

**VILLAGE OF HORTONVILLE**

**Annual Financial Report**

**December 31, 2019**

# VILLAGE OF HORTONVILLE

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December 31, 2019

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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, 2019, 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 and employer contributions – other 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 (deficit) – 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 (deficit) – 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*

**KerberRose SC**  
**Certified Public Accountants**  
June 29, 2020

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF HORTONVILLE**

Statement of Net Position  
As of December 31, 2019

	<b>Primary Government</b>	
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>
<b>ASSETS</b>		
Cash and Investments	\$ 2,639,203	\$ 1,110,173
Receivables:		
Taxes	798,904	-
Accounts	143,584	354,359
Special Assessments	247,589	7,710
Loans	197,709	-
Other	-	31,558
Internal Balances	276,751	(276,751)
Inventories	-	2,068
Restricted Cash	157,736	1,071,000
Prepaid Expenses	6,854	-
Capital Assets:		
Capital Assets Not Being Depreciated	1,565,469	116,115
Other Capital Assets, Net of Depreciation	12,266,062	10,618,691
<b>Total Assets</b>	<b>18,299,861</b>	<b>13,034,923</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows of Resources Related to Pension	420,310	280,206
Deferred Outflows of Resources Related to Other		
Post-Employment Benefits	3,855	2,572
<b>Total Deferred Outflow of Resources</b>	<b>424,165</b>	<b>282,778</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	178,732	35,288
Accrued Interest	9,594	9,573
Deposits	9,396	-
Short Term Notes Payable	100,000	-
Due to Other Governments	75,606	-
Unearned Revenues	-	9,090
Long-Term Obligations:		
Due Within One Year	704,953	289,078
Due in More Than One Year	3,699,721	3,217,541
Net Pension Liability	156,832	104,556
OPEB Liability	30,313	20,210
<b>Total Liabilities</b>	<b>4,965,147</b>	<b>3,685,336</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflows Related to Pension	219,560	146,374
Deferred Inflows Related to Other		
Post-Employment Benefits	13,337	8,891
Taxes Levied for Subsequent Year	1,733,188	-
<b>Total Deferred Inflow of Resources</b>	<b>1,966,085</b>	<b>155,265</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	9,443,559	7,228,187
Restricted	1,704,510	1,090,703
Unrestricted	644,725	1,158,210
<b>TOTAL NET POSITION</b>	<b>\$ 11,792,794</b>	<b>\$ 9,477,100</b>



Primary Government	Component Unit
<u>Total</u>	<u>Fire District</u>
\$ 3,749,376	\$ 55,321
798,904	-
497,943	-
255,299	-
197,709	-
31,558	-
-	-
2,068	-
1,228,736	-
6,854	-
1,681,584	1,200,427
<u>22,884,753</u>	<u>-</u>
<u>31,334,784</u>	<u>1,255,748</u>
700,516	-
6,427	-
<u>706,943</u>	<u>-</u>
214,020	-
19,167	-
9,396	-
100,000	-
75,606	-
9,090	-
994,031	-
6,917,262	-
261,388	-
<u>50,523</u>	<u>-</u>
<u>8,650,483</u>	<u>-</u>
365,934	-
22,228	-
1,733,188	-
<u>2,121,350</u>	<u>-</u>
16,671,746	1,200,427
2,795,213	-
<u>1,802,935</u>	<u>55,321</u>
<u>\$ 21,269,894</u>	<u>\$ 1,255,748</u>

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Activities  
For the Year Ended December 31, 2019

	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Contributions</b>
<b>FUNCTIONS/PROGRAMS</b>				
Governmental Activities:				
General Government	\$ 578,065	\$ 55,019	\$ 9,194	\$ -
Public Safety	940,820	201,810	18,678	-
Public Works	1,059,539	275,131	126,352	-
Culture and Recreation	360,274	63,509	11,072	-
Health and Human Services	15,478	8,535	128,273	-
Conservation and Development	201,380	-	-	-
Interest and Fiscal Charges	151,996	-	-	-
<b>Total Governmental Activities</b>	<b>3,307,552</b>	<b>604,004</b>	<b>293,569</b>	<b>-</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water and Wastewater Utility	1,289,628	1,504,752	-	-
<b>COMPONENT UNIT</b>				
Fire District	-	-	-	-
<b>TOTAL</b>	<b>\$ 4,597,180</b>	<b>\$ 2,108,756</b>	<b>\$ 293,569</b>	<b>\$ -</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**

**NET POSITION - END OF YEAR**

<b>Net (Expenses) Revenues and Changes in Net Position</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>	<b>Fire District</b>
\$ (513,852)	\$ -	\$ (513,852)	\$ -
(720,332)	-	(720,332)	-
(658,056)	-	(658,056)	-
(285,693)	-	(285,693)	-
121,330	-	121,330	-
(201,380)	-	(201,380)	-
(151,996)	-	(151,996)	-
<u>(2,409,979)</u>	<u>-</u>	<u>(2,409,979)</u>	<u>-</u>
-	215,124	215,124	-
-	-	-	1,877
<u>(2,409,979)</u>	<u>215,124</u>	<u>(2,194,855)</u>	<u>1,877</u>
923,948	-	923,948	-
655,985	-	655,985	-
457,490	-	457,490	-
5,092	-	5,092	-
550,309	-	550,309	-
36,286	32,425	68,711	-
189,955	36,961	226,916	3,469
<u>2,819,065</u>	<u>69,386</u>	<u>2,888,451</u>	<u>3,469</u>
(6,902)	6,902	-	-
402,184	291,412	693,596	5,346
11,390,610	9,185,688	20,576,298	1,250,402
<u>\$ 11,792,794</u>	<u>\$ 9,477,100</u>	<u>\$ 21,269,894</u>	<u>\$ 1,255,748</u>

See Accompanying Notes

VILLAGE OF HORTONVILLE

Balance Sheet

Governmental Funds

As of December 31, 2019

	General	Debt Service	Capital Improvements
<b>ASSETS</b>			
Cash and Investments	\$ 664,277	\$ 1,859,820	\$ 39,500
Restricted Cash	-	-	-
Receivables			
Taxes	400,977	309,841	16,271
Accounts	143,584	-	-
Special Assessments	-	247,589	-
Loans	56,450	-	-
Prepaid Expenses	6,854	-	-
Due from Other Funds	704,230	1,405	110,122
Advance to Other Funds	373,539	92,921	-
<b>TOTAL ASSETS</b>	<u>\$ 2,349,911</u>	<u>\$ 2,511,576</u>	<u>\$ 165,893</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES (DEFICITS)</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 114,662	\$ -	\$ -
Accrued Liabilities	28,911	-	-
Deposits	9,195	-	-
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Short Term Note Payable	-	-	100,000
Advances from Other Fund	-	-	-
<b>Total Liabilities</b>	<u>152,768</u>	<u>-</u>	<u>100,000</u>
<b>Deferred Inflows of Resources</b>			
Special Assessments	-	247,589	-
Long-Term Receivables	56,450	-	-
Other Long-Term Loan Receivable	118,769	-	-
Taxes Levied for Subsequent Year	869,905	672,185	35,299
<b>Total Deferred Inflows of Resources</b>	<u>1,045,124</u>	<u>919,774</u>	<u>35,299</u>
<b>Fund Balances (Deficits)</b>			
Nonspendable	380,393	92,921	-
Restricted	-	1,498,881	-
Assigned	-	-	30,594
Unassigned (Deficit)	771,626	-	-
<b>Total Fund Balances (Deficits)</b>	<u>1,152,019</u>	<u>1,591,802</u>	<u>30,594</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<u>\$ 2,349,911</u>	<u>\$ 2,511,576</u>	<u>\$ 165,893</u>

