                                    | <u>2,577,627</u> |
| <b>NET POSITION</b>             |                                      |                  |
| Restricted                      | <u>\$ 4,867</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, 2018

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|                                   | <u>Library<br/>Donation<br/>Fund</u> |
|-----------------------------------|--------------------------------------|
| <b>REVENUES</b>                   |                                      |
| Donations                         | \$ 4,570                             |
| <b>EXPENSES</b>                   |                                      |
| Capital Outlay                    | <u>719</u>                           |
| <b>NET CHANGE IN NET POSITION</b> | 3,851                                |
| <b>NET POSITION - BEGINNING</b>   | <u>1,016</u>                         |
| <b>NET POSITION - ENDING</b>      | <u><u>\$ 4,867</u></u>               |

# VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

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## **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.

### **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, 2018

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## 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, 2018

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## **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.

**VILLAGE OF HORTONVILLE**  
Notes to Financial Statements  
December 31, 2018

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**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, 2018

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**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, 2018

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**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, 2018

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**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:

| <u>Assets</u>                     | <u>Years</u>                   |                                 |
|-----------------------------------|--------------------------------|---------------------------------|
|                                   | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
| 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 statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position 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 five items that qualify for reporting in this category. Accordingly, pension plan – differences between expected and actual experiences, pension plan – changes in actuarial assumptions, pension plan – employer contributions subsequent to the measurement date, OPEB – changes in actuarial assumptions, and OPEB – Net differences between projected and actual earnings on plan investments.

In addition to liabilities, the statements 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 six items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, pension plan – differences between expected and actual experiences, pension plan – net differences between projected and actual earnings on pension plan investments, pension plan – changes in proportionate share and differences between employer contributions and proportionate share of contribution, OPEB – differences between expected and actual experiences and OPEB – changes in proportionate share and differences between employer contributions and proportionate share of contributions is reported in the statement of net position. The governmental funds report taxes levied for subsequent year, special assessments and other long-term receivables 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, 2018

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### 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, 2018 is estimated to be \$34,184.

#### 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 actual 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 January 2016, 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, 2018

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**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, 2018

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### **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.

#### **Implementation of New Accounting Standard**

Statement Number 75 issued by the Governmental Accounting Standards Board (GASB) establishes requirements for governments that provide their employees with OPEB through a trust and replaces GASB Statement Number 45 for those government employers. The most significant change is that governments will now be required to recognize their net OPEB liability, which is the difference between the total OPEB liability (the portion of the present value of the projected benefit payments that is attributed to past periods) and the value of OPEB assets available to pay benefits. Additional note disclosures are required. This requirement also applies to cost-sharing, multiple-employer plans and plans that are not administered through a trust. The statement mirrors the pension requirements of GASB Statement Number 68. Most changes in the net OPEB liability will be included in the current period expense. Other components, such as changes in economic assumptions, will be recognized over a closed period equal to the expected remaining service lives of all employees that are provided benefits. Differences between expected and actual investment rate of return will be recognized in expense over a five-year period.

#### **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.

**VILLAGE OF HORTONVILLE**  
Notes to Basic Financial Statements  
December 31, 2018

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**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.

At December 31, 2018, the Village's bank balance of cash was \$6,102,214. 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, 2018, 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, 2018:

|                        |                            |
|------------------------|----------------------------|
| Fully insured deposits | \$ 1,037,338               |
| Uninsured              | <u>5,064,876</u>           |
| Total                  | <u><u>\$ 6,102,214</u></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, 2018.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government or any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at amortized cost. The balance in the local government investment pool at December 31, 2018 was \$284,927.

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, 2018

**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, 2018, are as follows:

| Receivable Fund           | Payable Fund            | Amount            | Purpose                   |
|---------------------------|-------------------------|-------------------|---------------------------|
| General Fund              | Water and Sewer Utility | \$ 204,351        | Year End Cash Flow Timing |
| General Fund              | Library Donation Fund   | 1,144             | Year End Cash Flow Timing |
| Debt Service              | General Fund            | 62,159            | Year End Cash Flow Timing |
| Capital Improvements Fund | General Fund            | 166,481           | Year End Cash Flow Timing |
|                           |                         | <u>\$ 434,135</u> |                           |

Interfund transfers for the year ended December 31, 2018, are as follows:

| Fund Transferred To     | Fund Transferred From   | Amount            | Purpose                            |
|-------------------------|-------------------------|-------------------|------------------------------------|
| General Fund            | Water and Sewer Utility | \$ 33,097         | Property Tax Equivalent            |
| Water and Sewer Utility | General Fund            | 40,000            | Sanitary Benefit Charge            |
| Debt Service Fund       | TID No. 2               | 24,812            | Share of Debt Service Requirements |
| Debt Service Fund       | TID No. 3               | 78,434            | Share of Debt Service Requirements |
|                         |                         | <u>\$ 176,343</u> |                                    |

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 5 - Long-Term Advances**

Long-term advances at December 31, 2018 is as follows:

| Advance From                     | Advance To              | Balance           | Purpose                       |
|----------------------------------|-------------------------|-------------------|-------------------------------|
| TID No. 2                        | Water and Sewer Utility | \$ 271,266        | Advanced for Capital Projects |
| TID No. 3                        | Water and Sewer Utility | 23,370            | Advanced for Capital Projects |
| Water and Sewer Utility          | TID No. 4               | 28,351            | Advanced for Capital Projects |
| Wisconsin Development Fund Grant | General Fund            | 19,006            | Advanced for Capital Projects |
| Debt Service Fund                | Water and Sewer Utility | 199,380           | Advanced for Capital Projects |
|                                  |                         | <u>\$ 541,373</u> |                               |

**Note 6 - Restricted Assets**

Restricted assets on December 31, 2018 totaled \$3,177,063 and consisted of cash and investments held for the following purposes:

**Governmental Funds:**

|                                       |                  |  |
|---------------------------------------|------------------|--|
| General Fund                          | \$ 435,988       | Advance tax collections to finance 2019 operations |
| Debt Service                          | 309,543          | Advance tax collections to finance 2019 operations |
| Capital Improvements                  | 5,072            | Advance tax collections to finance 2019 operations |
| TID No. 2                             | 145,941          | Advance tax collections to finance 2019 operations |
| TID No. 3                             | 60,806           | Advance tax collections to finance 2019 operations |
| TID No. 4                             | 4,060            | Advance tax collections to finance 2019 operations |
| Housing and Neighborhood Conservation | 23,998           | Future residential home improvements               |
| Wisconsin Development Fund Grant      | 110,045          | Future residential home improvements               |
| Total Governmental Funds              | <u>1,095,453</u> |  |

**Fiduciary Funds:**

|                       |                  |  |
|-----------------------|------------------|--|
| Private Purpose Trust | 3,723            | Library Donation Fund                                  |
| Agency                | 1,216,318        | Advance tax collections for other taxing jurisdictions |
| Total Fiduciary Funds | <u>1,220,041</u> |  |

**Enterprise Funds:**

|                         |                     |   |
|-------------------------|---------------------|---|
| Water and Sewer Utility | 444,746             | To reserve funds for debt retirement                      |
| Water and Sewer Utility | 416,823             | To provide funds for equipment to maintain plant capacity |
| Total Enterprise Funds  | <u>861,569</u>      |   |
| Total Restricted Assets | <u>\$ 3,177,063</u> |   |

