

VILLAGE OF TREMPEALEAU

Trempealeau, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF TREMPEALEAU

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Trempealeau
Trempealeau, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Trempealeau's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Trempealeau's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Management has omitted the management 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Eau Claire, Wisconsin
April 13, 2018

VILLAGE OF TREMPEALEAU

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 375,434	\$ 250,654	\$ 626,088
Receivables			
Taxes	791,997	-	791,997
Accounts	-	473,590	473,590
Notes	80,685	-	80,685
Special assessments	5,541	-	5,541
Delinquent personal property taxes	1,472	-	1,472
Other	182,265	36,120	218,385
Internal balances	696,233	(696,233)	-
Due from other governments	38,010	-	38,010
Inventories	-	69,160	69,160
Restricted assets			
Cash and investments	17,808	969,536	987,344
Capital Assets			
Land	334,426	152,680	487,106
Construction in progress	-	29,406	29,406
Other capital assets, net of depreciation	4,343,333	7,317,533	11,660,866
Total Assets	6,867,204	8,602,446	15,469,650
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	72,475	72,475
Pension related amounts	133,885	157,590	291,475
Total Deferred Outflows of Resources	133,885	230,065	363,950
LIABILITIES			
Accounts payable	13,085	145,858	158,943
Accrued liabilities	7,376	5,427	12,803
Deposits	-	5,300	5,300
Accrued interest	11,189	13,919	25,108
Noncurrent Liabilities			
Due within one year	247,407	267,563	514,970
Due in more than one year	1,120,754	4,310,169	5,430,923
Total Liabilities	1,399,811	4,748,236	6,148,047
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	829,109	-	829,109
Pension related amounts	55,391	67,006	122,397
Total Deferred Inflows of Resources	884,500	67,006	951,506
NET POSITION			
Net investment in capital assets	3,419,611	3,961,119	7,380,730
Restricted for			
Loan programs	80,705	-	80,705
Debt service	16,421	75,102	91,523
Impact fees - parks	17,808	-	17,808
Capital improvements	19,271	-	19,271
Library	201,468	-	201,468
Trempealeau trust fund - community betterment	18,612	-	18,612
Unrestricted (Deficit)	942,882	(18,952)	923,930
TOTAL NET POSITION	\$ 4,716,778	\$ 4,017,269	\$ 8,734,047

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 215,364	\$ 32,767	\$ -	\$ 1,849
Public safety	386,607	3,729	11,073	-
Public works	335,293	10,105	73,300	37,929
Health and human services	642	-	-	-
Culture, education and recreation	335,280	31,340	68,026	88,830
Conservation and development	27,073	-	-	-
Interest and fiscal charges	54,721	-	-	-
Total Governmental Activities	1,354,980	77,941	152,399	128,608
Business-type Activities				
Electric Utility	2,003,655	1,984,598	-	13,870
Water Utility	396,655	468,440	-	16,099
Sewer Utility	440,065	341,241	-	6,400
Total Business-type Activities	2,840,375	2,794,279	-	36,369
Totals	\$ 4,195,355	\$ 2,872,220	\$ 152,399	\$ 164,977

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for capital projects

Property taxes, levied for TIF districts

Property taxes, levied for the library

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

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (180,748)	\$ -	\$ (180,748)
(371,805)	-	(371,805)
(213,959)	-	(213,959)
(642)	-	(642)
(147,084)	-	(147,084)
(27,073)	-	(27,073)
<u>(54,721)</u>	<u>-</u>	<u>(54,721)</u>
<u>(996,032)</u>	<u>-</u>	<u>(996,032)</u>
-	(5,187)	(5,187)
-	87,884	87,884
<u>-</u>	<u>(92,424)</u>	<u>(92,424)</u>
<u>-</u>	<u>(9,727)</u>	<u>(9,727)</u>
<u>(996,032)</u>	<u>(9,727)</u>	<u>(1,005,759)</u>
289,001	-	289,001
247,375	-	247,375
81,400	-	81,400
71,984	-	71,984
75,920	-	75,920
59,270	-	59,270
239,975	-	239,975
7,927	4,274	12,201
<u>15,052</u>	<u>-</u>	<u>15,052</u>
<u>1,087,904</u>	<u>4,274</u>	<u>1,092,178</u>
<u>173,672</u>	<u>(173,672)</u>	<u>-</u>
265,544	(179,125)	86,419
<u>4,451,234</u>	<u>4,196,394</u>	<u>8,647,628</u>
<u>\$ 4,716,778</u>	<u>\$ 4,017,269</u>	<u>\$ 8,734,047</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General Fund	Debt Service Fund	Capital Improvements Fund
ASSETS			
Cash and investments	\$ 165,488	\$ 27,610	\$ 19,271
Receivables			
Taxes	298,563	260,691	82,004
Delinquent personal property taxes	1,472	-	-
Special assessments	5,541	-	-
Notes	-	-	-
Other	115,161	-	-
Due from other governments	38,010	-	-
Restricted cash	17,808	-	-
Advances to other funds	851,769	-	-
	<u>\$ 1,493,812</u>	<u>\$ 288,301</u>	<u>\$ 101,275</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 10,178	\$ -	\$ -
Accrued liabilities	7,376	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>17,554</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenues	335,675	260,691	82,004
Unavailable revenues	81,294	-	-
Total Deferred Inflows of Resources	<u>416,969</u>	<u>260,691</u>	<u>82,004</u>
Fund Balances (Deficit)			
Nonspendable	853,241	-	-
Restricted	17,808	27,610	19,271
Unassigned (Deficit)	188,240	-	-
Total Fund Balances	<u>1,059,289</u>	<u>27,610</u>	<u>19,271</u>
	<u>\$ 1,493,812</u>	<u>\$ 288,301</u>	<u>\$ 101,275</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 163,065	\$ 375,434
150,739	791,997
-	1,472
-	5,541
80,685	80,685
67,104	182,265
-	38,010
-	17,808
-	851,769
<u>\$ 461,593</u>	<u>\$ 2,344,981</u>

\$ 2,907	\$ 13,085
-	7,376
<u>155,536</u>	<u>155,536</u>
<u>158,443</u>	<u>175,997</u>

150,739	829,109
<u>80,685</u>	<u>161,979</u>
<u>231,424</u>	<u>991,088</u>

-	853,241
220,100	284,789
<u>(148,374)</u>	<u>39,866</u>
<u>71,726</u>	<u>1,177,896</u>

<u>\$ 461,593</u>	<u>\$ 2,344,981</u>
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See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

Total Fund Balances - Governmental Funds	\$ 1,177,896
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	334,426
Other capital assets	6,394,612
Less: Accumulated depreciation	(2,051,279)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

Interest on TIF advance	40,000
Loans receivable	80,685
Special assessments	5,541
Other receivables	35,753

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

133,885

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

(55,391)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(1,258,148)
Compensated absences	(55,629)
Accrued interest	(11,189)
Net pension liability	(17,076)
Landfill liability	(37,308)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 4,716,778