TID No. 2	TID No. 3	TID No. 4	Other Governmental Funds	Total Governmental Funds
\$ 75,606	\$ -	\$ -	\$ -	\$ 2,639,203
-	-	-	157,736	157,736
-	59,362	12,453	-	798,904
-	-	-	-	143,584
-	-	-	-	247,589
-	-	-	141,259	197,709
-	-	-	-	6,854
-	-	-	13,570	829,327
-	-	-	-	466,460
<u>\$ 75,606</u>	<u>\$ 59,362</u>	<u>\$ 12,453</u>	<u>\$ 312,565</u>	<u>\$ 5,487,366</u>
\$ -	\$ 35,159	\$ -	\$ -	\$ 149,821
-	-	-	-	28,911
-	201	-	-	9,396
75,606	-	-	-	75,606
-	631,239	-	14,258	645,497
-	-	-	-	100,000
-	-	373,539	-	373,539
<u>75,606</u>	<u>666,599</u>	<u>373,539</u>	<u>14,258</u>	<u>1,382,770</u>
-	-	-	-	247,589
-	-	-	141,260	197,710
-	-	-	-	118,769
-	128,782	27,017	-	1,733,188
-	<u>128,782</u>	<u>27,017</u>	<u>141,260</u>	<u>2,297,256</u>
-	-	-	-	473,314
-	-	-	171,305	1,670,186
-	-	-	-	30,594
-	(736,019)	(388,103)	(14,258)	(366,754)
-	<u>(736,019)</u>	<u>(388,103)</u>	<u>157,047</u>	<u>1,807,340</u>
<u>\$ 75,606</u>	<u>\$ 59,362</u>	<u>\$ 12,453</u>	<u>\$ 312,565</u>	<u>\$ 5,487,366</u>

**VILLAGE OF HORTONVILLE**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
As of December 31, 2019

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**Total Fund Balances - Governmental Funds** \$ 1,807,340

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	21,910,235	
Governmental Accumulated Depreciation	<u>(8,078,704)</u>	13,831,531

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	420,310
Deferred Inflows of Resources Related to Pension	(219,560)
Deferred Outflows of Resources Related to Other Post-Employment Benefits	3,855
Deferred Inflows of Resources Related to Other Post-Employment Benefits	(13,337)

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	197,710
Other	118,769
Deferred Special Assessments	247,589

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.

Net Pension Liability	(156,832)	
General Obligation Debt	(4,287,972)	
Other Post-Employment Benefits	(30,313)	
Vested Employee Benefits	(36,113)	
Accrued Sick Leave	(80,589)	
Accrued Interest on General Obligation Debt	<u>(9,594)</u>	<u>(4,601,413)</u>

**Total Net Position - Governmental Activities** \$ 11,792,794

**VILLAGE OF HORTONVILLE**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances (Deficits) - Governmental Funds  
For the Year Ended December 31, 2019

	General	Debt Service	Capital Improvements
<b>REVENUES</b>			
Taxes	\$ 929,040	\$ 655,985	\$ 10,748
Intergovernmental	828,480	-	-
Licenses and Permits	72,370	-	-
Fines, Forfeitures and Penalties	54,472	-	-
Public Charges for Services	234,534	-	299
Intergovernmental Charges for Services	80,088	-	-
Special Assessments	-	65,337	-
Investment Income	31,287	2,986	-
Miscellaneous	48,982	-	-
<b>Total Revenues</b>	<u>2,279,253</u>	<u>724,308</u>	<u>11,047</u>
<b>EXPENDITURES</b>			
Current:			
General Government	398,156	-	-
Public Safety	903,951	-	-
Public Works	558,008	-	-
Culture and Recreation	283,950	-	-
Health and Human Services	15,478	-	-
Conservation and Development	18,621	-	-
Capital Outlay	54,188	-	167,407
Debt Service:			
Principal Retirement	-	809,939	-
Interest and Fiscal Charges	-	154,249	-
<b>Total Expenditures</b>	<u>2,232,352</u>	<u>964,188</u>	<u>167,407</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>46,901</u>	<u>(239,880)</u>	<u>(156,360)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	74,107	151,500	-
Transfers (Out)	(40,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>34,107</u>	<u>151,500</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES (DEFICITS)</b>	81,008	(88,380)	(156,360)
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>1,071,011</u>	<u>1,680,182</u>	<u>186,954</u>
<b>FUND BALANCES (DEFICITS) - ENDING</b>	<u>\$ 1,152,019</u>	<u>\$ 1,591,802</u>	<u>\$ 30,594</u>

TID No. 2	TID No. 3	TID No. 4	Other Governmental Funds	Total Governmental Funds
\$ 309,278	\$ 128,860	\$ 8,604	\$ -	\$ 2,042,515
2,195	-	-	-	830,675
-	-	-	-	72,370
-	-	-	-	54,472
-	-	-	-	234,833
-	-	-	-	80,088
-	-	-	7,500	72,837
-	-	-	2,013	36,286
-	-	48,945	8,743	106,670
<u>311,473</u>	<u>128,860</u>	<u>57,549</u>	<u>18,256</u>	<u>3,530,746</u>
1,324	-	411	150	400,041
-	-	-	-	903,951
1,750	799,980	-	-	1,359,738
-	-	-	-	283,950
-	-	-	-	15,478
69,082	25,000	322,436	1,750	436,889
-	-	-	-	221,595
-	-	-	-	809,939
-	-	-	-	154,249
<u>72,156</u>	<u>824,980</u>	<u>322,847</u>	<u>1,900</u>	<u>4,585,830</u>
239,317	(696,120)	(265,298)	16,356	(1,055,084)
-	-	18,782	-	244,389
(132,458)	(78,833)	-	-	(251,291)
<u>(132,458)</u>	<u>(78,833)</u>	<u>18,782</u>	<u>-</u>	<u>(6,902)</u>
106,859	(774,953)	(246,516)	16,356	(1,061,986)
<u>(106,859)</u>	<u>38,934</u>	<u>(141,587)</u>	<u>140,691</u>	<u>2,869,326</u>
\$ -	\$ (736,019)	\$ (388,103)	\$ 157,047	\$ 1,807,340



**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, 2019

---

**Net Change in Fund Balances (Deficits) - Total Governmental Funds** \$ (1,061,986)

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

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

Capital outlay reported in governmental fund statements	1,162,874	
Depreciation expense reported in the statement of activities	<u>(492,377)</u>	
Amount by which capital outlays are more than depreciation in the current period.		670,497

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	(28,100)	
The amount of depreciation recapture for the year	<u>25,962</u>	
Amount by which capital asset disposals are more than the accumulated depreciation on those assets in the current period.		(2,138)

Amounts related to the pension that do not use current financial resources and therefore, are not reported in the fund financial statements. (86,765)

Amounts related to the other post-employment benefit that affect the statement of activities but do not affect the fund financial statements. 11,641