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 7 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2018 were as follows:

|  | <u>Balance<br/>1/1/18</u> | <u>Increases</u>   | <u>Decreases</u>   | <u>Adjustments</u> | <u>Balance<br/>12/31/18</u> |
|--|---------------------------|--------------------|--------------------|--------------------|-----------------------------|
| <b>Governmental Activities</b>   |                           |                    |                    |                    |                             |
| Capital Assets not Being Depreciated:  |                           |                    |                    |                    |                             |
| Land and Improvements  | \$ 1,662,653              | \$ -               | \$ (96,208)        | \$ -               | \$ 1,566,445                |
| Construction in Progress   | 48,491                    | -                  | -                  | (19,224)           | 29,267                      |
| <b>Total Capital Assets Not Being Depreciated</b>                              | <u>1,711,144</u>          | <u>-</u>           | <u>(96,208)</u>    | <u>(19,224)</u>    | <u>1,595,712</u>            |
| Other Capital Assets:  |                           |                    |                    |                    |                             |
| Buildings and Improvements   | 3,932,385                 | -                  | -                  | -                  | 3,932,385                   |
| Improvements other than Buildings  | 371,420                   | -                  | -                  | -                  | 371,420                     |
| Machinery and Equipment  | 1,204,905                 | 24,330             | (14,665)           | 44,564             | 1,259,134                   |
| Infrastructure   | 13,121,410                | 400,891            | -                  | 94,509             | 13,616,810                  |
| <b>Total Capital Assets Being Depreciated</b>                                  | <u>18,630,120</u>         | <u>425,221</u>     | <u>(14,665)</u>    | <u>139,073</u>     | <u>19,179,749</u>           |
| <b>Total Capital Assets</b>  | <u>20,341,264</u>         | <u>425,221</u>     | <u>(110,873)</u>   | <u>119,849</u>     | <u>20,775,461</u>           |
| Less Accumulated Depreciation for:   |                           |                    |                    |                    |                             |
| Buildings and Improvements   | (670,685)                 | (86,201)           | -                  | -                  | (756,886)                   |
| Improvements other than Buildings  | (263,154)                 | (8,784)            | -                  | -                  | (271,938)                   |
| Machinery and Equipment  | (728,252)                 | (84,352)           | 13,700             | (18,703)           | (817,607)                   |
| Infrastructure   | (5,446,157)               | (306,706)          | -                  | (12,995)           | (5,765,858)                 |
| <b>Total Accumulated Depreciation</b>  | <u>(7,108,248)</u>        | <u>(486,043)</u>   | <u>13,700</u>      | <u>(31,698)</u>    | <u>(7,612,289)</u>          |
| <b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b> | <u>\$ 13,233,016</u>      | <u>\$ (60,822)</u> | <u>\$ (97,173)</u> | <u>\$ 88,151</u>   | <u>\$ 13,163,172</u>        |

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 7 - Capital Assets (Continued):**

**Business-Type Activities**

|  | <u>Balance<br/>1/1/18</u> | <u>Additions</u>    | <u>Deletions</u>  | <u>Balance<br/>12/31/18</u> |
|--|---------------------------|---------------------|-------------------|-----------------------------|
| <b>Water</b>                               |                           |                     |                   |                             |
| Capital Assets not Being Depreciated:      |                           |                     |                   |                             |
| Land                                       | \$ 13,166                 | \$ -                | \$ -              | \$ 13,166                   |
| Capital Assets Being Depreciated:          |                           |                     |                   |                             |
| Property and Equipment                     | 5,403,706                 | 86,925              | (17,778)          | 5,472,853                   |
| Total Capital Assets                       | 5,416,872                 | 86,925              | (17,778)          | 5,486,019                   |
| Less: Accumulated Depreciation             | (1,686,464)               | (122,535)           | 14,615            | (1,794,384)                 |
| Net Utility Plant                          | <u>\$ 3,730,408</u>       | <u>\$ (35,610)</u>  | <u>\$ (3,163)</u> | <u>\$ 3,691,635</u>         |
| <b>Wastewater</b>                          |                           |                     |                   |                             |
| Capital Assets, not Being Depreciated:     |                           |                     |                   |                             |
| Land                                       | \$ 102,949                | \$ -                | \$ -              | \$ 102,949                  |
| Construction in Progress                   | -                         | 1,784               | -                 | 1,784                       |
| Total Capital Assets not Being Depreciated | 102,949                   | 1,784               | -                 | 104,733                     |
| Capital Assets Being Depreciated:          |                           |                     |                   |                             |
| Property and Equipment                     | 14,328,322                | 52,762              | (8,520)           | 14,372,564                  |
| Total Capital Assets                       | 14,431,271                | 54,546              | (8,520)           | 14,477,297                  |
| Less: Accumulated Depreciation             | (6,806,537)               | (351,586)           | 8,520             | (7,149,603)                 |
| Net Utility Plant                          | <u>\$ 7,624,734</u>       | <u>\$ (297,040)</u> | <u>\$ -</u>       | <u>\$ 7,327,694</u>         |

Depreciation expense was charged to functions as follows:

|  |                   |
|--|-------------------|
| Governmental Activities                            |                   |
| General Government                                 | \$ 75,294         |
| Public Safety                                      | 39,335            |
| Public Works                                       | 345,861           |
| Culture and Recreation                             | <u>25,553</u>     |
| Total Governmental Activities Depreciation Expense | <u>\$ 486,043</u> |

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 7 - Capital Assets (Continued)**

|   |                   |
|---|-------------------|
| Business-Type Activities                                    |                   |
| Water Depreciation Charged to Accumulated Depreciation      | \$ 122,535        |
| Less: Share of Meter Depreciation                           | <u>(5,899)</u>    |
| Water Depreciation Expense                                  | <u>116,636</u>    |
| Wastewater Depreciation Charged to Accumulated Depreciation | 351,586           |
| Plus: Share of Meter Depreciation                           | <u>5,899</u>      |
| Wastewater Depreciation Expense                             | <u>357,485</u>    |
| Total Business-Type Activities Depreciation Expense         | <u>\$ 474,121</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, 2018:

|                                      | <u>Balance<br/>1/1/18</u> | <u>Increases</u> | <u>Decreases</u>  | <u>Balance<br/>12/31/18</u> | <u>Due Within<br/>One Year</u> |
|--------------------------------------|---------------------------|------------------|-------------------|-----------------------------|--------------------------------|
| <b>Governmental Activities</b>       |                           |                  |                   |                             |                                |
| General Obligation Debt:             |                           |                  |                   |                             |                                |
| Bonds and Notes Payable              | \$ 5,841,453              | \$ -             | \$ 743,542        | \$ 5,097,911                | \$ 757,513                     |
| Other Liabilities:                   |                           |                  |                   |                             |                                |
| Lease Payable                        | 13,675                    | -                | 13,675            | -                           | -                              |
| Net OPEB Liability                   | 47,024                    | 9,084            | 4,410             | 51,698                      | -                              |
| Vested Sick Leave                    | 61,360                    | 41,047           | 33,362            | 69,045                      | 37,314                         |
| Vested Compensated Absences          | <u>33,789</u>             | <u>32,794</u>    | <u>32,399</u>     | <u>34,184</u>               | <u>20,510</u>                  |
| <b>Total Governmental Activities</b> | <u>\$ 5,888,917</u>       | <u>\$ 32,794</u> | <u>\$ 789,616</u> | <u>\$ 5,252,838</u>         | <u>\$ 815,337</u>              |

Interest during the year on long-term debt totaled \$168,841 for governmental funds.