VILLAGE OF TREMPEALEAU

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Debt Service Fund	Capital Improvements Fund
REVENUES			
Taxes	\$ 348,271	\$ 247,375	\$ 81,400
Intergovernmental	324,348	-	-
Licenses and permits	24,489	-	-
Fines, forfeitures and penalties	3,729	-	-
Public charges for services	51,970	-	-
Special assessments	1,119	-	-
Investment income	17,744	-	-
Miscellaneous	84,080	-	-
Total Revenues	855,750	247,375	81,400
EXPENDITURES			
Current			
General government	185,276	-	-
Public safety	351,135	-	-
Public works	182,227	-	-
Health and human services	642	-	-
Culture, recreation and education	147,919	-	-
Conservation and development	2,381	-	-
Capital Outlay	-	-	235,432
Debt Service			
Principal	-	196,110	-
Interest and fiscal charges	-	51,265	-
Total Expenditures	869,580	247,375	235,432
Excess (deficiency) of revenues over expenditures	(13,830)	-	(154,032)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	59,124
Transfers in	173,672	-	73,300
Transfers out	(73,300)	-	-
Total Other Financing Sources (Uses)	100,372	-	132,424
Net Change in Fund Balances	86,542	-	(21,608)
FUND BALANCES (DEFICIT) - Beginning of Year	972,747	27,610	40,879
FUND BALANCES - END OF YEAR	\$ 1,059,289	\$ 27,610	\$ 19,271

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 147,904	\$ 824,950
40,996	365,344
-	24,489
-	3,729
-	51,970
-	1,119
183	17,927
<u>95,284</u>	<u>179,364</u>
<u>284,367</u>	<u>1,468,892</u>
-	185,276
-	351,135
-	182,227
-	642
129,380	277,299
24,692	27,073
-	235,432
-	196,110
<u>3,660</u>	<u>54,925</u>
<u>157,732</u>	<u>1,510,119</u>
<u>126,635</u>	<u>(41,227)</u>
-	59,124
-	246,972
<u>-</u>	<u>(73,300)</u>
<u>-</u>	<u>232,796</u>
126,635	191,569
<u>(54,909)</u>	<u>986,327</u>
<u>\$ 71,726</u>	<u>\$ 1,177,896</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	191,569
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		235,432
Some items reported as capital outlay were not capitalized		(38,802)
Depreciation is reported in the government-wide financial statements		(207,621)
Net book value of assets retired (excluding \$147,937 of net book value of trade-ins)		(8,472)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Revenue from receivables on the fund statements are deferred until payment is received		(16,774)
Special assessments are deferred on the fund statements		4,734
Interest income on TIF advance is deferred on fund statements		(10,000)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued		(59,124)
Principal repaid		196,110

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences		(9,493)
Accrued interest on debt		205
Landfill liability		3,277
Net pension asset/liability		14,564
Deferred outflows of resources related to pensions		(43,674)
Deferred inflows of resources related to pensions		13,613

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>265,544</u>
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VILLAGE OF TREMPEALEAU

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 42,025	\$ 208,629	\$ -	\$ 250,654
Receivables				
Accounts	363,288	57,855	52,447	473,590
Other	12,477	23,398	245	36,120
Inventories	69,160	-	-	69,160
Restricted Assets				
Redemption account	35,249	53,772	-	89,021
Total Current Assets	<u>522,199</u>	<u>343,654</u>	<u>52,692</u>	<u>918,545</u>
Noncurrent Assets				
Restricted Assets				
Reserve account	286,525	-	-	286,525
Construction	593,990	-	-	593,990
Capital Assets				
Construction in progress	4,493	-	24,913	29,406
Utility Plant	6,222,632	4,272,882	4,003,351	14,498,865
Less: Accumulated depreciation	<u>(2,451,710)</u>	<u>(1,368,124)</u>	<u>(3,208,818)</u>	<u>(7,028,652)</u>
Total Noncurrent Assets	<u>4,655,930</u>	<u>2,904,758</u>	<u>819,446</u>	<u>8,380,134</u>
Total Assets	<u>5,178,129</u>	<u>3,248,412</u>	<u>872,138</u>	<u>9,298,679</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	72,475	-	-	72,475
Pension related amounts	<u>81,923</u>	<u>38,248</u>	<u>37,419</u>	<u>157,590</u>
Total Deferred Outflows of Resources	<u>154,398</u>	<u>38,248</u>	<u>37,419</u>	<u>230,065</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 140,734	\$ 1,326	\$ 3,798	\$ 145,858
Accrued liabilities	5,427	-	-	5,427
Deposits	5,300	-	-	5,300
Current portion of compensated absences	13,913	6,990	7,185	28,088
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	170,000	69,475	-	239,475
Accrued interest payable	9,497	4,422	-	13,919
Total Current Liabilities	<u>344,871</u>	<u>82,213</u>	<u>10,983</u>	<u>438,067</u>
Noncurrent Liabilities				
Long-Term Debt				
Revenue bonds payable	3,390,000	898,120	-	4,288,120
Unamortized debt discount	(28,398)	-	-	(28,398)
Compensated absences	12,080	9,392	9,417	30,889
Advance from other funds	-	-	696,233	696,233
Net pension liability	10,794	4,130	4,634	19,558
Total Noncurrent Liabilities	<u>3,384,476</u>	<u>911,642</u>	<u>710,284</u>	<u>5,006,402</u>
Total Liabilities	<u>3,729,347</u>	<u>993,855</u>	<u>721,267</u>	<u>5,444,469</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>34,541</u>	<u>16,344</u>	<u>16,121</u>	<u>67,006</u>
Total Deferred Inflows of Resources	<u>34,541</u>	<u>16,344</u>	<u>16,121</u>	<u>67,006</u>
NET POSITION				
Net investment in capital assets	1,204,510	1,937,163	819,446	3,961,119
Restricted for				
Debt service	25,752	49,350	-	75,102
Unrestricted (Deficit)	<u>338,377</u>	<u>289,948</u>	<u>(647,277)</u>	<u>(18,952)</u>
TOTAL NET POSITION	<u>\$ 1,568,639</u>	<u>\$ 2,276,461</u>	<u>\$ 172,169</u>	<u>\$ 4,017,269</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPÉALEAU