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

Special Assessments		82,041
Municipal Court		16,737
Community Development Block Grant Loans		(26,562)

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		809,939
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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	72,008	
Vested employee benefits earned in current year	<u>(85,481)</u>	
Amounts paid are less than amounts earned by		(13,473)

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	154,249	
The amount of interest accrued during the current period	<u>(151,996)</u>	
Interest paid is more than interest accrued by		<u>2,253</u>

**Change in Net Position - Governmental Activities** \$ 402,184

**VILLAGE OF HORTONVILLE**

Statement of Net Position

Proprietary Fund

As of December 31, 2019

	<b>Water and Wastewater Utility</b>
<b>CURRENT ASSETS</b>	
Cash and Investments	\$ 1,110,173
Customer Accounts Receivable	354,359
Prepaid Expenses	7,710
Other Accounts Receivable	31,558
Inventories	2,068
<b>Total Current Assets</b>	<b>1,505,868</b>
<b>NON-CURRENT ASSETS</b>	
Restricted Assets:	
Replacement Fund	341,209
Debt Retirement	729,791
Capital Assets:	
Water	
Plant in Service	5,645,119
Accumulated Depreciation	(1,908,778)
Sewer	
Plant in Service	14,538,950
Accumulated Depreciation	(7,540,485)
Total Non-Current Assets	11,805,806
<b>Total Assets</b>	<b>13,311,674</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pension	280,206
Deferred Outflows Related to Other Post-Employment Benefits	2,572
<b>Total Deferred Outflows of Resources</b>	<b>282,778</b>
<b>CURRENT LIABILITIES</b>	
Current Portion of Long-Term Debt	289,078
Accounts Payable	27,592
Due to Other Funds	183,830
Accrued Payroll	7,696
Accrued Interest	9,573
Unearned Revenues	9,090
<b>Total Current Liabilities</b>	<b>526,859</b>
<b>NON-CURRENT LIABILITIES</b>	
Net Pension Liability	104,556
Other Post-Employment Benefits	20,210
Advances from Other Fund	92,921
Noncurrent Portion of Long-Term Obligations	3,217,541
<b>Total Non-Current Liabilities</b>	<b>3,435,228</b>
<b>Total Liabilities</b>	<b>3,962,087</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pension	146,374
Deferred Inflows Related to Other Post-Employment Benefits	8,891
<b>Total Deferred Inflows of Resources</b>	<b>155,265</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	7,228,187
Restricted	1,090,703
Unrestricted	1,158,210
<b>TOTAL NET POSITION</b>	<b>\$ 9,477,100</b>

See Accompanying Notes

**VILLAGE OF HORTONVILLE**

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2019

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	<b><u>Water and Wastewater Utility</u></b>
<b>OPERATING REVENUES</b>	\$ 1,504,752
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	666,123
Depreciation	518,141
Taxes	21,112
<b>Total Operating Expenses</b>	<b><u>1,205,376</u></b>
<b>OPERATING INCOME</b>	<b><u>299,376</u></b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Rental Income	36,961
Investment Income	32,425
Interest Expense	(84,252)
<b>Total Non-Operating Revenues (Expenses)</b>	<b><u>(14,866)</u></b>
<b>INCOME BEFORE TRANSFERS</b>	284,510
<b>TRANSFER OUT</b>	(33,098)
<b>TRANSFERS IN</b>	40,000
<b>CHANGE IN NET POSITION</b>	<b><u>291,412</u></b>
<b>NET POSITION - BEGINNING</b>	<b><u>9,185,688</u></b>
<b>NET POSITION - ENDING</b>	<b><u><u>\$ 9,477,100</u></u></b>

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Cash Flows - Proprietary Fund  
For the Year Ended December 31, 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 1,488,397
Cash Received from Other Funds for Services	165,591
Cash Paid to Suppliers for Goods and Services	(474,605)
Cash Paid to Employees for Services	(243,062)
<b>Net Cash Flows From Operating Activities</b>	<u>936,321</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to Other Funds	(33,098)
Transfers from Other Funds	40,000
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>6,902</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Rental Income Received	36,961
Investment Income Received	32,425
<b>Net Cash Flows From Investing Activities</b>	<u>69,386</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	(233,618)
Principal Paid	(282,703)
Payment to Other Funds on Advance	(401,095)
Interest Paid	(85,020)
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<u>(1,002,436)</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	10,173
<b>CASH AND INVESTMENTS - BEGINNING</b>	<u>2,171,000</u>
<b>CASH AND INVESTMENTS - ENDING</b>	<u><u>\$ 2,181,173</u></u>
<b>RECONCILIATION OF CASH AND INVESTMENTS PER</b>	
<b>CASH FLOWS</b>	
Unrestricted Cash and Investments	\$ 1,110,173
Restricted Cash and Investments	<u>1,071,000</u>
<b>CASH AND INVESTMENTS PER STATEMENT OF</b>	
<b>CASH FLOWS</b>	<u><u>\$ 2,181,173</u></u>

See Accompanying Notes

**VILLAGE OF HORTONVILLE**  
Statement of Cash Flows - Proprietary Fund - Continued  
For the Year Ended December 31, 2019

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating Income	\$ 299,376
Adjustments to Reconcile Operating Income to Net Cash	
Flows from Operating Activities:	
Non-Cash Items Included in Income:	
Depreciation	518,141
Change in Non-Cash Components of Working Capital:	
Accounts Receivable	(14,079)
Other Accounts Receivable	(7,176)
Prepaid Expenses	2,514
Net Pension Asset	41,172
Deferred Outflows Related to Pension	(164,198)
Deferred Outflows Related to OPEB	(1,251)
Accounts Payable	(44,274)
Other Liabilities	2,530
Unearned Revenues	(2,276)
Due to Other Funds	165,591
Deferred Inflows Related to Pension	20,065
Deferred Inflows Related to OPEB	7,633
Net Pension Liability	104,556
OPEB Liability	7,997
	<hr/>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 936,321</b>

**VILLAGE OF HORTONVILLE**

Statement of Net Position

Fiduciary Funds

As of December 31, 2019

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	<u>Custodial Funds</u>		
	<u>Library Donation Fund</u>	<u>Tax Collection Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Restricted Cash and Investments	\$ 3,724	\$ 1,501,530	\$ 1,505,254
Taxes Receivable	-	1,283,962	1,283,962
Accounts Receivable	1,219	-	1,219
<b>Total Assets</b>	<u>4,943</u>	<u>2,785,492</u>	<u>2,790,435</u>
<b>LIABILITIES</b>			
Due to Other Taxing Units	-	2,785,492	2,785,492
<b>NET POSITION</b>			
Restricted	<u>\$ 4,943</u>	<u>\$ -</u>	<u>4,943</u>

**VILLAGE OF HORTONVILLE**  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2019

	<u>Custodial Funds</u>		<u>Total</u>
	<u>Library Donation Fund</u>	<u>Tax Collection Fund</u>	
<b>REVENUES</b>			
Taxes Collected on Behalf of Other Taxing Entities	\$ -	\$ 2,577,627	\$ 2,577,627
Donations	548	-	548
<b>Total Revenues</b>	<u>548</u>	<u>2,577,627</u>	<u>2,578,175</u>
<b>EXPENSES</b>			
Taxes Remitted to Other Taxing Entities	-	2,577,627	2,577,627
Capital Outlay	472	-	472
<b>Total Expenditures</b>	<u>472</u>	<u>2,577,627</u>	<u>2,578,099</u>
<b>NET CHANGE IN NET POSITION</b>	76	-	76
<b>NET POSITION - BEGINNING</b>	<u>4,867</u>	<u>-</u>	<u>4,867</u>
<b>NET POSITION - ENDING</b>	<u>\$ 4,943</u>	<u>\$ -</u>	<u>\$ 4,943</u>

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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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, 2019

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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, 2019

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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).