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 8 - Long-Term Obligations (Continued)**

|   | <u>Balance<br/>1/1/18</u> | <u>Increases</u>  | <u>Decreases</u>  | <u>Balance<br/>12/31/18</u> | <u>Due Within<br/>One Year</u> |
|---|---------------------------|-------------------|-------------------|-----------------------------|--------------------------------|
| <b>Business-Type Activities</b>           |                           |                   |                   |                             |                                |
| Revenue Bonds                             |                           |                   |                   |                             |                                |
| Payable                                   | \$ 3,758,834              | \$ -              | \$ 254,709        | \$ 3,504,125                | \$ 260,020                     |
| Notes Payable                             | -                         | 301,547           | 16,350            | 285,197                     | 22,685                         |
| Other Liabilities:                        |                           |                   |                   |                             |                                |
| Lease Payable                             | 4,559                     | -                 | 4,559             | -                           | -                              |
| Net OPEB Liability                        | 11,109                    | 2,146             | 1,042             | 12,213                      | -                              |
| <b>Total Business-Type<br/>Activities</b> | <u>\$ 3,774,553</u>       | <u>\$ 301,547</u> | <u>\$ 275,618</u> | <u>\$ 3,801,535</u>         | <u>\$ 282,705</u>              |

Interest paid during the year on long-term debt totaled \$89,311 for the business-type activities.

|                                       | <u>Date of<br/>Issuance</u> | <u>Final<br/>Maturity</u> | <u>Interest<br/>Rates</u> | <u>Original<br/>Indebtedness</u> | <u>Balance<br/>12/31/18</u> |
|---------------------------------------|-----------------------------|---------------------------|---------------------------|----------------------------------|-----------------------------|
| <b>Governmental Activities</b>        |                             |                           |                           |                                  |                             |
| 2013 General Obligation Bonds         | 12/31/13                    | 12/01/33                  | 0.6%-4.4%                 | \$ 3,970,000                     | \$ 3,350,000                |
| 2014 Note Payable                     | 01/10/14                    | 01/01/24                  | 3.25%                     | 564,205                          | 414,153                     |
| 2014 State Trust Fund Loan            | 01/28/14                    | 03/15/23                  | 3.75%                     | 460,679                          | 277,667                     |
| 2016 General Obligation Bonds         | 06/08/16                    | 05/01/21                  | 0.8%-1.25%                | 1,715,000                        | 865,000                     |
| 2016 Note Payable                     | 02/10/16                    | 02/10/19                  | 3.00%                     | 27,421                           | 1,587                       |
| 2017 Note Payable                     | 08/23/17                    | 08/23/20                  | 3.00%                     | 27,240                           | 15,435                      |
| 2017 Note Payable                     | 12/14/17                    | 12/14/21                  | 2.75%                     | 228,979                          | 174,069                     |
| <b>Total Governmental Activities</b>  |                             |                           |                           |                                  | <u>\$ 5,097,911</u>         |
| <b>Business-Type Activities</b>       |                             |                           |                           |                                  |                             |
| 2010 Revenue Bonds                    | 05/12/10                    | 05/01/30                  | 2.085%                    | \$ 5,533,330                     | \$ 3,504,125                |
| 2018 Note Payable                     | 03/27/18                    | 03/27/29                  | 4.250%                    | 301,547                          | 285,197                     |
| <b>Total Business-Type Activities</b> |                             |                           |                           |                                  | <u>\$ 3,789,322</u>         |



**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 8 - Long-Term Obligations (Continued):**

Debt service requirements to maturity are as follows:

|           | Government Type<br>Long-Term Debt |                     | Business Type<br>Long-Term Debt |                   | Totals              |                     |
|-----------|-----------------------------------|---------------------|---------------------------------|-------------------|---------------------|---------------------|
|           | Principal                         | Interest            | Principal                       | Interest          | Principal           | Interest            |
| 2019      | \$ 757,513                        | \$ 154,744          | \$ 282,705                      | \$ 82,032         | \$ 1,040,218        | \$ 236,776          |
| 2020      | 622,815                           | 142,758             | 289,087                         | 75,602            | 911,902             | 218,360             |
| 2021      | 476,654                           | 131,409             | 295,668                         | 68,954            | 772,322             | 200,363             |
| 2022      | 285,579                           | 121,652             | 302,388                         | 62,175            | 587,967             | 183,827             |
| 2023      | 289,268                           | 112,833             | 309,272                         | 55,231            | 598,540             | 168,064             |
| 2024-2028 | 1,299,300                         | 406,449             | 1,655,661                       | 165,908           | 2,954,961           | 572,357             |
| 2029-2033 | 1,366,782                         | 179,230             | 654,551                         | 13,598            | 2,021,333           | 192,828             |
|           | <u>\$ 5,097,911</u>               | <u>\$ 1,249,075</u> | <u>\$ 3,789,332</u>             | <u>\$ 523,500</u> | <u>\$ 8,887,243</u> | <u>\$ 1,772,575</u> |

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

The 2018 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$199,760,600. The legal debt limit and margin of indebtedness as of December 31, 2018, in accordance with Section 67.03 of the Wisconsin Statutes follows:

|   |                     |
|---|---------------------|
| Debt Limit (5% of \$199,760,600)                | \$ 9,988,030        |
| Deduct long-term debt applicable to debt margin | (5,383,108)         |
| Add Debt Service Restricted Fund Balance        | <u>1,418,643</u>    |
| Remaining Margin of Indebtedness Available      | <u>\$ 6,023,565</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 \$3,504,125 and \$523,500, respectively. Principal and interest paid for the current year and total customer revenues were \$271,059, \$74,974 and \$945,906, 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, 2018.

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 9 - Net Position/Fund Balances**

Net position reported on the government-wide statement of net position at December 31, 2018 includes the following:

|   | <u>Governmental</u>  | <u>Business-Type</u> | <u>Total</u>         |
|---|----------------------|----------------------|----------------------|
| Net Investment in Capital Assets                |                      |                      |                      |
| Net Capital Assets                              | \$ 13,163,172        | \$ 11,019,329        | \$ 24,182,501        |
| Less: Related Long-Term Debt Outstanding        | <u>(5,218,654)</u>   | <u>(3,789,323)</u>   | <u>(9,007,977)</u>   |
| Net Investment in Capital Assets                | <u>7,944,518</u>     | <u>7,230,006</u>     | <u>15,174,524</u>    |
| Net Position Restricted For                     |                      |                      |                      |
| Debt Service                                    | 1,480,802            | 444,746              | 1,925,548            |
| Equipment Replacement Fund                      | -                    | 416,823              | 416,823              |
| Long-Term Loans                                 | 134,043              | -                    | 134,043              |
| Pension Benefits                                | <u>130,683</u>       | <u>30,871</u>        | <u>161,554</u>       |
| Total Restricted                                | <u>1,745,528</u>     | <u>892,440</u>       | <u>2,637,968</u>     |
| Unrestricted                                    | <u>1,700,564</u>     | <u>1,063,242</u>     | <u>2,763,806</u>     |
| Total Net Position - Government-Wide Statements | <u>\$ 11,390,610</u> | <u>\$ 9,185,688</u>  | <u>\$ 20,576,298</u> |