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 1,984,598	\$ 468,440	\$ 341,241	\$ 2,794,279
Total Operating Revenues	<u>1,984,598</u>	<u>468,440</u>	<u>341,241</u>	<u>2,794,279</u>
OPERATING EXPENSES				
Operation and maintenance	1,607,854	245,423	275,414	2,128,691
Depreciation	240,823	119,875	153,157	513,855
Taxes	29,366	4,922	9,737	44,025
Total Operating Expenses	<u>1,878,043</u>	<u>370,220</u>	<u>438,308</u>	<u>2,686,571</u>
Operating Income (Loss)	<u>106,555</u>	<u>98,220</u>	<u>(97,067)</u>	<u>107,708</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	4,274	-	-	4,274
Interest expense	(115,889)	(26,435)	(1,757)	(144,081)
Amortization expense	(9,723)	-	-	(9,723)
Total Nonoperating Revenues (Expenses)	<u>(121,338)</u>	<u>(26,435)</u>	<u>(1,757)</u>	<u>(149,530)</u>
Income (Loss) Before Contributions and Transfers	<u>(14,783)</u>	<u>71,785</u>	<u>(98,824)</u>	<u>(41,822)</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	13,870	16,099	6,400	36,369
Transfers out	(103,918)	(69,754)	-	(173,672)
Total Contributions and Transfers	<u>(90,048)</u>	<u>(53,655)</u>	<u>6,400</u>	<u>(137,303)</u>
Change in Net Position	(104,831)	18,130	(92,424)	(179,125)
NET POSITION - Beginning of Year	<u>1,673,470</u>	<u>2,258,331</u>	<u>264,593</u>	<u>4,196,394</u>
NET POSITION - END OF YEAR	<u>\$ 1,568,639</u>	<u>\$ 2,276,461</u>	<u>\$ 172,169</u>	<u>\$ 4,017,269</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,977,775	\$ 451,871	\$ 325,044	\$ 2,754,690
Cash received from village	38,174	-	-	38,174
Paid to suppliers for goods and services	(1,419,805)	(155,288)	(181,710)	(1,756,803)
Paid to employees for services	(210,410)	(92,453)	(98,289)	(401,152)
Net Cash Flows From Operating Activities	<u>385,734</u>	<u>204,130</u>	<u>45,045</u>	<u>634,909</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>10,865</u>	-	<u>3,034</u>	<u>13,899</u>
Net Cash Flows From Investing Activities	<u>10,865</u>	-	<u>3,034</u>	<u>13,899</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(103,918)	(69,754)	-	(173,672)
Negative cash implicitly financed	-	-	<u>152,453</u>	<u>152,453</u>
Net Cash Flows From Noncapital Financing Activities	<u>(103,918)</u>	<u>(69,754)</u>	<u>152,453</u>	<u>(21,219)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(165,000)	(67,670)	-	(232,670)
Interest paid	(116,061)	(26,616)	(1,757)	(144,434)
Acquisition and construction of capital assets	(172,124)	(34,516)	(205,175)	(411,815)
Contributions received for construction	<u>13,870</u>	-	<u>6,400</u>	<u>20,270</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(439,315)</u>	<u>(128,802)</u>	<u>(200,532)</u>	<u>(768,649)</u>
Net Change in Cash and Cash Equivalents	(146,634)	5,574	-	(141,060)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>819,423</u>	<u>256,827</u>	-	<u>1,076,250</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 672,789</u>	<u>\$ 262,401</u>	<u>\$ -</u>	<u>\$ 935,190</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 106,555	\$ 98,220	\$ (97,067)	\$ 107,708
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	240,823	119,875	153,157	513,855
Depreciation charged to other funds	-	8,236	(8,236)	-
Changes in assets and liabilities, deferred outflows and deferred inflows				
Accounts receivable	31,001	(24,805)	(7,961)	(1,765)
Inventories	3,109	-	-	3,109
Accounts payable	2,585	(2,095)	(1,456)	(966)
Other current liabilities	(9,918)	1,586	1,619	(6,713)
Customer deposits	350	-	-	350
Pension related deferrals and liability	11,229	3,113	4,989	19,331
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 385,734</u>	<u>\$ 204,130</u>	<u>\$ 45,045</u>	<u>\$ 634,909</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 42,025	\$ 208,629	\$ -	\$ 250,654
Restricted cash and investments				
Redemption account	35,249	53,772	-	89,021
Reserve account	286,525	-	-	286,525
Construction account	593,990	-	-	593,990
Total Cash and Investments	957,789	262,401	-	1,220,190
Less: Noncash equivalents	(285,000)	-	-	(285,000)
CASH AND CASH EQUIVALENTS	<u>\$ 672,789</u>	<u>\$ 262,401</u>	<u>\$ -</u>	<u>\$ 935,190</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Services contributed by customers	\$ -	\$ 16,099	\$ -	
Amortization of debt discount and deferred charge on refunding	\$ 9,723	\$ -	\$ -	

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2017

	<u>Agency Fund</u> <u>Tax Agency</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 957,919
Taxes receivable	<u>1,160,844</u>
TOTAL ASSETS	<u>\$ 2,118,763</u>
LIABILITIES	
Due to other governments	<u>\$ 2,118,763</u>
TOTAL LIABILITIES	<u>\$ 2,118,763</u>

VILLAGE OF TREMPÉALEAU

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Trempealeau, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

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

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

The village reports the following major governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Improvements Capital Projects Fund - accounts for financial resources restricted, committed or assigned for the acquisition or construction of equipment and/or major capital facilities.

The village reports the following major enterprise funds:

- Electric Utility - accounts for operations of the electric system
- Water Utility - accounts for operations of the water system
- Sewer Utility - accounts for operations of the sewer system

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Library
Block Grant
Trempealeau Trust Fund

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

TIF

In addition, the village reports the following fund type:

Agency Fund - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Agency Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's electric, water, and sewer utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water and sewer utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The village has adopted an investment policy. That policy follows the state statute for allowable investments. The policy addresses custodial credit risk, interest rate risk, credit risk and concentration of credit risk as follows:

Custodial credit risk will be minimized by: 1) maintaining a list of financial institutions authorized to provide deposit and investment services and 2) all financial institutions must supply audited financial statements demonstrating compliance with federal and state capital adequacy guidelines.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest rate risk will be minimized by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity.

Credit risk will be minimized by: 1) limiting investments to types of securities allowed by state statute and 2) the village board shall by resolution approve public depositories deemed appropriate for use.

Concentration of credit risk will be minimized by diversifying the investment portfolio so that the impact of potential losses from any one type of security or any one individual issuer will be minimized.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the electric, water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. *Receivables* (cont.)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

It is the village's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

3. *Inventories*

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

4. *Restricted Assets*

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$15,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	15-75	Years
Land Improvements	15-30	Years
Vehicles and Equipment	3-15	Years
Utility System	5-100	Years
Infrastructure	20-60	Years
Intangibles	3-15	Years

Fund Financial Statements

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. *Deferred Outflows of Resources*

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

7. *Compensated Absences*

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

8. *Long-Term Obligations*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences, net pension liabilities and landfill liability.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. *Deferred Inflows of Resources*

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

10. *Equity Classifications*

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note III. H. for further information.

11. Pension

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

12. Basis for Existing Rates

Electric Utility

Electric utility rates were authorized by order 5940-ER-106, which is effective for services rendered on or after July 15, 2013.

Water Utility

Water rates were authorized by order 5940-WR-103, which is effective for services rendered on or after July 31, 2016.

Sewer Utility

Sewer rates effective for services rendered on or after September 1, 2017 were approved by village ordinance dated July 6, 2017.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, certain special revenue funds, the debt service fund and capital projects funds. A budget has not been formally adopted for the block grant fund or the Trempealeau trust fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 850,731	\$ 869,580	\$ 18,849
Capital Improvements	214,124	235,432	21,308
Library	120,585	129,380	8,795
TIF	4,350	19,072	14,722

The village controls expenditures at the function level. Some individual functions experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2017, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF	\$ 148,374	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

E. VIOLATION OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At December 31, 2017, the village was not in compliance with the provisions of the electric revenue bond covenants that require cash available to fund one month of operation and maintenance expenses. As of year end, the village was required to have \$133,988 in cash and investments for this purpose, however only \$41,825 was available.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits	\$ 1,985,379	\$ 2,140,045	Custodial credit risk
US agencies - explicitly guaranteed	149,562	149,562	Custodial credit and interest rate risk
US agencies - implicitly guaranteed	286,525	282,334	Custodial credit, credit, interest rate and concentration of credit risks
Negotiable certificates of deposits	149,685	149,863	Custodial credit, credit, interest rate and concentration of credit risks
Petty cash	200	-	N/A
Total Deposits and Investments	\$ 2,571,351	\$ 2,721,804	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 626,088		
Restricted cash and investments	987,344		
Per statement of assets and liabilities - agency fund			
Agency Fund	957,919		
Total Deposits and Investments	\$ 2,571,351		

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

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The village maintains collateral agreements with its banks. At December 31, 2017, the banks had pledged various government securities in the amount of \$574,254 to secure the village's deposits.