#### 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

The Village follows the presentation requirements of accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board. As such, the presentation requirements of GASB Statement No. 84, *Fiduciary Activities* were adopted for the year ended December 31, 2019. This statement revised the criteria on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of 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. As a result of adopting this statement, the Village has reclassified the Library Donation Fund and Tax Collection Fund to custodial funds.

# VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Fund Financial Statements (Continued)

#### Fiduciary Funds (Continued)

##### Custodial Funds

Custodial 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.

Tax Incremental Financing District No. 4 (TID No. 4) 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 Fund –  
Tax Incremental District No. 5

Special Revenue Funds –  
Subdivision Park Impact Fees  
Housing and Neighborhood Conservation  
Wisconsin Development Fund Grant

#### **Fiduciary Funds**

The Village reports the following custodial funds:

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

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Fiduciary Funds (Continued)

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 and fiduciary fund financials are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund and fiduciary fund financial statements. 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 Donation Fund and advance tax collections of other taxing units.

# VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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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, 2019

## Note 1 - Summary of Significant Accounting Policies (Continued)

### Capital Assets (Continued)

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

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

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes 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) until then. The Village reports two categories of deferred outflows of resources related to the pension plan and cost-sharing OPEB plan on the statement of net position. The deferred outflows related to the pension plan and cost-sharing OPEB plan are explained in more detail in Note 10 and Note 11, respectively.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This 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 then. The Village reports four categories of deferred inflows of resources related to special assessments, taxes levied for subsequent year, the pension plan, and cost-sharing OPEB plan on the statement of net position. Two additional types of deferred inflows are recognized as a result of not being available on the modified accrual basis of accounting- long-term receivables and loans receivable. The deferred inflows related to the pension plan and cost-sharing plan are explained in more detail in Note 10, and Note 11, respectively.

### Pension and Other Post-Employment Benefits

**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 the 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.

**Other Post-Employment Benefits (OPEB).** The fiduciary net position of the Village's Local Retiree Life Insurance Fund has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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### Note 1 - Summary of Significant Accounting Policies (Continued)

#### 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.

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. Accumulated sick leave as of December 31, 2019 is estimated to be \$80,589.

Vacation is earned and taken based on an employee's anniversary year, not a calendar year. Accumulated vacation carryover as of December 31, 2019 is estimated to be \$36,113.

#### 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.



# VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### 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.

### 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.



# VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Equity Classifications (Continued)

#### 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.

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. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as restricted fund balance in the fund financial statements.

### **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, 2019

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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, 2019, the Village's bank balance of cash was \$4,987,459. 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, 2019, 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, 2019:

Fully insured deposits	\$ 1,001,137
Collateralized with securities held by the pledging financial institution in the Village's name	<u>3,986,322</u>
Total	<u><u>\$ 4,987,459</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, 2019.

**VILLAGE OF HORTONVILLE**  
Notes to Basic Financial Statements  
December 31, 2019

**Note 2 - Cash and Investments (Continued)**

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, 2019 was \$291,345. Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

**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 and Black Otter Lake District.

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, 2019, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Utility	\$ 58,733	Year End Cash Flow Timing
General Fund	TID No. 3	631,239	Year End Cash Flow Timing
General Fund	TID No. 5	14,258	Year End Cash Flow Timing
Debt Service	Water and Sewer Utility	1,405	Year End Cash Flow Timing
Subdivision Park Impact Fees	Water and Sewer Utility	4,000	Year End Cash Flow Timing
Capital Improvements Fund	Water and Sewer Utility	110,122	Year End Cash Flow Timing
Housing and Neighborhood Conservation	Water and Sewer Utility	8,743	Year End Cash Flow Timing
Wisconsin Development Fund Grant	Water and Sewer Utility	827	Year End Cash Flow Timing
		<u>\$ 829,327</u>	

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

**Note 4 - Interfund Receivable, Payables and Transfers (Continued)**

Interfund transfers for the year ended December 31, 2019, are as follows:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Utility	\$ 33,098	Property Tax Equivalent
General Fund	TID No. 2	41,009	TID No. 2 Termination Payment
Water and Sewer Utility	General Fund	40,000	Sanitary Benefit Charge
Debt Service Fund	TID No. 2	72,667	Share of Debt Service Requirements
Debt Service Fund	TID No. 3	78,833	Share of Debt Service Requirements
TID No. 4	TID No. 2	18,782	Correct Illegal Taxes Recording
		<u>\$ 284,389</u>	

**Note 5 - Long-Term Advances**

Long-term advances at December 31, 2019 is as follows:

<u>Advance From</u>	<u>Advance To</u>	<u>Balance</u>	<u>Purpose</u>
General Fund	TID No. 4	\$ 373,539	Advanced for Capital Projects
Debt Service Fund	Water and Sewer Utility	92,921	Advanced for Capital Projects
		<u>\$ 466,460</u>	

**Note 6 - Restricted Assets**

Restricted assets on December 31, 2019 totaled \$2,733,990 and consisted of cash and investments held for the following purposes:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
<b>Governmental Funds:</b>		
Subdivision Park Impact Fees	\$ 3,500	Future park construction
Housing and Neighborhood Conservation	23,998	Future residential home improvements
Wisconsin Development Fund Grant	130,238	Future residential home improvements
Total Governmental Funds	<u>157,736</u>	
<b>Fiduciary Funds:</b>		
Custodial	3,724	Library Donations
Custodial	1,501,530	Advance tax collections for other taxing jurisdictions
Total Fiduciary Funds	<u>1,505,254</u>	
<b>Enterprise Funds:</b>		
Water and Sewer Utility	729,791	To reserve funds for debt retirement
Water and Sewer Utility	341,209	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>1,071,000</u>	
Total Restricted Assets	<u>\$ 2,733,990</u>	

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

**Note 7 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2019 were as follows:

	<u>Balance</u> <u>1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 1,566,445	\$ -	\$ (976)	\$ 1,565,469
Construction in Progress	29,267	-	(29,267)	-
Total Capital Assets Not Being Depreciated	<u>1,595,712</u>	<u>-</u>	<u>(30,243)</u>	<u>1,565,469</u>
Other Capital Assets:				
Buildings and Improvements	3,932,385	97,500	-	4,029,885
Improvements other than Buildings	371,420	-	-	371,420
Machinery and Equipment	1,259,134	22,012	(27,124)	1,254,022
Infrastructure	13,616,810	1,072,629	-	14,689,439
Total Capital Assets Being Depreciated	<u>19,179,749</u>	<u>1,192,141</u>	<u>(27,124)</u>	<u>20,344,766</u>
Total Capital Assets	<u>20,775,461</u>	<u>1,192,141</u>	<u>(57,367)</u>	<u>21,910,235</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(756,886)	(87,176)	-	(844,062)
Improvements other than Buildings	(271,938)	(8,784)	-	(280,722)
Machinery and Equipment	(817,607)	(72,567)	25,962	(864,212)
Infrastructure	<u>(5,765,858)</u>	<u>(323,850)</u>	<u>-</u>	<u>(6,089,708)</u>
Total Accumulated Depreciation	<u>(7,612,289)</u>	<u>(492,377)</u>	<u>25,962</u>	<u>(8,078,704)</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 13,163,172</u>	<u>\$ 699,764</u>	<u>\$ (31,405)</u>	<u>\$ 13,831,531</u>