Fund balances reported on the governmental funds balance sheet at December 31, 2018 are classified as follows:

|                                       |                  |
|---------------------------------------|------------------|
| Nonspendable                          |                  |
| Prepaid Expenses                      | \$ 23,868        |
| Advances to Other Funds               |                  |
| Wisconsin Development Fund Grant      | 19,006           |
| Debt Service                          | 199,380          |
| Total Nonspendable                    | <u>242,254</u>   |
| Restricted                            |                  |
| Housing and Neighborhood Conservation | 23,998           |
| Wisconsin Development Fund Grant      | 110,045          |
| Debt Service                          | 1,480,802        |
| Total Restricted Fund Balance         | <u>1,614,845</u> |
| Committed                             |                  |
| Tax Incremental District No. 3        | <u>38,934</u>    |

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

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**Note 9 - Net Position/Fund Balances (Continued)**

|  |    |                         |
|--|----|-------------------------|
| Assigned                                 |    |                         |
| General Fund                             |    |                         |
| Cemetery Maintenance                     | \$ | 49,427                  |
| Water Extension Replacement              |    | 64,905                  |
| Dam Inspection                           |    | 6,000                   |
| Village Community Sign                   |    | 2,500                   |
| Reassessment                             |    | 15,000                  |
| Otto Miller Park                         |    | 53,027                  |
| Veterans Memorial Park                   |    | 4,492                   |
| Police Department Radios                 |    | 3,813                   |
| Public Safety Grant/Donations            |    | 4,635                   |
| Facade Loan FD                           |    | 20,032                  |
| Comprehensive Plan                       |    | 14,366                  |
| Boat Launch                              |    | 11,542                  |
| Library                                  |    | 3,957                   |
| Accounting/Payroll/Utility Program       |    | 40,000                  |
| Municipal Building/Library               |    | 1,484                   |
| Urban Forestry                           |    | 9,988                   |
| Events and Downtown Improvements         |    | 8,169                   |
| Senior Activities                        |    | 603                     |
| Levy Stabilization/Emergency Response    |    | 37,706                  |
| Ambulance Subsidy                        |    | 289                     |
| Total General Fund                       |    | <u>351,935</u>          |
| Capital Improvements Fund                |    | <u>186,954</u>          |
| Total Assigned Fund Balance              |    | <u>538,889</u>          |
| Unassigned                               |    |                         |
| General Fund                             |    | 695,208                 |
| Tax Incremental District No. 2           |    | (106,860)               |
| Tax Incremental District No. 4           |    | (141,587)               |
| Tax Incremental District No. 5           |    | (12,358)                |
| Total Unassigned Fund Balance (Deficits) |    | <u>434,403</u>          |
| Total Governmental Funds Fund Balance    | \$ | <u><u>2,850,319</u></u> |

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

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### Note 10 - 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 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

**Note 10 - 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> |
|-------------|-----------------------------|---------------------------------|
| 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)                             |
| 2017        | 2.0                         | 4                               |

**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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$60,202 in contributions from the Village.

Contribution rates as of December 31, 2018 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 Asset (Liability), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension**

At December 31, 2018, the Village reported an asset of \$215,440 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00725599%, which was an increase of 0.00017028% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$91,297.

**VILLAGE OF HORTONVILLE**  
Notes to Financial Statements  
December 31, 2018

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**Note 10 - Defined Benefit Pension Plan (Continued)**

At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experiences  | \$ 273,719                                    | \$ 128,037                                   |
| Changes in actuarial assumptions   | 42,567  | -  |
| Net differences between projected and actual earnings on pension plan investments                                      | -   | 296,104                                      |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | -   | 6,233  |
| Employer contributions subsequent to the measurement date  | 60,202  | -  |
|  | <u>\$ 376,488</u>                             | <u>\$ 430,374</u>                            |

The \$60,202 reported as deferred outflows related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Net Deferred<br/>Outflows (Inflows)<br/>of Resources</u> |
|-------------------------------------|---|
| 2019                                | \$ 21,154   |
| 2020                                | (3,836)   |
| 2021                                | (75,461)  |
| 2022                                | (56,457)  |
| 2023                                | 512   |
|                                     | <u>\$ (114,088)</u>   |

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

### Note 10 - Defined Benefit Pension Plan (Continued)

**Actuarial assumptions.** The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |                                |
|---|--------------------------------|
| Actuarial Valuation Date:                         | December 31, 2016              |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2017              |
| 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 asset at December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 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:

| <u>Core Fund Asset Class</u>         | <u>Current Asset<br/>Allocation %</u> | <u>Destination<br/>Target Asset<br/>Allocation %</u> | <u>Long-Term<br/>Expected<br/>Nominal Rate of<br/>Return %</u> | <u>Long-Term<br/>Expected<br/>Real Rate<br/>of Return %</u> |
|--------------------------------------|---------------------------------------|--|--|---|
| 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%  |
| <br><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, 2018

**Note 10 - 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:

|   | <u>1% Decrease<br/>to Discount<br/>Rate (6.20%)</u> | <u>Current<br/>Discount Rate<br/>(7.20%)</u> | <u>1% Increase<br/>To Discount<br/>Rate (8.20%)</u> |
|---|---|--|---|
| Village's proportionate share<br>of the net pension liability (asset) | \$ 557,414  | (\$ 215,440)                                 | (\$ 802,831)  |

**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, 2018 was \$12,182.

**Note 11 - Post-Employment Benefits Other Than Pension Benefits**

**Plan Description.** The State Retiree Life Insurance Fund is a cost-sharing multiple-employer defined benefit OPEB plan (Plan). Plan benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

**Benefits Provided.** The Plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

**Contributions.** The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.



**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

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**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution Rates as of December 31, 2018 are:

| <u>Coverage Type</u>         | <u>Employer Contribution</u> |
|------------------------------|------------------------------|
| 50% Post Retirement Coverage | 28% of employee contribution |

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are as listed below:

| <u>Life Insurance</u>                       |              |
|---|--------------|
| <u>Employee Contribution Rates</u>          |              |
| <u>For the year ended December 31, 2017</u> |              |
| <u>Attained Age</u>                         | <u>Basic</u> |
| Under 30                                    | \$ 0.05      |
| 30-34                                       | 0.06         |
| 35-39                                       | 0.07         |
| 40-44                                       | 0.08         |
| 45-49                                       | 0.12         |
| 50-54                                       | 0.22         |
| 55-59                                       | 0.39         |
| 60-64                                       | 0.49         |
| 65-69                                       | 0.57         |

During the reporting period, the Plan recognized \$403 in contributions from the employer.

**OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2018, the Village reported a liability of \$63,911 for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the total OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the District's proportion was 0.02124300%, which was a decrease of 0.002701% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the District recognized OPEB expense of \$5,891.