Additional pledged securities of \$605,000 were obtained on January 23, 2018 to cover the uncollateralized shortfall noted below.

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted prices for similar assets in active markets.

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 149,685	\$ -	\$ 149,685
US agencies - implicitly guaranteed	-	286,525	-	286,525
US agencies - explicitly guaranteed	-	<u>149,562</u>	-	<u>149,562</u>
Total	<u>\$ -</u>	<u>\$ 585,772</u>	<u>\$ -</u>	<u>\$ 585,772</u>

Custodial Credit Risk

Deposits

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

As of December 31, 2017, \$573,429 of the village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 573,429</u>
--------------------------------	-------------------

Investments

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

The village does not have any investments exposed to custodial credit risk.

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

The village had investments in implicitly guaranteed agencies of the United States government and negotiable certificates of deposit which were rated AAA and AA+ by Standard & Pools.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2017, the investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
American Express	Negotiable certificates of deposit	25.76%
Federal Farm Credit Banks	US agencies - implicitly guaranteed	48.53%

Interest Rate Risk

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

As of December 31, 2017, the village's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US agencies - explicitly guaranteed	\$ 149,562	0.50
US agencies - implicitly guaranteed	286,525	1.88
Negotiable certificates of deposit	149,685	1.50

See Note I.D.1. for further information on deposit and investment policies.

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES

All receivables are expected to be collected within one year except \$80,685 in the Block Grant Fund.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 791,997	\$ -
Special assessments not yet due	-	5,541
Housing loans	-	80,685
Interest receivable on advance to TIF	-	40,000
Other receivables	<u>37,112</u>	<u>35,753</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 829,109</u>	 <u>\$ 161,979</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Construction - Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Impact Fee Account

The village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 89,021	\$ 13,919	\$ 75,102
Construction account	593,990	-	n/a
Bond reserve account	286,525	-	n/a
Impact fee account	17,808	-	17,808
Total	\$ 987,344	\$ 13,919	\$ 92,910

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 334,426	\$ -	\$ -	\$ 334,426
Total Capital Assets Not Being Depreciated	334,426	-	-	334,426
Capital assets being depreciated				
Land Improvements	159,855	-	-	159,855
Buildings	3,100,636	-	-	3,100,636
Vehicles and equipment	698,947	202,149	174,271	726,825
Infrastructure	2,273,328	142,418	8,450	2,407,296
Total Capital Assets Being Depreciated	6,232,766	344,567	182,721	6,394,612
Total Capital Assets	6,567,192	344,567	182,721	6,729,038

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land Improvements	\$ (27,802)	\$ (4,647)	\$ -	\$ (32,449)
Buildings	(770,642)	(63,351)	-	(833,993)
Vehicles and equipment	(255,197)	(40,362)	23,351	(272,208)
Infrastructure	(816,329)	(99,261)	2,961	(912,629)
Total Accumulated Depreciation	(1,869,970)	(207,621)	26,312	(2,051,279)
Net Capital Assets Being Depreciated	4,362,796	136,946	156,409	4,343,333
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 4,697,222	\$ 136,946	\$ 156,409	\$ 4,677,759

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 7,687
Public safety	19,859
Public works, which includes depreciation of infrastructure	130,732
Culture, education, and recreation	49,343
Total Governmental Activities Depreciation Expense	\$ 207,621

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Electric</u>				
Capital assets not being depreciated				
Land and land rights	\$ 85,009	\$ -	\$ -	\$ 85,009
Construction in progress	-	4,493	-	4,493
Total Capital Assets Not Being Depreciated	85,009	4,493	-	89,502
Capital assets being depreciated				
Transmission and distribution plant	5,560,981	163,341	37,751	5,686,571
General plant	420,791	30,261	-	451,052
Total Capital Assets Being Depreciated	5,981,772	193,602	37,751	6,137,623
Total Capital Assets	6,066,781	198,095	37,751	6,227,125
Less: Accumulated depreciation for				
Electric plant	(2,244,205)	(245,256)	37,751	(2,451,710)
Total Accumulated Depreciation	(2,244,205)	(245,256)	37,751	(2,451,710)
Net Capital Assets Being Depreciated	3,737,567	(51,654)	-	3,685,913
Net Electric Capital Assets	\$ 3,822,576	\$ (47,161)	\$ -	\$ 3,775,415

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land & land rights	\$ 64,571	\$ -	\$ -	\$ 64,571
Construction in progress	596	-	596	-
Total Capital Assets Not Being Depreciated	65,167	-	596	64,571
Capital assets being depreciated				
Source of supply plant	464,874	-	-	464,874
General plant	49,788	21,092	12,777	58,103
Pumping plant	306,063	-	-	306,063
Transmission and distribution plant	1,986,325	52,627	3,770	2,035,182
Water treatment plant	1,344,089	-	-	1,344,089
Total Capital Assets Being Depreciated	4,151,139	73,719	16,547	4,208,311
Total Capital Assets	4,216,306	73,719	17,143	4,272,882
Less: Accumulated depreciation for				
Water plant	(1,234,052)	(150,619)	16,547	(1,368,124)
Total Accumulated Depreciation	(1,234,052)	(150,619)	16,547	(1,368,124)
Net Capital Assets Being Depreciated	2,917,087	(76,900)	-	2,840,187
Net Water Capital Assets	\$ 2,982,254	\$ (76,900)	\$ 596	\$ 2,904,758

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land & land rights	\$ 3,100	\$ -	\$ -	\$ 3,100
Construction in progress	2,520	73,142	50,749	24,913
Total Capital Assets Not Being Depreciated	5,620	73,142	50,749	28,013
Capital assets being depreciated				
Collection system plant	1,304,542	15,000	-	1,319,542
Pumping equipment	473,557	9,054	-	482,611
Treatment and disposal plant	2,072,090	9,284	-	2,081,374
General plant	115,900	6,759	5,935	116,724
Total Capital Assets Being Depreciated	3,966,089	40,097	5,935	4,000,251
Total Capital Assets	3,971,709	113,239	56,684	4,028,264
Less: Accumulated depreciation for				
Sewer plant	(3,069,832)	(144,921)	5,935	(3,208,818)
Total Accumulated Depreciation	(3,069,832)	(144,921)	5,935	(3,208,818)
Net Capital Assets Being Depreciated	896,257	(104,824)	-	791,433
Net Sewer Capital Assets	\$ 901,877	\$ (31,682)	\$ 50,749	\$ 819,446
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 7,706,707	\$ (155,743)	\$ 51,345	\$ 7,499,619

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 240,823
Water	119,875
Sewer	153,157
Total Business-type Activities Depreciation Expense	\$ 513,855