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

**Business-Type Activities**

	<u>Balance 1/1/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
Capital Assets not Being Depreciated:				
Land	\$ 116,115	\$ -	\$ -	\$ 116,115
Construction in Progress	1,784	-	(1,784)	-
Total Capital Assets not Being Depreciated	<u>13,166</u>	<u>-</u>	<u>(1,784)</u>	<u>116,115</u>
Capital Assets Being Depreciated:				
Property and Equipment	19,845,417	235,402	(12,865)	20,067,954
Total Capital Assets	19,858,583	235,402	(14,649)	20,184,069
Less: Accumulated Depreciation	<u>(8,943,987)</u>	<u>(518,141)</u>	<u>12,865</u>	<u>(9,449,263)</u>
Net Utility Plant	<u>\$ 10,914,596</u>	<u>\$ (282,739)</u>	<u>\$ (1,784)</u>	<u>\$ 10,734,806</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 73,879
Public Safety	36,869
Public Works	366,816
Culture and Recreation	<u>14,813</u>
Total Governmental Activities Depreciation Expense	<u>\$ 492,377</u>

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

Business-Type Activities

Water Depreciation Charged to Accumulated Depreciation	\$ 127,259
Less: Share of Meter Depreciation	<u>(6,236)</u>
Water Depreciation Expense	<u>121,023</u>
Wastewater Depreciation Charged to Accumulated Depreciation	390,882
Plus: Share of Meter Depreciation	<u>6,236</u>
Wastewater Depreciation Expense	<u>397,118</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 518,141</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, 2019:

	<u>Balance 1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General Obligation Debt:					
Bonds and Notes Payable	\$ 5,097,911	\$ -	\$ 809,939	\$ 4,287,972	\$ 632,815
Other Liabilities:					
Net Pension Liability	-	261,146 *	104,314	156,832	-
Net OPEB Liability	51,698	2,108	23,493	30,313	-
Vested Sick Leave	69,045	50,066	38,522	80,589	37,314
Vested Compensated Absences	<u>34,184</u>	<u>35,415</u>	<u>33,486</u>	<u>36,113</u>	<u>34,824</u>
<b>Total Governmental Activities</b>	<u>\$ 5,252,838</u>	<u>\$ 296,561</u>	<u>\$ 947,739</u>	<u>\$ 4,591,819</u>	<u>\$ 704,953</u>

Interest during the year on long-term debt totaled \$154,249 for governmental funds.

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

	<u>Balance 1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Revenue Bonds					
Payable	\$ 3,504,125	\$ -	\$ 260,020	\$ 3,244,105	\$ 265,441
Notes Payable	285,197	-	22,683	262,514	23,637
Other Liabilities:					
Net Pension Liability	-	174,100 *	69,544	104,556	-
Net OPEB Liability	12,213	9,403	1,406	20,210	-
<b>Total Business-Type Activities</b>	<u>\$ 3,774,553</u>	<u>\$ 174,100</u>	<u>\$ 352,247</u>	<u>\$ 3,631,385</u>	<u>\$ 289,078</u>

\* The net pension liability additions have been adjusted for the beginning net pension asset balance at December 31, 2018.

Interest paid during the year on long-term debt totaled \$85,020 for the business-type activities.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2019</u>
<b>Governmental Activities</b>					
2013 General Obligation Bonds	12/31/13	12/01/33	0.6%-4.4%	\$ 3,970,000	\$ 3,175,000
2014 Note Payable	01/10/14	01/01/24	3.25%	564,205	380,031
2014 State Trust Fund Loan	01/28/14	03/15/23	3.75%	460,679	226,471
2016 General Obligation Bonds	06/08/16	05/01/21	0.8%-1.25%	1,715,000	435,000
2017 Note Payable	08/23/17	08/23/20	3.00%	27,240	6,266
2017 Note Payable	12/14/17	12/14/21	2.75%	228,979	65,204
Total Governmental Activities					<u>\$ 4,287,972</u>
<b>Business-Type Activities</b>					
2010 Revenue Bonds	05/12/10	05/01/30	2.085%	\$ 5,533,330	\$ 3,244,105
2018 Note Payable	03/27/18	03/27/29	4.250%	301,547	262,514
Total Business-Type Activities					<u>\$ 3,506,619</u>



**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

Debt service requirements to maturity are as follows:

	Government Type Long-Term Debt		Business Type Long-Term Debt		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 632,815	\$ 142,758	\$ 289,078	\$ 75,602	\$ 921,893	\$ 218,360
2021	476,654	131,409	295,668	68,951	772,322	200,360
2022	285,579	121,652	302,388	62,175	587,967	183,827
2023	291,051	112,833	309,272	55,231	600,323	168,064
2024	366,873	95,762	316,306	48,136	683,179	143,898
2025-2029	1,125,000	368,118	1,667,628	127,969	2,792,628	496,087
2030-2033	1,110,000	121,800	326,279	3,401	1,436,279	125,201
	<u>\$ 4,287,972</u>	<u>\$ 1,094,332</u>	<u>\$ 3,506,619</u>	<u>\$ 441,465</u>	<u>\$ 7,794,591</u>	<u>\$ 1,535,797</u>

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

The 2019 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$218,681,900. The legal debt limit and margin of indebtedness as of December 31, 2019, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$218,681,900)	\$ 10,934,095
Deduct long-term debt applicable to debt margin	(4,550,486)
Add Debt Service Restricted Fund Balance	<u>1,525,928</u>
Legal debt margin available	<u>\$ 7,909,537</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 \$3,244,105 and \$385,964, respectively. Principal and interest paid for the current year and total customer revenues were \$260,020, \$70,350 and \$643,068, 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, 2019.

**Short-Term Note**

The Village has a short-term note of \$100,000 at 3.250% for capital projects that is due in two installments of \$20,000 on June 30, 2020 and \$80,000 on December 31, 2020.