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experiences  | \$ -  | \$ 900                                       |
| Changes in actuarial assumptions   | 6,176   | -  |
| Net differences between projected and actual earnings on plan investments  | 736   | -  |
| Changes in proportionate share and differences between employer contributions and proportionate share of contributions | -   | 5,687  |
|  | <u>\$ 6,912</u>                               | <u>\$ 6,587</u>                              |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Deferred Inflows of<br/>Resources</u> |
|-------------------------------------|--|
| 2019                                | \$ 121                                   |
| 2020                                | 121                                      |
| 2021                                | 121                                      |
| 2022                                | 121                                      |
| 2023                                | (63)                                     |
| Thereafter                          | (96)                                     |
|                                     | <u>\$ 325</u>                            |

Actuarial Assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|  |                                |
|--|--------------------------------|
| Actuarial Valuation Date:                      | January 1, 2017                |
| Measurement Date of Net OPEB Liability (Asset) | December 31, 2017              |
| Actuarial Cost Method:                         | Entry Age Normal               |
| 20 Year Tax-Exempt Municipal Bond Yield:       | 3.44%                          |
| Long-Term Expected Rate of Return:             | 5.00%                          |
| Discount Rate:                                 | 3.63%                          |
| Salary Increases                               |                                |
| Inflation:                                     | 3.20%                          |
| Seniority/Merit:                               | 0.2% - 5.6%                    |
| Mortality:                                     | Wisconsin 2012 Mortality Table |

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2018

**Note 11 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

*Long-term expected Return on Plan Assets.* The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the plan are held with Securian, the insurance carrier. Interest is calculated and credited to the plan based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2017**

| <b>Asset Class</b>                | <b>Index</b>         | <b>Target Allocation</b> | <b>Long-Term Expected Geometric Real Rate of Return</b> |
|-----------------------------------|----------------------|--------------------------|---|
| US Government Bonds               | Barclays Government  | 1%                       | 1.13%   |
| US Credit Bonds                   | Barclays Credit      | 65%                      | 2.61%   |
| US Long Credit Bonds              | Barclays Long Credit | 3%                       | 3.08%   |
| US Mortgages                      | Barclays MBS         | 31%                      | 2.19%   |
| Inflation                         |                      |                          | 2.30%   |
| Long-Term Expected Rate of Return |                      |                          | 5.00%   |

*Single Discount rate.* A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

*Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

|                             | <b>1% Decrease<br/>(2.63%)</b> | <b>Discount Rate<br/>(3.63%)</b> | <b>1% Increase<br/>(4.63%)</b> |
|-----------------------------|--------------------------------|----------------------------------|--------------------------------|
| <b>Total OPEB Liability</b> | <b>\$ 90,331</b>               | <b>\$ 63,911</b>                 | <b>\$ 43,637</b>               |

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

**Payables to the OPEB Plan**

As of December 31, 2018, the District had no outstanding payables to the OPEB plan.

## VILLAGE OF HORTONVILLE

### Notes to Financial Statements

December 31, 2018

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#### **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.

#### **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, 2018, 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.

The Village has entered into a contract for engineering services for the design and construction oversight of the Grandview Road Project for approximately \$37,000.

The Village has entered into a contract for the reconstruction of Grandview Road for approximately \$661,000.

The Village has entered into a contract for engineering services a construction for the Brookwood Drive extension project for approximately \$350,000.

#### **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.

VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2018

**Note 16 - Component Unit (Continued)**

**Cash**

At December 31, 2018, the District's bank balance of cash was \$59,129. 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, 2018, 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 depositories 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, 2018:

|                        |                  |
|------------------------|------------------|
| Fully insured deposits | <u>\$ 59,129</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, 2018.

**Capital Assets**

Capital assets activity for the year ended at December 31, 2018 follows:

|           | <u>Balance<br/>1/1/18</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance<br/>12/31/18</u> |
|-----------|---------------------------|------------------|------------------|-----------------------------|
| Equipment | \$ 1,191,273              | \$ -             | \$ -             | \$ 1,191,273                |

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 \$61,013 from the Village of Hortonville, \$38,211 from the Town of Hortonville, and \$3,600 from the Town of Liberty.

**Note 17 - Negative Fund Balances**

|           |                   |
|-----------|-------------------|
| TID No. 2 | \$ 106,859        |
| TID No. 4 | 141,587           |
| TID No. 5 | 12,358            |
| Total     | <u>\$ 260,804</u> |

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

**VILLAGE OF HORTONVILLE**  
Notes to Financial Statements  
December 31, 2018

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**Note 18 - Upcoming Accounting Pronouncements**

**GASB Statement No. 84, Fiduciary Activities**

GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. If an activity meets the criteria, it should be reported in a fiduciary fund in the basic financial statements and a statement of fiduciary net position and a statement of changes in fiduciary net position should be presented. Four fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. If an event occurs that compels a government to disburse fiduciary resources, a liability must be recognized to the beneficiaries. The pronouncement will be effective for the year ending December 31, 2019.

**GASB Statement No. 87, Leases**

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for years ending December 31, 2020.

The Village is evaluating the impact these standards will have on the financial statements when adopted.

**Note 19 - Restatement of Beginning Net Position**

The restatement of net position in the government-wide financial statements was the result of the Village's implementation of Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, to adjust the beginning balances of capital assets due to the Village's appraisal company including water and sewer assets in the Village's report and to adjust the beginning balance for sick leave as it is material.

|  |                      |
|--|----------------------|
| Net Position - Governmental Funds - December 31, 2017 (as previously reported) | \$ 10,883,212        |
| Construction in Progress, Machinery and Equipment and Infrastructure           | 119,849              |
| Accumulated Depreciation   | (31,698)             |
| Other Post-Employment Benefits Liability                                       | (47,015)             |
| Accrued Sick Leave   | (61,360)             |
| Net Position - As Restated December 31, 2017                                   | <u>\$ 10,862,988</u> |
| <br>   |                      |
| Net Position - Water & Sewer Fund - December 31, 2017 (as previously reported) | \$ 8,877,677         |
| Other Post-Employment Benefits Liability                                       | (11,112)             |
| Net Position - As Restated December 31, 2017                                   | <u>\$ 8,866,565</u>  |

**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 |
|---|---|--|---------------------------|---|--|
| <b>Governmental Funds</b>                   |   |  |                           |   |  |
| 12/31/2017                                  | 0.00725599%   | \$ (215,440)   | \$ 931,294                | -23.13%   | 102.93%  |
| 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 |
|---------------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| <b>Governmental Funds</b> |                                      |   |                                  |                 |  |
| 12/31/2018                | \$ 60,202                            | \$ 60,202   | \$ -                             | 931,294         | 6.46%  |
| 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 Employer's Proportionate Share of the Total OPEB Liability (Asset)  
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan

| WRS Fiscal Year<br>End Date<br>(Measurement<br>Date) | Village's<br>Proportion of the<br>Net OPEB<br>Asset/Liability | Village's<br>Proportionate<br>Share of the Net<br>OPEB<br>(Asset)/Liability | Village's<br>Covered<br>Payroll | Village's<br>Proportionate Share<br>of the Net OPEB<br>(Asset)/Liability as a<br>percentage of<br>Covered Payroll | Plan Fiduciary Net<br>Position as a<br>Percentage of the<br>Total OPEB<br>Liability |
|--|---|---|---------------------------------|---|---|
| 12/31/2017   | 0.02124300%   | \$ 63,911   | \$ 893,329                      | 7.15%   | 44.81%  |

Schedule of Employer Contributions  
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan

| Village Year End<br>Date | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered Payroll | Contributions as a<br>Percentage of<br>Covered Payroll |
|--------------------------|--|---|--|-----------------|--|
| 12/31/2018               | \$ 403                                     | \$ 403  | \$ -                                   | \$ 893,329      | 0.05%  |

\*Ten years of data will be accumulated beginning with 2018.