Depreciation expense may be different from business-type activity capital asset additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND ADVANCES AND TRANSFERS

Advances

The general fund is advancing funds to TIF. The amount advanced is determined by the deficiency of revenues and other financing sources over expenditures since the district's inception. No repayment schedule has been established, however interest is being accrued at 8% annually.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	TIF	\$ 155,536	\$ 155,536
General Fund	Sewer Utility	<u>696,233</u>	696,233
Total - Fund Financial Statements		851,769	
Less: Fund eliminations		<u>(155,536)</u>	
Total - Interfund Advances - Government-Wide Statement of Net Position		<u><u>\$ 696,233</u></u>	

The principal purpose of the advance from the general fund to the sewer utility is to cover a deficit in unrestricted cash balances.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Electric Utility	\$ 103,918	Property tax equivalent
General Fund	Water Utility	69,754	Property tax equivalent
Capital Improvements	General Fund	<u>73,300</u>	Operating subsidy
Total - Fund Financial Statements		246,972	
Less: Fund eliminations		<u>(73,300)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 173,672</u></u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,395,134	\$ 59,124	\$ 196,110	\$ 1,258,148	\$ 223,654
Other Liabilities					
Vested compensated absences	46,136	29,947	20,454	55,629	17,253
Net pension liability	31,640	24,000	38,564	17,076	-
Landfill liability	40,585	-	3,277	37,308	6,500
Total Other Liabilities	118,361	53,947	62,295	110,013	23,753
Total Governmental Activities Long-Term Liabilities	\$ 1,513,495	\$ 113,071	\$ 258,405	\$ 1,368,161	\$ 247,407
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 4,760,265	\$ -	\$ 232,670	\$ 4,527,595	\$ 239,475
(Discounts)/Premiums	(30,068)	-	(1,670)	(28,398)	-
Sub-totals	4,730,197	-	231,000	4,499,197	239,475
Other Liabilities					
Vested compensated absences	64,976	44,569	50,568	58,977	28,088
Net pension liability	37,886	25,842	44,170	19,558	-
Total Business-type Activities Long-Term Liabilities	\$ 4,833,059	\$ 70,411	\$ 325,738	\$ 4,577,732	\$ 267,563

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2017, was \$6,035,330. Total general obligation debt outstanding at year end was \$1,258,148.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
General obligation refunding bonds	4/28/2009	10/1/2021	2.0 - 4.2%	\$ 1,155,000	\$ 385,000
State trust fund loan	9/22/2014	3/15/2024	3.5%	1,002,500	814,024
Capital equipment loan	2/28/2017	2/1/2020	2.95%	59,124	<u>59,124</u>
Total Governmental Activities - General Obligation Debt					<u><u>\$ 1,258,148</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 223,654	\$ 45,687
2019	233,138	37,527
2020	232,336	29,005
2021	196,024	20,476
2022	120,084	13,055
2023-2024	<u>252,912</u>	<u>13,366</u>
Totals	<u><u>\$ 1,258,148</u></u>	<u><u>\$ 159,116</u></u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the electric and water utilities.

The electric utility has pledged future electric revenues, net of specified operating expenses, to repay revenue bonds issued in 2014. Proceeds from the bonds provided financing for the utility system improvements. The bonds are payable solely from electric revenues and are payable through 2034. Annual principal and interest payments on the bonds are expected to require 79% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,744,703. Principal and interest paid for the current year and total customer net revenues were \$281,034 and \$351,652, respectively.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

The water utility has pledged future water revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the utility system improvements. The bonds are payable solely from water revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 43% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,130,574. Principal and interest paid for the current year and total customer net revenues were \$94,387 and \$218,095, respectively.

Revenue debt payable at December 31, 2017, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
<u>Water Utility</u>					
Safe drinking water loan	11/12/2009	5/1/2029	2.668%	\$ 1,417,481	\$ 967,595
<u>Electric Utility</u>					
Electric revenue bonds	10/15/2014	12/1/2034	1.25 - 4.00%	4,035,000	<u>3,560,000</u>
Total Business-type Activities - Revenue Debt					<u>\$ 4,527,595</u>

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2018	\$ 239,475	\$ 138,860
2019	241,328	134,857
2020	248,231	130,208
2021	250,185	124,728
2022	262,191	118,583
2023-2027	1,407,969	479,173
2028-2032	1,348,216	189,273
2033-2034	<u>530,000</u>	<u>32,000</u>
Totals	<u>\$ 4,527,595</u>	<u>\$ 1,347,682</u>

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences, net pension liability, and landfill liabilities are not included in the debt service requirement schedules. The vested compensated absences, net pension liabilities and landfill liabilities attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations, except as disclosed in Note II. E.

G. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the village to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the village reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$37,308 reported as landfill closure and postclosure care liability at December 31, 2017, represents the total amount needed by the village for post closure care costs according to state and federal regulations. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The village is required by state and federal laws and regulations to provide proof of financial assurance for the postclosure care costs. The village is in compliance with these requirements, and, at December 31, 2017, the village had landfill maintenance and monitoring costs in the amount of \$3,277. The maintenance and monitoring expenses for long-term care will be budgeted for each year by the village and the amount averages \$6,500 annually.

H. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 334,426
Other capital assets, net of accumulated depreciation	4,343,333
Less: Long-term debt outstanding	<u>(1,258,148)</u>
Total Net Investment in Capital Assets	<u>\$ 3,419,611</u>

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Debt Service	Capital Improve- ments	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Advances	\$ 851,769	\$ -	\$ -	\$ -	\$ 851,769
Delinquent taxes	1,472	-	-	-	1,472
Sub-total	<u>853,241</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>853,241</u>
Restricted for:					
Impact fees - parks	17,808	-	-	-	17,808
Debt service	-	27,610	-	-	27,610
Capital improvements	-	-	19,271	-	19,271
Housing loan - grantor restrictions	-	-	-	20	20
Trempealeau Trust - community betterment	-	-	-	18,612	18,612
Donor restrictions - library	-	-	-	131,097	131,097
State statues - library	-	-	-	70,371	70,371
Sub-total	<u>17,808</u>	<u>27,610</u>	<u>19,271</u>	<u>220,100</u>	<u>284,789</u>
Unassigned (deficit):	<u>188,240</u>	<u>-</u>	<u>-</u>	<u>(148,374)</u>	<u>39,866</u>
Total Fund Balances	<u>\$ 1,059,289</u>	<u>\$ 27,610</u>	<u>\$ 19,271</u>	<u>\$ 71,726</u>	<u>\$ 1,177,896</u>

Business-type Activities

Net Investment in Capital Assets

Land	\$ 152,680
Construction in progress	29,406
Other capital assets, net of accumulated depreciation	7,317,533
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(3,933,605)
Plus: Noncapital debt proceeds	395,105
Total Net Investment in Capital Assets	\$ 3,961,119

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$43,334 in contributions from the village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the village reported a liability of \$36,634 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the village's proportion was 0.00444463%, which was an increase of 0.00016603% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the village recognized pension expense of \$91,678.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,970	\$ 115,212
Changes in assumptions	38,303	-
Net differences between projected and actual earnings on pension plan investments	182,352	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	7,185
Employer contributions subsequent to the measurement date	56,850	-
Totals	\$ 291,475	\$ 122,397

\$56,850 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 85,364	\$ 38,972
2019	85,362	38,972
2020	69,927	38,632
2021	(6,090)	5,782
2022	62	39

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Sensitivity of the village's proportionate share of the net pension liability to changes in the discount rate. The following presents the village's proportionate share of the net pension liability calculated using the discount rate of 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension asset (liability)	\$(481,949)	\$(36,634)	\$306,278

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

At December 31, 2017, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Purchased Power Contracts

On August 1, 2011 the village entered into a contract for the establishment and operation of Great Lakes Utilities (GLU), a municipal electric company formed pursuant to Section 66.0825 of the Wisconsin Statutes. GLU is a separate electric company of Wisconsin municipal electric utilities created to obtain low cost and reliable electric power for its members.