	Balance 1/1/19	Increases	Decreases	Balance 12/31/2019	Due Within One Year
Short-Term Note Payable	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 100,000

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 13,831,531	\$ 10,734,806	\$ 24,566,337
Less: Related Long-Term Debt Outstanding	(4,387,972)	(3,506,619)	(7,894,591)
Net Investment in Capital Assets	<u>9,443,559</u>	<u>7,228,187</u>	<u>16,671,746</u>
Net Position Restricted For			
Debt Service	1,489,287	720,218	2,209,505
Equipment Replacement Fund	-	341,209	341,209
Long-Term Loans	171,305	-	171,305
Pension Benefits	43,918	29,276	73,194
Total Restricted	<u>1,704,510</u>	<u>1,090,703</u>	<u>2,795,213</u>
Unrestricted	<u>644,725</u>	<u>1,158,210</u>	<u>1,802,935</u>
Total Net Position - Government-Wide Statements	<u>\$ 11,792,794</u>	<u>\$ 9,477,100</u>	<u>\$ 21,269,894</u>

Fund balances reported on the governmental funds balance sheet at December 31, 2019 are classified as follows:

Nonspendable	
Prepaid Expenses	\$ 6,854
Advances to Other Funds	
Tax Incremental District No. 4	373,539
Debt Service	92,921
Total Nonspendable	<u>473,314</u>
Restricted	
Subdivision Park Impact Fees	7,500
Housing and Neighborhood Conservation	32,741
Wisconsin Development Fund Grant	131,064
Debt Service	1,498,881
Total Restricted Fund Balance	<u>1,670,186</u>
Assigned	
Capital Improvements Fund	<u>30,594</u>
Unassigned	
General Fund	771,626
Tax Incremental District No. 3	(736,019)
Tax Incremental District No. 4	(388,103)
Tax Incremental District No. 5	(14,258)
Total Unassigned Fund Balance (Deficits)	<u>(366,754)</u>
Total Governmental Funds Fund Balance	<u>\$ 1,807,340</u>

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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### Note 10 - Defined Benefit Pension Plan

#### **General Information About the Pension Plan**

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

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be 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 December 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, 2019

**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:

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2018	2.4	17

**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 \$71,134 in contributions from the Village.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Village reported a liability of \$261,388 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.00734715%, which was an increase of 0.00009116% from its proportion measured as of December 31, 2017.

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

For the year ended December 31, 2019, the Village recognized pension expense of \$173,859.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 203,582	\$ 359,859
Changes in actuarial assumptions	44,060	-
Net differences between projected and actual earnings on pension plan investments	381,740	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	-	6,075
Employer contributions subsequent to the measurement date	71,134	-
	<u>\$ 700,516</u>	<u>\$ 365,934</u>

The \$71,134 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 liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 95,051
2021	22,522
2022	41,752
2023	104,123
	<u>\$ 263,448</u>

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability at December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 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>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49.0	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9.0	6.5	3.9
Private Equity/Debt	8.0	9.4	6.7
Multi-Asset	4.0	6.7	4.1
Total Core Fund	110.0	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0	7.6	5.0
International Equities	30.0	8.5	5.9
Total Variable Fund	100.0	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase To Discount Rate (8.00%)</u>
Village's proportionate share of the net pension liability	\$ 1,038,785	\$ 261,388	(\$ 316,666)

**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 Village did not report a payable to the pension plan as of December 31, 2019

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

**Plan Description.** The Local Retiree Life Insurance Fund is a multiple-employer defined benefit OPEB plan. LRLIF 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, 2019

**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	40% of employee contribution
25% Post-Retirement Coverage	20% 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, 2018 are as listed below:

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

\*Disabled members under age 70 receive a waiver of premium benefit.

During the reporting period, the Plan recognized \$377 in contributions from the employer.

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

At December 31, 2019, the Village reported a liability of \$50,523 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.01958000%, which was a decrease of 0.00166300% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the District recognized OPEB expense of \$3,514.



**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 2,563
Changes in actuarial assumptions	4,821	10,951
Net differences between projected and actual earnings on plan investments	1,208	-
Changes in proportionate share and differences between employer contributions and proportionate share of contributions	-	8,714
Employer contributions subsequent to the measurement date	398	-
	<u>\$ 6,427</u>	<u>\$ 22,228</u>

The \$398 reported as deferred outflows related to net OPEB liability resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ended December 31, 2020. 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 December 31,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ (2,499)
2021	(2,499)
2022	(2,499)
2023	(2,669)
2024	(2,843)
Thereafter	<u>(3,190)</u>
	<u>\$ (16,199)</u>

Actuarial Assumptions. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

**VILLAGE OF HORTONVILLE**

Notes to Financial Statements

December 31, 2019

**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, 2018**

<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%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg-Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

**Single Discount Rate.** A single discount rate of 4.22% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 3.63% for the prior year. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

**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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	<b>1% Decrease (3.22%)</b>	<b>Discount Rate (4.22%)</b>	<b>1% Increase (5.22%)</b>
Village's proportionate share of the net OPEB liability	\$ 71,872	\$ 50,523	\$ 34,057

**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, 2019, the District had no outstanding payables to the OPEB plan.

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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### **Note 12 - 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 13 - 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, 2019, are not likely to have a material adverse impact on the Village's financial position.

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

### **Note 14 - Subsequent Event**

The global pandemic resulting from the infection COVID-19 has affected the Village's operations and finances. The impact to the Village's financial position is uncertain.

### **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, 2019

**Note 15 - Component Unit (Continued)**

**Cash**

At December 31, 2019, the District's bank balance of cash was \$55,321. 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, 2019, 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, 2019:

Fully insured deposits	<u>\$ 55,321</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, 2019.

**Capital Assets**

Capital assets activity for the year ended at December 31, 2019 follows:

	<u>Balance 1/1/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
Equipment	<u>\$ 1,191,273</u>	<u>\$ 9,154</u>	<u>\$ -</u>	<u>\$ 1,200,427</u>

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

**Operating Grants and Contributions**

Operating grants and contributions includes annual operating subsidies and fire insurance dues from the three governments in the amount of \$76,043 from the Village of Hortonville, \$47,071 from the Town of Hortonia, and \$4,560 from the Town of Liberty.

**Note 16 - Negative Fund Balances**

TID No. 3	\$ 736,019
TID No. 4	388,103
TID No. 5	14,258
Total	<u>\$ 1,138,380</u>

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

## VILLAGE OF HORTONVILLE

Notes to Financial Statements

December 31, 2019

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### **Note 17 - Upcoming Accounting Pronouncement**

#### **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 was initially effective for the year ending December 31, 2020. The Government Accounting Standards Board has delayed implementation of this standard until December 31, 2021 due to the crisis from COVID-19 infection.

The Village is evaluating the impact this standard will have on the financial statements when adopted.

**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><u>Governmental Funds</u></b>					
12/31/2018	0.00734715%	\$ 261,388	\$ 932,916	28.02%	96.45%
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><u>Governmental Funds</u></b>					
12/31/2019	\$ 71,134	\$ 71,134	\$ -	\$ 983,248	7.23%
12/31/2018	60,202	60,202	-	932,916	6.45%
12/31/2017	67,105	67,105	-	931,294	7.21%
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 Net OPEB Liability  
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan  
Last 10 Fiscal Years\*

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net OPEB Liability	Village's Proportionate Share of the Net OPEB Liability	Village's Covered Payroll	Village's Proportionate Share of the Net OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2018	0.01958000%	\$ 50,523	\$ 968,000	5.22%	48.69%
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  
Last 10 Fiscal Years\*

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2019	\$ 398	\$ 398	\$ -	\$ 974,000	0.04%
12/31/2018	377	377	-	968,000	0.04%