**VILLAGE OF HORTONVILLE**  
Schedule of Budgetary Comparison  
General Fund  
For the Year Ended December 31, 2018

|  | <u>Original &amp; Final<br/>Budget</u> | <u>Actual<br/>Amounts</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|--|---------------------------|---|
| <b>REVENUES</b>                                      |  |                           |   |
| Taxes  | \$ 896,172                             | \$ 898,417                | \$ 2,245  |
| Intergovernmental                                    | 715,570                                | 715,018                   | (552)   |
| Licenses and Permits                                 | 68,680                                 | 88,760                    | 20,080  |
| Fines, Forfeitures and Penalties                     | 38,500                                 | 35,661                    | (2,839)   |
| Public Charges for Services                          | 230,361                                | 238,113                   | 7,752   |
| Intergovernmental Charges for Services               | 84,000                                 | 66,752                    | (17,248)  |
| Investment Income                                    | 10,000                                 | 14,551                    | 4,551   |
| Miscellaneous  | 2,900                                  | 7,848                     | 4,948   |
| <b>Total Revenues</b>                                | <u>2,046,183</u>                       | <u>2,065,120</u>          | <u>18,937</u>                                   |
| <b>EXPENDITURES</b>                                  |  |                           |   |
| General Government                                   | 407,791                                | 432,858                   | (25,067)  |
| Public Safety  | 884,418                                | 886,417                   | (1,999)   |
| Public Works   | 447,762                                | 423,485                   | 24,277  |
| Culture and Recreation                               | 323,758                                | 230,008                   | 93,750  |
| Health and Human Services                            | 22,935                                 | 17,945                    | 4,990   |
| Conservation and Development                         | 5,886                                  | 11,059                    | (5,173)   |
| Capital Outlay                                       | 40,914                                 | 66,400                    | (25,486)  |
| <b>Total Expenditures</b>                            | <u>2,133,464</u>                       | <u>2,068,172</u>          | <u>65,292</u>                                   |
| <b>DEFICIENCY OF REVENUES<br/>UNDER EXPENDITURES</b> | <u>(87,281)</u>                        | <u>(3,052)</u>            | <u>84,229</u>                                   |
| <b>OTHER FINANCING SOURCE (USE)</b>                  |  |                           |   |
| Transfers In   | 33,097                                 | 33,097                    | -   |
| Transfers Out  | (40,000)                               | (40,000)                  | -   |
| <b>Total Other Financing Source (Use)</b>            | <u>(6,903)</u>                         | <u>(6,903)</u>            | <u>-</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                    | (94,184)                               | (9,955)                   | 84,229  |
| <b>FUND BALANCE - BEGINNING</b>                      | <u>1,080,966</u>                       | <u>1,080,966</u>          | <u>-</u>  |
| <b>FUND BALANCE - ENDING</b>                         | <u>\$ 986,782</u>                      | <u>\$ 1,071,011</u>       | <u>\$ 84,229</u>                                |

**VILLAGE OF HORTONVILLE**  
Notes to Required Supplementary Information  
December 31, 2018

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**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.

**Post-Employment Benefits Other Than Pension Benefits – Cost-Sharing 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, 2018.

|                              |           |
|------------------------------|-----------|
| General Government           | \$ 25,067 |
| Public Safety                | 1,999     |
| Conservation and Development | 5,173     |
| Capital Outlay               | 25,486    |

**SUPPLEMENTARY INFORMATION**

VILLAGE OF HORTONVILLE

Combining Balance Sheet

Nonmajor Governmental Funds

As of December 31, 2018

|  | Capital Projects Funds |                 | Special Revenue Funds                       |  | Total<br>Nonmajor<br>Funds |
|--|------------------------|-----------------|---|--|----------------------------|
|  | TID #4                 | TID #5          | Housing and<br>Neighborhood<br>Conservation | Wisconsin<br>Development<br>Fund Grant |                            |
| <b>ASSETS</b>  |                        |                 |   |  |                            |
| Restricted Cash  | \$ 4,060               | \$ -            | \$ 23,998                                   | \$ 110,045                             | \$ 138,103                 |
| Taxes Receivable   | 4,544                  | -               | -   | -                                      | 4,544                      |
| Loans Receivable   | -                      | -               | 22,999                                      | 127,004                                | 150,003                    |
| Due from Other Funds   | -                      | -               | -   | 19,006                                 | 19,006                     |
| <b>TOTAL ASSETS</b>  | <b>\$ 8,604</b>        | <b>\$ -</b>     | <b>\$ 46,997</b>                            | <b>\$ 256,055</b>                      | <b>\$ 311,656</b>          |
| <b>LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES AND FUND BALANCES</b>                       |                        |                 |   |  |                            |
| <b>Liability</b>   |                        |                 |   |  |                            |
| Accounts Payable   | \$ 98,312              | \$ -            | \$ -  | \$ -                                   | \$ 98,312                  |
| Advances to Other Funds  | 43,275                 | 12,358          | -   | -                                      | 55,633                     |
| <b>Total Liabilities</b>   | <b>141,587</b>         | <b>12,358</b>   | <b>-</b>                                    | <b>-</b>                               | <b>153,945</b>             |
| <b>Deferred Inflows of Resources</b>   |                        |                 |   |  |                            |
| Long-Term Receivables  | -                      | -               | 22,999                                      | 127,004                                | 150,003                    |
| Taxes Levied for Subsequent Year   | 8,604                  | -               | -   | -                                      | 8,604                      |
| <b>Total Deferred Inflow of Resources</b>  | <b>8,604</b>           | <b>-</b>        | <b>22,999</b>                               | <b>127,004</b>                         | <b>158,607</b>             |
| <b>Fund Balances (Deficits)</b>  |                        |                 |   |  |                            |
| Nonspendable   | -                      | -               | -   | 19,006                                 | 19,006                     |
| Restricted   | -                      | -               | 23,998                                      | 110,045                                | 134,043                    |
| Unassigned   | (141,587)              | (12,358)        | -   | -                                      | (153,945)                  |
| <b>Total Fund Balance (Deficits)</b>   | <b>(141,587)</b>       | <b>(12,358)</b> | <b>23,998</b>                               | <b>129,051</b>                         | <b>(896)</b>               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES<br/>(DEFICITS)</b> | <b>\$ 8,604</b>        | <b>\$ -</b>     | <b>\$ 46,997</b>                            | <b>\$ 256,055</b>                      | <b>\$ 311,656</b>          |

**VILLAGE OF HORTONVILLE**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2018

|   | Capital Projects Funds |                    | Special Revenue Funds                       |  | Total<br>Nonmajor<br>Funds |
|---|------------------------|--------------------|---|--|----------------------------|
|   | TID #4                 | TID #5             | Housing and<br>Neighborhood<br>Conservation | Wisconsin<br>Development<br>Fund Grant |                            |
| <b>REVENUES</b>                               |                        |                    |   |  |                            |
| Loan Repayment                                | \$ -                   | \$ -               | \$ 8,000                                    | \$ 34,775                              | \$ 42,775                  |
| Investment Income                             | -                      | -                  | -   | 1,711                                  | 1,711                      |
| <b>Total Revenues</b>                         | <u>-</u>               | <u>-</u>           | <u>8,000</u>                                | <u>36,486</u>                          | <u>44,486</u>              |
| <b>EXPENDITURES</b>                           |                        |                    |   |  |                            |
| General Government                            | 129,304                | -                  | -   | -                                      | 129,304                    |
| <b>NET CHANGE IN FUND BALANCES (DEFICITS)</b> | (129,304)              | -                  | 8,000                                       | 36,486                                 | (84,818)                   |
| <b>FUND BALANCES - BEGINNING (DEFICITS)</b>   | (12,283)               | (12,358)           | 15,998                                      | 92,565                                 | 83,922                     |
| <b>FUND BALANCES (DEFICITS) - ENDING</b>      | <u>\$ (141,587)</u>    | <u>\$ (12,358)</u> | <u>\$ 23,998</u>                            | <u>\$ 129,051</u>                      | <u>\$ (896)</u>            |