In 2011, the village entered into a contract with GLU to purchase capacity, energy, and renewable credits from Lakewind project for a 20 year term.

On November 1, 2014, the village entered into a long term full requirements power supply contract with GLU. The contract has an initial term of 25 years and thereafter until terminated with notice as specified in the agreement.

D. JOINT VENTURES

The Village of Trempealeau and the Townships of Trempealeau and Caledonia jointly operate the local fire department, which is called the Trempealeau-Caledonia Fire Board (district) and provides fire service.

The governing body is made up of citizens from each community. Local representatives are appointed by the boards. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village is obligated by the joint venture agreement to remit an amount annually to the district. The village made a payment to the district of \$38,367 in 2017.

Financial information of the district as of December 31, 2017 is available directly from the district's office.

Debt is being repaid with resources of the district and is secured by the taxing power of the participants. The transactions of the district are not reflected in these financial statements.

The village does not have an equity interest in the district.

The Village of Trempealeau also participates in the Southern Trempealeau County Solid Waste Commission to jointly provide garbage and recycling service to residents of the Village of Trempealeau, City of Galesville, Village of Melrose, and Towns of Caledonia, Gale, Trempealeau and Dodge. The governing body is made up of one member from each community. The village made payments totaling \$21,542 to the Commission in 2017. During 2004, the Commission notified participants that part of the initial start-up assessment would be returned to the communities over the next five years. The final payment of the initial start-up assessment was received in 2008. Financial information can be obtained from the Village of Trempealeau or other participating communities.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

E. SUBSEQUENT EVENTS

On September 26, 2017, the village approved issuance of a general obligation promissory note in the amount of \$28,500 with an interest rate of 2.95%. This amount is expected to be drawn in 2018 for capital improvement items.

On March 15, 2018, the village approved borrowing not to exceed \$130,666 for a plow truck and \$170,000 for sewer capital improvements.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > Statement No. 87, *Leases*

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

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - OTHER INFORMATION (cont.)

G. STATUS OF TAX INCREMENTAL FINANCING DISTRICT

Tax incremental financing, as authorized by Section 66.1105 of the Wisconsin Statutes, is a method by which the village can recover its development and public improvement costs in Tax Incremental Finance District (TIF) designated areas. These costs are recovered from the increased valuation in the designated area. The village has financed development and public improvement costs in its TIF district through general fund advances. Tax increments will be used to repay these general fund advances.

In 1997, the village created Tax Incremental Financing District No. 1. A summary of cumulative status is as follows:

	2017	From Date of Creation
Project Costs:		
Capital expenditures	\$ 15,412	\$ 613,904
Interest and fiscal charges	3,660	302,113
Total Costs	19,072	916,017
Project Revenues:		
Tax increments	71,984	656,153
Special assessments	-	6,561
Miscellaneous	-	68,119
Sale of property	-	36,810
Total Revenues	71,984	767,643
Net Costs Recoverable Through TIF Increments - December 31, 2017	\$ (52,912)	\$ 148,374
Reconciliation of Recoverable Costs:		
Plus: Fund balance deficit		\$ 148,374
Net Costs Recoverable Through TIF Increments - December 31, 2017		\$ 148,374

The District is allowed to collect a tax increment until its termination date. Any over collections are returned to the various taxing entities of the District. The village becomes liable for any costs not recovered by the termination date.

The District's last date to incur project costs is September 29, 2019. The last year the District may collect an increment is 2025. The tax increment to be collected in 2018 is \$65,126.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
TAXES			
Property	\$ 288,000	\$ 289,001	\$ 1,001
Mobile home taxes	41,000	44,426	3,426
Public accommodation (room) taxes	5,500	6,593	1,093
Payments in lieu of taxes	<u>9,000</u>	<u>8,251</u>	<u>(749)</u>
Total Taxes	<u>343,500</u>	<u>348,271</u>	<u>4,771</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	239,232	239,232	-
Fire insurance tax from state	4,600	5,212	612
State aid - computer exemption	500	382	(118)
State aid - law enforcement improvement	1,000	5,861	4,861
State aid - connecting streets	73,300	73,300	-
Aid in lieu of taxes	<u>257</u>	<u>361</u>	<u>104</u>
Total Intergovernmental Revenues	<u>318,889</u>	<u>324,348</u>	<u>5,459</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	3,000	13,219	10,219
Operators' license	500	470	(30)
Cigarette licenses	10	25	15
Soda licenses	50	75	25
Dog and cat licenses	800	1,632	832
Building permits	8,000	5,088	(2,912)
Zoning permits and fees	500	2,750	2,250
Other business and occupational licenses	-	230	230
Other permits	<u>600</u>	<u>1,000</u>	<u>400</u>
Total Licenses and Permits	<u>13,460</u>	<u>24,489</u>	<u>11,029</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	5,500	3,649	(1,851)
Parking violations	100	80	(20)
Other law and ordinance violations	<u>100</u>	<u>-</u>	<u>(100)</u>
Total Fines, Forfeitures and Penalties	<u>5,700</u>	<u>3,729</u>	<u>(1,971)</u>
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	7,000	8,258	1,258
License publication fees	50	20	(30)
Landfill	2,500	4,252	1,752
Swimming areas	30,000	31,340	1,340
Parkland development	<u>2,000</u>	<u>8,100</u>	<u>6,100</u>
Total Public Charges for Services	<u>41,550</u>	<u>51,970</u>	<u>10,420</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
SPECIAL ASSESSMENTS			
Street improvements	\$ 3,500	\$ 1,119	\$ (2,381)
INVESTMENT INCOME			
Investment income	1,660	4,084	2,424
Interest on advances to other funds	14,500	13,660	(840)
Total Investment Income	<u>16,160</u>	<u>17,744</u>	<u>1,584</u>
MISCELLANEOUS			
Donations	1,000	314	(686)
Rent	1,200	1,312	112
Other miscellaneous	20,000	82,454	62,454
Total Miscellaneous	<u>22,200</u>	<u>84,080</u>	<u>61,880</u>
 Total Revenues	 <u>764,959</u>	 <u>855,750</u>	 <u>90,791</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Village board	3,599	3,504	95
Legal	7,000	20,010	(13,010)
Administrator	31,063	1,698	29,365
Clerk	27,816	28,084	(268)
Elections	3,600	2,932	668
Accounting	13,000	13,128	(128)
Office	19,731	44,976	(25,245)
Assessor	8,000	7,855	145
General buildings/plant/hall	34,000	35,445	(1,445)
Property and liability insurance	23,000	17,529	5,471
Other general government	12,380	10,115	2,265
Total General Government	<u>183,189</u>	<u>185,276</u>	<u>(2,087)</u>
PUBLIC SAFETY			
Police	279,679	300,347	(20,668)
Fire protection	40,000	43,579	(3,579)
EMT	6,464	6,548	(84)
Building inspection	7,000	661	6,339
Total Public Safety	<u>333,143</u>	<u>351,135</u>	<u>(17,992)</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF TREMPÉALEAU