\*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, 2019

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Taxes	\$ 928,948	\$ 929,040	\$ 92
Intergovernmental	789,436	869,489	80,053
Licenses and Permits	78,685	72,370	(6,315)
Fines, Forfeitures and Penalties	36,760	54,472	17,712
Public Charges for Services	221,845	234,534	12,689
Intergovernmental Charges for Services	85,750	80,088	(5,662)
Investment Income	15,000	31,287	16,287
Miscellaneous	1,500	48,982	47,482
<b>Total Revenues</b>	<u>2,157,924</u>	<u>2,320,262</u>	<u>162,338</u>
<b>EXPENDITURES</b>			
General Government	405,881	398,156	7,725
Public Safety	915,946	903,951	11,995
Public Works	468,096	558,008	(89,912)
Culture and Recreation	329,910	283,950	45,960
Health and Human Services	22,247	15,478	6,769
Conservation and Development	8,692	18,621	(9,929)
Capital Outlay	8,867	54,188	(45,321)
<b>Total Expenditures</b>	<u>2,159,639</u>	<u>2,232,352</u>	<u>(72,713)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,715)</u>	<u>87,910</u>	<u>89,625</u>
<b>OTHER FINANCING SOURCE (USE)</b>			
Transfers In	33,098	33,098	-
Transfers Out	(40,000)	(40,000)	-
<b>Total Other Financing Source (Use)</b>	<u>(6,902)</u>	<u>(6,902)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(8,617)	81,008	89,625
<b>FUND BALANCE - BEGINNING</b>	<u>1,071,011</u>	<u>1,071,011</u>	<u>84,229</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,062,394</u>	<u>\$ 1,152,019</u>	<u>\$ 173,854</u>

**VILLAGE OF HORTONVILLE**  
Notes to Required Supplementary Information  
December 31, 2019

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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 other post-employment benefits other than pension benefits.

*Changes of assumptions.* Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates..

**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, 2019.

Public Works	\$ 89,912
Conservation and Development	9,929
Capital Outlay	45,321

## **SUPPLEMENTARY INFORMATION**

VILLAGE OF HORTONVILLE

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 As of December 31, 2019

	Capital	Special Revenue Funds			Total Nonmajor Funds
	Projects Fund		Housing and Neighborhood Conservation	Wisconsin Development Fund Grant	
	TID No. 5	Subdivision Park Fees			
<b>ASSETS</b>					
Restricted Cash	\$ -	\$ 3,500	\$ 23,998	\$ 130,238	\$ 157,736
Loans Receivable	-	-	14,256	127,003	141,259
Due from Other Funds	-	4,000	8,743	827	13,570
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 46,997</u>	<u>\$ 258,068</u>	<u>\$ 312,565</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>					
<b>Liability</b>					
Due to Other Funds	\$ 14,258	\$ -	\$ -	\$ -	\$ 14,258
<b>Deferred Infows of Resources</b>					
Long-Term Receivables	-	-	14,256	127,004	141,260
<b>Fund Balances (Deficit)</b>					
Restricted	-	7,500	32,741	131,064	171,305
Unassigned	(14,258)	-	-	-	(14,258)
<b>Total Fund Balances (Deficit)</b>	<u>(14,258)</u>	<u>7,500</u>	<u>32,741</u>	<u>131,064</u>	<u>157,047</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 46,997</u>	<u>\$ 258,068</u>	<u>\$ 312,565</u>

**VILLAGE OF HORTONVILLE**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Nonmajor Governmental Funds

For the Year Ended December 31, 2019

	<b>Capital Projects Fund</b>	<b>Special Revenue Funds</b>			<b>Total Nonmajor Funds</b>
	<b>TID No. 5</b>	<b>Subdivision Park Fees</b>	<b>Housing and Neighborhood Conservation</b>	<b>Wisconsin Development Fund Grant</b>	
<b>REVENUES</b>					
Loan Repayment	\$ -	\$ -	\$ 8,743	\$ -	\$ 8,743
Special Assessments	-	7,500	-	-	7,500
Investment Income	-	-	-	2,013	2,013
<b>Total Revenues</b>	<u>-</u>	<u>7,500</u>	<u>8,743</u>	<u>2,013</u>	<u>18,256</u>
<b>EXPENDITURES</b>					
General Government	150	-	-	-	150
Conservation and Development	1,750	-	-	-	1,750
<b>Total Expenditures</b>	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900</u>
<b>NET CHANGE IN FUND BALANCES (DEFICIT)</b>	(1,900)	7,500	8,743	2,013	16,356
<b>FUND BALANCES (DEFICIT) - BEGINNING</b>	<u>(12,358)</u>	<u>-</u>	<u>23,998</u>	<u>129,051</u>	<u>140,691</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ (14,258)</u>	<u>\$ 7,500</u>	<u>\$ 32,741</u>	<u>\$ 131,064</u>	<u>\$ 157,047</u>

**VILLAGE OF HORTONVILLE**

Schedule of Water and Wastewater Utility Operating Revenues and Expenses  
For the Year Ended December 31, 2019

**OPERATING REVENUES**

<b>Sales:</b>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Metered Sales:			
Residential	\$ 261,236	\$ 702,904	\$ 964,140
Commercial	30,533	144,221	174,754
Industrial	11,856	30,881	42,737
Public Authorities	20,193	74,208	94,401
<b>Total Metered Sales</b>	<u>323,818</u>	<u>952,214</u>	<u>1,276,032</u>
Public Fire Protection	168,554	-	168,554
<b>Total Sales</b>	<u>492,372</u>	<u>952,214</u>	<u>1,444,586</u>
<b>Other Operating Revenues</b>			
Customer Forfeited Discounts	1,791	5,128	6,919
Miscellaneous	-	26,850	26,850
Non Operating Income	26,397	-	26,397
<b>Total Operating Revenues</b>	<u>520,560</u>	<u>984,192</u>	<u>1,504,752</u>
<b>OPERATING EXPENSES</b>			
<b>Operation, Maintenance and General Expenses</b>			
Operation and Maintenance Expenses:			
Supervision and Labor	34,797	68,024	102,821
Maintenance and Repairs of Water Plant	84,703	10,496	95,199
Power Purchased for Pumping	20,321	742	21,063
Chemicals	7,873	91,005	98,878
Operating Supplies and Expenses	6,108	47,989	54,097
Transportation Expenses	2,793	2,374	5,167
<b>Total Operating and Maintenance Expenses</b>	<u>156,595</u>	<u>220,630</u>	<u>377,225</u>
<b>Administrative and General Expenses</b>			
Administrative Salaries and Wages	45,648	45,648	91,296
Office Supplies and Expenses	6,470	6,435	12,905
Professional Services	7,604	34,743	42,347
Property Insurance	7,022	10,055	17,077
Employee Benefits	25,848	27,181	53,029
Billing, Collecting and Accounting	27,952	27,952	55,904
Meter Reading	342	127	469
Miscellaneous	4,336	11,535	15,871
<b>Total Administrative and General Expenses</b>	<u>125,222</u>	<u>163,676</u>	<u>288,898</u>
<b>Total Operation, Maintenance and General Expenses</b>	<u>281,817</u>	<u>384,306</u>	<u>666,123</u>
<b>Other Operating Expenses</b>			
Depreciation	121,037	397,104	518,141
Taxes	9,757	11,355	21,112
<b>Total Other Operating Expenses</b>	<u>130,794</u>	<u>408,459</u>	<u>539,253</u>
<b>Total Operating Expenses</b>	<u>412,611</u>	<u>792,765</u>	<u>1,205,376</u>
<b>OPERATING INCOME</b>	<u>\$ 107,949</u>	<u>\$ 191,427</u>	<u>\$ 299,376</u>