**VILLAGE OF HORTONVILLE**  
Schedule of Water and Wastewater Utility Operating Revenues and Expenses  
For the Year Ended December 31, 2018

| <b>OPERATING REVENUES</b>                                |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| <b>Sales:</b>  | <u>Water</u>      | <u>Wastewater</u> | <u>Total</u>      |
| Metered Sales:   |                   |                   |                   |
| Residential  | \$ 253,905        | \$ 698,510        | \$ 952,415        |
| Commercial   | 32,015            | 133,945           | 165,960           |
| Industrial   | 14,065            | 41,409            | 55,474            |
| Public Authorities                                       | 19,395            | 66,969            | 86,364            |
| <b>Total Metered Sales</b>                               | <u>319,380</u>    | <u>940,833</u>    | <u>1,260,213</u>  |
| Public Fire Protection                                   | 168,554           | -                 | 168,554           |
| <b>Total Sales</b>                                       | <u>487,934</u>    | <u>940,833</u>    | <u>1,428,767</u>  |
| <b>Other Operating Revenues</b>                          |                   |                   |                   |
| Customer Forfeited Discounts                             | 1,809             | 5,073             | 6,882             |
| Miscellaneous  | -                 | 26,375            | 26,375            |
| Non Operating Income                                     | 26,758            | -                 | 26,758            |
| <b>Total Operating Revenues</b>                          | <u>516,501</u>    | <u>972,281</u>    | <u>1,488,782</u>  |
| <b>OPERATING EXPENSES</b>                                |                   |                   |                   |
| <b>Operation, Maintenance and General Expenses</b>       |                   |                   |                   |
| Operation and Maintenance Expenses:                      |                   |                   |                   |
| Supervision and Labor                                    | 42,954            | 62,189            | 105,143           |
| Maintenance and Repairs of Water Plant                   | 79,705            | 5,840             | 85,545            |
| Power Purchased for Pumping                              | 20,717            | 83,758            | 104,475           |
| Chemicals  | 9,140             | 7,930             | 17,070            |
| Operating Supplies and Expenses                          | 5,889             | 37,903            | 43,792            |
| Transportation Expenses                                  | 2,337             | 1,883             | 4,220             |
| <b>Total Operating and Maintenance Expenses</b>          | <u>160,742</u>    | <u>199,503</u>    | <u>360,245</u>    |
| <b>Administrative and General Expenses</b>               |                   |                   |                   |
| Administrative Salaries and Wages                        | 44,525            | 44,429            | 88,954            |
| Office Supplies and Expenses                             | 5,523             | 5,523             | 11,046            |
| Professional Services                                    | 6,078             | 32,136            | 38,214            |
| Property Insurance                                       | 3,217             | 6,319             | 9,536             |
| Employee Benefits  | 25,915            | 26,479            | 52,394            |
| Billing, Collecting and Accounting                       | 25,887            | 25,887            | 51,774            |
| Meter Reading  | 328               | 94                | 422               |
| Miscellaneous  | 7,693             | 12,375            | 20,068            |
| <b>Total Administrative and General Expenses</b>         | <u>119,166</u>    | <u>153,242</u>    | <u>272,408</u>    |
| <b>Total Operation, Maintenance and General Expenses</b> | <u>279,908</u>    | <u>352,745</u>    | <u>632,653</u>    |
| <b>Other Operating Expenses</b>                          |                   |                   |                   |
| Depreciation   | 116,636           | 357,485           | 474,121           |
| Taxes  | 9,958             | 10,579            | 20,537            |
| <b>Total Other Operating Expenses</b>                    | <u>126,594</u>    | <u>368,064</u>    | <u>494,658</u>    |
| <b>Total Operating Expenses</b>                          | <u>406,502</u>    | <u>720,809</u>    | <u>1,127,311</u>  |
| <b>OPERATING INCOME</b>                                  | <u>\$ 109,999</u> | <u>\$ 251,472</u> | <u>\$ 361,471</u> |

**VILLAGE OF HORTONVILLE**  
Schedule of Detailed Budgetary Comparison  
General Fund  
For the Year Ended December 31, 2018

|   | Original & Final<br>Budget | Actual<br>Amounts | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------|-------------------|--|
| <b>REVENUE AND OTHER FINANCING SOURCE</b> |                            |                   |  |
| <b>TAXES</b>                              |                            |                   |  |
| General Property Taxes                    | \$ 891,842                 | \$ 891,842        | \$ -                                   |
| Other Taxes                               | 4,280                      | 4,914             | 634                                    |
| Interest on Taxes                         | 50                         | 1,661             | 1,611                                  |
| <b>Total Taxes</b>                        | <b>896,172</b>             | <b>898,417</b>    | <b>2,245</b>                           |
| <b>INTERGOVERNMENTAL</b>                  |                            |                   |  |
| Shared Revenues                           | 467,233                    | 467,299           | 66                                     |
| Fire Insurance Dues                       | 8,400                      | 8,371             | (29)                                   |
| General Highway Aids                      | 103,381                    | 105,359           | 1,978                                  |
| Computer Aid                              | 3,782                      | 3,782             | -                                      |
| Police Training                           | 1,225                      | 430               | (795)                                  |
| Managed Forest Crop                       | -                          | 8                 | 8                                      |
| Library County Aid                        | 129,374                    | 129,506           | 132                                    |
| Cemetery County Aid                       | 175                        | 263               | 88                                     |
| Other State Aids                          | 2,000                      | -                 | (2,000)                                |
| <b>Total Intergovernmental</b>            | <b>715,570</b>             | <b>715,018</b>    | <b>(552)</b>                           |
| <b>LICENSES AND PERMITS</b>               |                            |                   |  |
| Liquor and Malt Beverage Licenses         | 5,350                      | 5,052             | (298)                                  |
| Operators Licenses                        | 3,400                      | 3,259             | (141)                                  |
| Cigarette Licenses                        | 75                         | 75                | -                                      |
| Dog and Cat Licenses                      | 3,900                      | 3,190             | (710)                                  |
| Building Permits                          | 18,000                     | 29,092            | 11,092                                 |
| Other Permits                             | 2,365                      | 4,070             | 1,705                                  |
| Water and Sewer Hookup Fees               | 4,090                      | 11,884            | 7,794                                  |
| Cable Television                          | 31,500                     | 32,138            | 638                                    |
| <b>Total Licenses and Permits</b>         | <b>68,680</b>              | <b>88,760</b>     | <b>20,080</b>                          |
| <b>FINES AND FORFEITS</b>                 |                            |                   |  |
| Court Penalties and Fines                 | 37,500                     | 33,752            | (3,748)                                |
| Parking Violations                        | 1,000                      | 1,909             | 909                                    |
| <b>Total Fines and Forfeits</b>           | <b>38,500</b>              | <b>35,661</b>     | <b>(2,839)</b>                         |
| <b>PUBLIC CHARGES FOR SERVICES</b>        |                            |                   |  |
| Property Inquiry Fees                     | 2,300                      | 3,180             | 880                                    |
| License Publication Fees                  | 300                        | 580               | 280                                    |
| Refuse Collection Fees                    | 124,800                    | 125,840           | 1,040                                  |
| Recycling Cart Fees                       | 294                        | 940               | 646                                    |
| Cemetery Sales and Charges                | 9,500                      | 13,150            | 3,650                                  |
| Library Fines                             | 5,160                      | 4,146             | (1,014)                                |
| Police Report Fees                        | 300                        | 454               | 154                                    |
| Miscellaneous Police Fees                 | 310                        | 146               | (164)                                  |
| Ambulance Fees                            | 28,575                     | 36,375            | 7,800                                  |
| Community Hall Fees                       | 9,750                      | 9,289             | (461)                                  |
| Recreation Fees                           | 34,750                     | 30,431            | (4,319)                                |
| Park Fees                                 | 13,792                     | 11,264            | (2,528)                                |
| Copy Fees                                 | 100                        | 1,461             | 1,361                                  |
| Miscellaneous Charges                     | 200                        | 693               | 493                                    |
| Election Services                         | 230                        | 164               | (66)                                   |
| <b>Total Public Charges for Services</b>  | <b>230,361</b>             | <b>238,113</b>    | <b>7,752</b>                           |