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS			
Shop operations	\$ 107,357	\$ 9,947	\$ 97,410
Machinery operation and maintenance	6,000	11,914	(5,914)
Street maintenance	15,000	64,317	(49,317)
Tree and brush removal	-	9,274	(9,274)
Snow and ice control	23,000	28,538	(5,538)
Traffic control	1,500	1,185	315
Sidewalks	1,500	-	1,500
Street lighting	34,560	30,983	3,577
Recycling	21,482	21,524	(42)
Sanitary landfill	4,500	3,277	1,223
Weed control	-	1,268	(1,268)
Total Public Works	<u>214,899</u>	<u>182,227</u>	<u>32,672</u>
HEALTH AND HUMAN SERVICES			
Cemetery	600	600	-
Senior activities	150	42	108
Total Health and Human Services	<u>750</u>	<u>642</u>	<u>108</u>
CULTURE, RECREATION AND EDUCATION			
Parks	7,000	16,979	(9,979)
Recreation	9,000	10,513	(1,513)
Celebrations and entertainment	200	2,942	(2,742)
Swimming pool	99,800	117,485	(17,685)
Total Culture, Recreation and Education	<u>116,000</u>	<u>147,919</u>	<u>(31,919)</u>
CONSERVATION AND DEVELOPMENT			
Planning	1,000	-	1,000
Zoning	1,000	2,381	(1,381)
Economic development	750	-	750
Total Conservation and Development	<u>2,750</u>	<u>2,381</u>	<u>369</u>
Total Expenditures	<u>850,731</u>	<u>869,580</u>	<u>(18,849)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,772)</u>	<u>(13,830)</u>	<u>71,942</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF TREMPÉALEAU

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 159,072	\$ 173,672	\$ 14,600
Transfers out	(73,300)	(73,300)	-
Total Other Financing Sources (Uses)	<u>85,772</u>	<u>100,372</u>	<u>14,600</u>
 Net Change in Fund Balance	 -	 86,542	 86,542
 FUND BALANCE - Beginning of Year	 <u>972,747</u>	 <u>972,747</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u><u>\$ 972,747</u></u>	 <u><u>\$ 1,059,289</u></u>	 <u><u>\$ 86,542</u></u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF TREMPEALEAU

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

WRS Fiscal Year End Date	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/16	0.00444463%	\$ (36,634)	\$ 613,338	5.97%	99.12%
12/31/15	0.00427860%	(69,526)	610,634	11.39%	98.20%
12/31/14	0.00409911%	100,685	546,593	18.42%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2017

Village Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 56,848	\$ 56,848	\$ -	743,581	7.65%
12/31/16	43,334	43,334	-	613,338	7.07%
12/31/15	44,343	44,343	-	610,634	7.26%

See accompanying notes to required supplementary information and independent auditors' report.

VILLAGE OF TREMPEALEAU

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF TREMPEALEAU

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2017

	Special Revenue		
	Library	Block Grant	Trempealeau Trust Fund
ASSETS			
Cash and investments	\$ 137,271	\$ 20	\$ 18,612
Receivables			
Taxes	85,613	-	-
Notes	-	80,685	-
Other	67,104	-	-
TOTAL ASSETS	\$ 289,988	\$ 80,705	\$ 18,612
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,907	\$ -	\$ -
Advances from other funds	-	-	-
Total Liabilities	2,907	-	-
Deferred Inflows of Resources			
Unearned revenues	85,613	-	-
Unavailable revenues	-	80,685	-
Total Deferred Inflows of Resources	85,613	80,685	-
Fund Balances (Deficit)			
Restricted	201,468	20	18,612
Unassigned (deficit)	-	-	-
Total Fund Balances (Deficit)	201,468	20	18,612
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 289,988	\$ 80,705	\$ 18,612



<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>TIF</u>		
\$ 7,162	\$	163,065
65,126		150,739
-		80,685
<u>-</u>		<u>67,104</u>
<u>\$ 72,288</u>	<u>\$</u>	<u>461,593</u>

\$ -	\$	2,907
<u>155,536</u>		<u>155,536</u>
<u>155,536</u>		<u>158,443</u>

65,126		150,739
<u>-</u>		<u>80,685</u>
<u>65,126</u>		<u>231,424</u>

-		220,100
<u>(148,374)</u>		<u>(148,374)</u>
<u>(148,374)</u>		<u>71,726</u>

<u>\$ 72,288</u>	<u>\$</u>	<u>461,593</u>
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VILLAGE OF TREMPEALEAU

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue		
	Library	Block Grant	Trempealeau Trust Fund
REVENUES			
Taxes	\$ 75,920	\$ -	\$ -
Intergovernmental	40,996	-	-
Investment income	75	-	108
Miscellaneous	<u>86,034</u>	<u>9,250</u>	<u>-</u>
Total Revenues	<u>203,025</u>	<u>9,250</u>	<u>108</u>
EXPENDITURES			
Current			
Culture, recreation and education	129,380	-	-
Conservation and development	-	9,280	-
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>129,380</u>	<u>9,280</u>	<u>-</u>
Net Change in Fund Balances	73,645	(30)	108
FUND BALANCES (DEFICIT) - Beginning of Year	<u>127,823</u>	<u>50</u>	<u>18,504</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u><u>\$ 201,468</u></u>	<u><u>\$ 20</u></u>	<u><u>\$ 18,612</u></u>

<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>
<u>TIF</u>		
\$ 71,984	\$	147,904
-		40,996
-		183
-		<u>95,284</u>
<u>71,984</u>		<u>284,367</u>
-		129,380
15,412		24,692
<u>3,660</u>		<u>3,660</u>
<u>19,072</u>		<u>157,732</u>
52,912		126,635
<u>(201,286)</u>		<u>(54,909)</u>
<u>\$ (148,374)</u>	\$	<u>71,726</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - ELECTRIC For the Year Ended December 31, 2017

OPERATING REVENUES

Sales of Electricity	
Residential	\$ 1,158,921
Small commercial	441,022
Large power	336,942
Public street lighting	38,174
Total Sales of Electricity	<u>1,975,059</u>
Other Operating Revenues	
Forfeited discounts	3,435
Rent from electric property	2,202
Other electric revenues	3,902
Total Other Operating Revenues	<u>9,539</u>
Total Operating Revenues	<u>1,984,598</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Other Power Supply Expenses	
Purchased power	1,141,468
Total Other Power Supply Expenses	<u>1,141,468</u>
Transmission Expenses	
Operation supervision and labor	92,351
Total Transmission Expenses	<u>92,351</u>
Distribution Expenses	
Line and station supplies and expenses	36,402
Maintenance of structures	36,345
Maintenance of lines	32,994
Maintenance of line transformers	14,086
Maintenance of street lighting	5,111
Maintenance of meters	1,487
Miscellaneous distribution expenses	3,629
Total Distribution Expenses	<u>130,054</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - ELECTRIC (cont.) For the Year Ended December 31, 2017

OPERATING EXPENSES (cont.)