**VILLAGE OF HORTONVILLE**  
Schedule of Detailed Budgetary Comparison  
General Fund  
For the Year Ended December 31, 2019

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE AND OTHER FINANCING SOURCE</b>			
<b>TAXES</b>			
General Property Taxes	\$ 923,948	\$ 923,948	\$ -
Other Taxes	4,900	5,086	186
Interest on Taxes	100	6	(94)
<b>Total Taxes</b>	<b>928,948</b>	<b>929,040</b>	<b>92</b>
<b>INTERGOVERNMENTAL</b>			
Shared Revenues	467,171	467,261	90
Fire Insurance Dues	8,400	9,273	873
General Highway Aids	126,400	126,352	(48)
Computer Aid	3,800	3,873	73
Expenditure Restraint Program	47,655	47,655	-
Personal Property Aid	-	9,822	9,822
Managed Forest Crop	-	8	8
Cemetery County Aid	127,950	128,273	323
Other	8,060	76,972	68,912
<b>Total Intergovernmental</b>	<b>789,436</b>	<b>869,489</b>	<b>80,053</b>
<b>LICENSES AND PERMITS</b>			
Liquor and Malt Beverage Licenses	5,300	5,435	135
Operators Licenses	3,500	2,782	(718)
Cigarette Licenses	75	125	50
Dog and Cat Licenses	3,500	3,675	175
Building Permits	21,560	20,402	(1,158)
Other Permits	2,750	1,930	(820)
Water and Sewer Hookup Fees	10,000	5,150	(4,850)
Cable Television	32,000	32,871	871
<b>Total Licenses and Permits</b>	<b>78,685</b>	<b>72,370</b>	<b>(6,315)</b>
<b>FINES AND FORFEITS</b>			
Court Penalties and Fines	35,260	49,550	14,290
Parking Violations	1,500	4,922	3,422
<b>Total Fines and Forfeits</b>	<b>36,760</b>	<b>54,472</b>	<b>17,712</b>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Property Inquiry Fees	3,000	3,200	200
License Publication Fees	500	828	328
Refuse Collection Fees	126,120	128,290	2,170
Recycling Cart Fees	500	1,758	1,258
Cemetery Sales and Charges	11,000	8,535	(2,465)
Library Fines	4,600	3,622	(978)
Police Report Fees	250	391	141
Ambulance Fees	29,225	30,179	954
Community Hall Fees	8,300	10,285	1,985
Recreation Fees	23,600	26,818	3,218
Park Fees	13,400	13,944	544
Copy Fees	50	1,393	1,343
Miscellaneous Charges	1,200	5,323	4,123
Election Services	100	(32)	(132)
<b>Total Public Charges for Services</b>	<b>221,845</b>	<b>234,534</b>	<b>12,689</b>

**VILLAGE OF HORTONVILLE**

Schedule of Detailed Budgetary Comparison - Continued

General Fund

For the Year Ended December 31, 2019

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>			
Police Liaison Officer Contract	\$ 85,750	\$ 80,088	\$ (5,662)
<b>INVESTMENT INCOME</b>			
Investment Income	15,000	31,287	16,287
<b>MISCELLANEOUS REVENUES</b>			
Miscellaneous General Revenue	-	3,862	3,862
Loan Repayment	-	12,872	
Donations	1,250	19,849	18,599
Sale of Equipment and Land	250	12,399	12,149
<b>Total Miscellaneous Revenues</b>	<u>1,500</u>	<u>48,982</u>	<u>34,610</u>
<b>OTHER FINANCING SOURCE</b>			
Transfers In	33,098	33,098	-
<b>TOTAL REVENUES AND OTHER     FINANCING SOURCE</b>	<u>2,191,022</u>	<u>2,353,360</u>	<u>162,338</u>
<b>EXPENDITURES AND OTHER FINANCING USE</b>			
<b>GENERAL GOVERNMENT</b>			
Current:			
Village Board	14,639	14,355	284
Municipal Court	41,127	39,983	1,144
Legal	30,000	18,258	11,742
Administrative	224,577	196,393	28,184
Elections	9,000	7,488	1,512
Finance	10,400	11,620	(1,220)
Assessor	6,446	6,286	160
Village Hall Expenses	25,172	31,548	(6,376)
Property and Liability Insurance	43,020	71,522	(28,502)
Miscellaneous	1,500	703	797
<b>Total General Government</b>	<u>405,881</u>	<u>398,156</u>	<u>7,725</u>
<b>PUBLIC SAFETY</b>			
Police Operations	613,930	653,166	(39,236)
Crossing Guards	12,350	11,685	665
Fire Protection	75,770	19,403	56,367
Public Fire Protection	168,554	168,554	-
Inspection	16,798	22,276	(5,478)
Ambulance	28,194	28,538	(344)
Emergency Government	350	329	21
<b>Total Public Safety</b>	<u>915,946</u>	<u>903,951</u>	<u>11,995</u>



**VILLAGE OF HORTONVILLE**

Schedule of Detailed Budgetary Comparison - Continued

General Fund

For the Year Ended December 31, 2019

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Favorable (Unfavorable)</u>
<b>PUBLIC WORKS</b>			
Public Works Administration	\$ 1,556	\$ 2,943	\$ (1,387)
Street Maintenance	247,384	291,951	(44,567)
Street Lighting	43,792	45,797	(2,005)
Snow Removal	46,781	82,927	(36,146)
Sidewalks	4,042	-	4,042
Dams and Bridges	-	5,695	(5,695)
Storm Water Management	1,792	1,665	127
Sanitation	115,115	118,917	(3,802)
Landfill/Compost/Brush	7,334	8,013	(679)
Weed and Nuisance Control	300	100	200
<b>Total Public Works</b>	<u>468,096</u>	<u>558,008</u>	<u>(89,912)</u>
<b>CULTURE AND RECREATION</b>			
Library	208,963	164,284	44,679
Community Hall	21,181	39,470	(18,289)
Parks and Playgrounds	66,115	45,791	20,324
General Recreation	33,651	34,405	(754)
<b>Total Culture and Recreation</b>	<u>329,910</u>	<u>283,950</u>	<u>45,960</u>
<b>HEALTH AND HUMAN SERVICES</b>			
Cemetery	20,947	14,091	6,856
Animal Control	1,300	1,387	(87)
<b>Total Health and Human Services</b>	<u>22,247</u>	<u>15,478</u>	<u>6,769</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Planning	2,500	13,543	(11,043)
Urban Development	1,442	500	942
Economic Development	4,750	4,578	172
<b>Total Conservation and Development</b>	<u>8,692</u>	<u>18,621</u>	<u>(9,929)</u>
<b>CAPITAL OUTLAY</b>			
Culture and Recreation	8,867	54,188	(45,321)
<b>Total Expenditures</b>	<u>2,159,639</u>	<u>2,232,352</u>	<u>(72,713)</u>
<b>OTHER FINANCING USE</b>			
Transfers Out	40,000	40,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(8,617)</u>	<u>81,008</u>	<u>89,625</u>
<b>FUND BALANCE - BEGINNING</b>	<u>1,071,011</u>	<u>1,071,011</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,062,394</u>	<u>\$ 1,152,019</u>	<u>\$ 89,625</u>

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