**VILLAGE OF HORTONVILLE**  
Schedule of Detailed Budgetary Comparison - Continued  
General Fund  
For the Year Ended December 31, 2018

|  | Original & Final<br>Budget | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------------|-------------------|---|
| <b>INTERGOVERNMENTAL CHARGES<br/>FOR SERVICES</b>    |                            |                   |   |
| Police Liaison Officer Contract                      | \$ 84,000                  | \$ 66,752         | \$ (17,248)   |
| <b>INVESTMENT INCOME:</b>                            |                            |                   |   |
| Investment Income                                    | 10,000                     | 14,551            | 4,551   |
| <b>MISCELLANEOUS REVENUES</b>                        |                            |                   |   |
| Miscellaneous General Revenue                        | 500                        | 5,370             | 4,870   |
| Donations  | 1,650                      | 2,478             | 828   |
| Sale of Equipment and Land                           | 750                        | -                 | (750)   |
| <b>Total Miscellaneous Revenues</b>                  | <b>2,900</b>               | <b>7,848</b>      | <b>4,948</b>  |
| <b>OTHER FINANCING SOURCE</b>                        |                            |                   |   |
| Transfers In   | 33,097                     | 33,097            | -   |
| <b>TOTAL REVENUES AND OTHER<br/>FINANCING SOURCE</b> | <b>2,079,280</b>           | <b>2,098,217</b>  | <b>18,937</b>   |
| <b>EXPENDITURES AND OTHER FINANCING USE</b>          |                            |                   |   |
| <b>GENERAL GOVERNMENT</b>                            |                            |                   |   |
| Current:   |                            |                   |   |
| Village Board  | 14,639                     | 15,629            | (990)   |
| Municipal Court                                      | 39,130                     | 43,483            | (4,353)   |
| Legal  | 22,303                     | 38,917            | (16,614)  |
| Administrative                                       | 189,450                    | 215,171           | (25,721)  |
| Elections  | 17,550                     | 8,017             | 9,533   |
| Finance  | 7,775                      | 20,441            | (12,666)  |
| Assessor   | 6,246                      | 6,050             | 196   |
| Village Hall Expenses                                | 12,784                     | 22,785            | (10,001)  |
| Property and Liability Insurance                     | 97,914                     | 55,964            | 41,950  |
| Tax Refund   | -                          | 3,096             | (3,096)   |
| Miscellaneous  | -                          | 3,305             | (3,305)   |
| <b>Total General Government</b>                      | <b>407,791</b>             | <b>432,858</b>    | <b>(25,067)</b>   |
| <b>PUBLIC SAFETY</b>                                 |                            |                   |   |
| Police Operations                                    | 588,341                    | 586,488           | 1,853   |
| Crossing Guards                                      | 12,140                     | 13,049            | (909)   |
| Fire Protection                                      | 70,013                     | 69,978            | 35  |
| Public Fire Protection                               | 168,554                    | 168,554           | -   |
| Inspection   | 16,798                     | 19,786            | (2,988)   |
| Ambulance  | 28,222                     | 28,222            | -   |
| Emergency Government                                 | 350                        | 340               | 10  |
| <b>Total Public Safety</b>                           | <b>884,418</b>             | <b>886,417</b>    | <b>(1,999)</b>  |

**VILLAGE OF HORTONVILLE**  
Schedule of Detailed Budgetary Comparison - Continued  
General Fund  
For the Year Ended December 31, 2018

|   | Original & Final<br>Budget | Actual<br>Amounts   | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------|---------------------|--|
| <b>PUBLIC WORKS</b>                       |                            |                     |  |
| Public Works Administration               | \$ 1,522                   | \$ 7,677            | \$ (6,155)                             |
| Street Maintenance                        | 235,055                    | 204,724             | 30,331                                 |
| Street Lighting                           | 44,036                     | 42,559              | 1,477                                  |
| Snow Removal                              | 43,292                     | 51,498              | (8,206)                                |
| Sidewalks                                 | 4,036                      | 1,400               | 2,636                                  |
| Dams and Bridges                          | -                          | (3,770)             | 3,770                                  |
| Storm Water Management                    | 1,786                      | 846                 | 940                                    |
| Sanitation                                | 110,074                    | 110,671             | (597)                                  |
| Landfill/Compost/Brush                    | 7,661                      | 7,880               | (219)                                  |
| Weed and Nuisance Control                 | 300                        | -                   | 300                                    |
| <b>Total Public Works</b>                 | <b>447,762</b>             | <b>423,485</b>      | <b>24,277</b>                          |
| <b>CULTURE AND RECREATION</b>             |                            |                     |  |
| Library                                   | 202,980                    | 125,539             | 77,441                                 |
| Community Hall                            | 17,681                     | 17,693              | (12)                                   |
| Parks and Playgrounds                     | 62,294                     | 52,087              | 10,207                                 |
| General Recreation                        | 40,803                     | 34,689              | 6,114                                  |
| <b>Total Culture and Recreation</b>       | <b>323,758</b>             | <b>230,008</b>      | <b>93,750</b>                          |
| <b>HEALTH AND HUMAN SERVICES</b>          |                            |                     |  |
| Cemetery                                  | 21,635                     | 17,080              | 4,555                                  |
| Animal Control                            | 1,300                      | 865                 | 435                                    |
| <b>Total Health and Human Services</b>    | <b>22,935</b>              | <b>17,945</b>       | <b>4,990</b>                           |
| <b>CONSERVATION AND DEVELOPMENT</b>       |                            |                     |  |
| Planning                                  | 3,000                      | 8,007               | (5,007)                                |
| Urban Development                         | 2,450                      | 644                 | 1,806                                  |
| Economic Development                      | 436                        | 2,408               | (1,972)                                |
| <b>Total Conservation and Development</b> | <b>5,886</b>               | <b>11,059</b>       | <b>(5,173)</b>                         |
| <b>CAPITAL OUTLAY</b>                     |                            |                     |  |
| Culture and Recreation                    | 40,914                     | 66,400              | (25,486)                               |
| <b>Total Expenditures</b>                 | <b>2,133,464</b>           | <b>2,068,172</b>    | <b>65,292</b>                          |
| <b>OTHER FINANCING USE</b>                |                            |                     |  |
| Transfers Out                             | 40,000                     | 40,000              | -                                      |
| <b>NET CHANGE IN FUND BALANCE</b>         | <b>(94,184)</b>            | <b>(9,955)</b>      | <b>84,229</b>                          |
| <b>FUND BALANCE - BEGINNING</b>           | <b>1,080,966</b>           | <b>1,080,966</b>    | <b>-</b>                               |
| <b>FUND BALANCE - ENDING</b>              | <b>\$ 986,782</b>          | <b>\$ 1,071,011</b> | <b>\$ 84,229</b>                       |

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