Operation and Maintenance Expenses (cont.)

Customer Accounts Expenses

Meter reading labor	\$ 200
Accounting and collecting labor	76,502
Supplies and expenses	3,428
Uncollectible accounts	<u>2,122</u>
Total Customer Accounts Expenses	<u>82,252</u>

Administrative and General Expenses

Administrative and general salaries	2,936
Office supplies and expenses	7,434
Outside services employed	19,215
Property insurance	10,534
Employee pensions and benefits	85,855
Miscellaneous general expenses	23,108
Transportation expenses	5,820
Maintenance of general plant	<u>6,827</u>
Total Administrative and General Expenses	<u>161,729</u>

Total Operation and Maintenance Expenses 1,607,854

Depreciation 240,823

Taxes 29,366

Total Operating Expenses 1,878,043

OPERATING INCOME \$ 106,555

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER For the Year Ended December 31, 2017

OPERATING REVENUES

Sales of Water	
Metered sales – residential	\$ 239,845
Metered sales – commercial	66,893
Metered sales – multi-family residential	7,375
Public fire protection	106,079
Other sales to public authorities	<u>27,116</u>
Total Sales of Water	<u>447,308</u>
Other Operating Revenues	
Forfeited discounts	850
Other water revenue	<u>20,282</u>
Total Other Operating Revenues	<u>21,132</u>
Total Operating Revenues	<u>468,440</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Pumping Expenses	
Fuel or power purchased for pumping	21,010
Operation supplies and expenses	9,528
Maintenance of pumping plant	<u>58,090</u>
Total Pumping Expenses	<u>88,628</u>
Water Treatment Expenses	
Chemicals	14,547
Operation supplies and expenses	<u>9,280</u>
Total Water Treatment Expenses	<u>23,827</u>
Transmission and Distribution Expenses	
Maintenance of reservoirs	288
Maintenance of mains	800
Maintenance of services	107
Maintenance of meters	375
Maintenance of hydrants	<u>260</u>
Total Transmission and Distribution Expenses	<u>1,830</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER (cont.) For the Year Ended December 31, 2017

OPERATING EXPENSES (cont.)

Operation and Maintenance Expenses (cont.)

Customer Accounts Expenses

Accounting and collecting labor	\$ 47,226
Supplies and expenses	85
Uncollectible accounts	<u>225</u>
Total Customer Accounts Expenses	<u>47,536</u>

Administrative and General Expenses

Administrative and general salaries	1,835
Office supplies and expenses	4,655
Outside services employed	13,989
Property insurance	7,168
Employee pensions and benefits	44,179
Miscellaneous general expenses	10,877
Transportation expenses	<u>899</u>
Total Administrative and General Expenses	<u>83,602</u>

Total Operation and Maintenance Expenses 245,423

Depreciation expense 119,875

Taxes 4,922

Total Operating Expenses 370,220

OPERATING INCOME \$ 98,220

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - SEWER For the Year Ended December 31, 2017

OPERATING REVENUES

Sewage Service	
Metered sales – residential	\$ 275,147
Metered sales – commercial	64,111
Total Sales of Water	<u>339,258</u>
Other Operating Revenues	
Forfeited discounts	689
Miscellaneous operating revenues	1,294
Total Other Operating Revenues	<u>1,983</u>
Total Operating Revenues	<u>341,241</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Collection, Pumping and Treatment Expenses	
Supervision and labor	273
Power for pumping	38,902
Operating supplies	12,266
Maintenance of pumping equipment	15,214
Maintenance of collection system	63,698
Maintenance of treatment and disposal	1,290
Maintenance of general plant equipment	608
Total Collection, Pumping and Treatment Expenses	<u>132,251</u>
Customer Accounts Expenses	
Accounting and collecting labor	58,858
Uncollectible accounts	170
Total Customer Accounts Expenses	<u>59,028</u>
Administrative and General Expenses	
Administrative and general salaries	2,110
Office supplies and expenses	5,377
Outside services employed	18,751
Property insurance	8,863
Employee pensions and benefits	36,430
Miscellaneous general expenses	5,414
Transportation expenses	1,034
Rent	6,156
Total Administrative and General Expenses	<u>84,135</u>
Total Operation and Maintenance Expenses	275,414
Depreciation expense	153,157
Taxes	9,737
Total Operating Expenses	<u>438,308</u>

OPERATING INCOME (LOSS) \$ (97,067)

VILLAGE OF TREMPEALEAU

REQUIRED BOND DISCLOSURES For the Year Ended December 31, 2017

INSURANCE COVERAGE

Type	Coverage	Expiration
<i>Municipal Property Insurance Company</i>		
Buildings, Personal Property, Inland		
Marine Floater and Property in the Open	\$ 22,745,347	1/1/2018
Contractors Equipment	512,368	1/1/2018
Monies and Securities	10,000	
<i>League of Wisconsin Municipalities</i>		
Worker's Compensation - Accident	100,000	each accident
Worker's Compensation - Disease	100,000/500,000	each employee/policy limit
Worker Compensation Increase Limits	2,000,000	limit
Bodily Injury and Property Damage	3,000,000	each occurrence
Personal and Advertising Injury and Law Enforcement	3,000,000	each occurrence
Damages to Rented Premises	250,000	limit
Premises Medical Payments	10,000	limit
Public Officials Errors and Omissions	3,000,000	each occurrence
Automobile Liability - Any Auto	3,000,000	each occurrence
Employee Benefits Liability	3,000,000	each occurrence
Automobile Physical Damage	505,252	each occurrence
Automobile Medical Payments - Owned Autos	10,000	limit
Uninsured Motorists	25,000/50,000	per person/per occurrence
Underinsured Motorists	50,000/100,000	per person/per occurrence
Sewer Backup Extended Coverage	100,000/300,000	per occurrence/annual aggregate
Boiler/Mechanical Breakdown	100,000,000	1/1/2018

DEBT COVERAGE

	Electric 2017	Water 2017
Net income (loss)	\$ (104,831)	\$ 18,130
Depreciation and amortization	250,546	119,875
Interest expense	115,889	26,435
Property tax equivalent	103,918	69,754
Less: Capital contributions	(13,870)	(16,099)
Net Defined Earnings	<u>\$ 351,652</u>	<u>\$ 218,095</u>
Annual Debt Service	<u>\$ 281,034</u>	<u>\$ 94,387</u>
Annual Debt Coverage	<u>1.25</u>	<u>2.31</u>
Required Coverage per Resolution	<u>1.25</u>	<u>1.25</u>

VILLAGE OF TREMPEALEAU

REQUIRED BOND DISCLOSURES (cont.)

For the Year Ended December 31, 2017

NUMBER OF CUSTOMERS

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Residential	1,121	732	735
Commercial	208	57	52
Public authority	2	15	10
Multi-family residential	-	5	-
Fire protection	-	2	-
	<hr/>	<hr/>	<hr/>
Totals	<u>1,331</u>	<u>811</u>	<u>797</u>