

VILLAGE OF TREMPEALEAU

Trempealeau, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF TREMPEALEAU

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

	<u>Page(s)</u>
Independent Auditors' Report	i - ii
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 - 3
Fund Financial Statements	
Balance Sheet - Governmental Funds	4 - 5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7 - 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10 - 11
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13 - 14
Statement of Assets and Liabilities - Agency Fund	15
Index to Notes to Financial Statements	16
Notes to Financial Statements	17 - 56
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	57 - 59
Schedule of Employer's Proportionate Share of the Net Pension Asset (Liability) - Wisconsin Retirement System	60
Schedule of Employer Contributions - Wisconsin Retirement System	60
Notes to Required Supplementary Information	61
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	62 - 63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	64 - 65
Detailed Schedule of Operating Revenues and Expenses - Electric	66 - 67
Detailed Schedule of Operating Revenues and Expenses - Water	68 - 69
Detailed Schedule of Operating Revenues and Expenses - Sewer	70
Required Bond Disclosures	71 - 72

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, 2018, 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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III.I to the financial statements, net position and fund balance as of December 31, 2017 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the 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 3, 2019

VILLAGE OF TREMPEALEAU

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 331,809	\$ 302,336	\$ 634,145
Receivables			
Taxes	912,959	-	912,959
Accounts	-	428,461	428,461
Notes	80,685	-	80,685
Special assessments	5,541	-	5,541
Delinquent personal property taxes	2,223	-	2,223
Other	47,576	8,634	56,210
Internal balances	459,289	(459,289)	-
Due from other governments	18,211	-	18,211
Inventories and prepaid items	5,484	103,794	109,278
Restricted assets			
Cash and investments	29,565	926,677	956,242
Net pension asset	71,986	74,151	146,137
Capital Assets			
Land	334,426	152,680	487,106
Construction in progress	-	76,304	76,304
Other capital assets, net of depreciation	4,633,722	7,000,623	11,634,345
Total Assets	6,933,476	8,614,371	15,547,847
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	64,422	64,422
Pension related amounts	134,402	137,856	272,258
Total Deferred Outflows of Resources	134,402	202,278	336,680
LIABILITIES			
Accounts payable	1,670	121,186	122,856
Accrued liabilities	11,445	1,390	12,835
Deposits	-	6,202	6,202
Accrued interest	11,800	13,971	25,771
Noncurrent Liabilities			
Due within one year	321,922	269,682	591,604
Due in more than one year	1,022,334	4,084,176	5,106,510
Total Liabilities	1,369,171	4,496,607	5,865,778
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	944,527	-	944,527
Pension related amounts	147,911	146,636	294,547
Total Deferred Inflows of Resources	1,092,438	146,636	1,239,074
NET POSITION			
Net investment in capital assets	3,697,535	3,840,186	7,537,721
Restricted for			
Loan programs	80,705	-	80,705
Debt service	-	76,497	76,497
Impact fees - parks	29,565	-	29,565
Net pension asset	71,986	74,151	146,137
Library	114,946	-	114,946
Trempealeau trust fund - community betterment	18,671	-	18,671
Unrestricted	592,861	182,572	775,433
TOTAL NET POSITION	\$ 4,606,269	\$ 4,173,406	\$ 8,779,675

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 227,151	\$ 12,653	\$ -	\$ -
Public safety	428,792	2,349	7,518	-
Public works	390,606	32,116	84,296	-
Health and human services	650	-	-	-
Culture, education and recreation	340,785	31,404	67,528	-
Conservation and development	9,052	-	-	-
Interest and fiscal charges	<u>59,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>1,456,889</u>	<u>78,522</u>	<u>159,342</u>	<u>-</u>
Business-type Activities				
Electric Utility	2,045,240	2,116,382	-	9,727
Water Utility	408,946	493,980	-	1,006
Sewer Utility	<u>426,047</u>	<u>390,256</u>	<u>-</u>	<u>6,400</u>
Total Business-type Activities	<u>2,880,233</u>	<u>3,000,618</u>	<u>-</u>	<u>17,133</u>
Totals	<u>\$ 4,337,122</u>	<u>\$ 3,079,140</u>	<u>\$ 159,342</u>	<u>\$ 17,133</u>

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 (as restated)

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (214,498)	\$ -	\$ (214,498)
(418,925)	-	(418,925)
(274,194)	-	(274,194)
(650)	-	(650)
(241,853)	-	(241,853)
(9,052)	-	(9,052)
<u>(59,853)</u>	<u>-</u>	<u>(59,853)</u>
<u>(1,219,025)</u>	<u>-</u>	<u>(1,219,025)</u>
-	80,869	80,869
-	86,040	86,040
-	<u>(29,391)</u>	<u>(29,391)</u>
-	<u>137,518</u>	<u>137,518</u>
<u>(1,219,025)</u>	<u>137,518</u>	<u>(1,081,507)</u>
297,604	-	297,604
260,691	-	260,691
82,004	-	82,004
65,126	-	65,126
85,613	-	85,613
68,222	-	68,222
240,859	-	240,859
18,714	2,320	21,034
<u>5,982</u>	<u>-</u>	<u>5,982</u>
<u>1,124,815</u>	<u>2,320</u>	<u>1,127,135</u>
<u>140,635</u>	<u>(140,635)</u>	<u>-</u>
46,425	(797)	45,628
<u>4,559,844</u>	<u>4,174,203</u>	<u>8,734,047</u>
<u>\$ 4,606,269</u>	<u>\$ 4,173,406</u>	<u>\$ 8,779,675</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General Fund	Debt Service Fund	Capital Improvements Fund
ASSETS			
Cash and investments	\$ 189,107	\$ 6,606	\$ -
Receivables			
Taxes	315,912	338,443	100,389
Delinquent personal property taxes	2,223	-	-
Special assessments	5,541	-	-
Notes	-	-	-
Other	47,576	-	-
Due from other governments	18,211	-	-
Restricted cash	29,565	-	-
Due from other funds	473	-	-
Prepaid items	5,484	-	-
Advances to other funds	714,133	-	-
	<u>\$ 1,328,225</u>	<u>\$ 345,049</u>	<u>\$ 100,389</u>
TOTAL ASSETS			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,049	\$ -	\$ -
Accrued liabilities	11,445	-	-
Due to other funds	-	-	473
Advances from other funds	156,934	-	-
Total Liabilities	<u>169,428</u>	<u>-</u>	<u>473</u>
Deferred Inflows of Resources			
Unearned revenues	347,480	338,443	100,389
Unavailable revenues	50,405	-	-
Total Deferred Inflows of Resources	<u>397,885</u>	<u>338,443</u>	<u>100,389</u>
Fund Balances (Deficit)			
Nonspendable	721,840	-	-
Restricted	29,565	6,606	-
Unassigned (Deficit)	9,507	-	(473)
Total Fund Balances (Deficit)	<u>760,912</u>	<u>6,606</u>	<u>(473)</u>
	<u>\$ 1,328,225</u>	<u>\$ 345,049</u>	<u>\$ 100,389</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 136,096	\$ 331,809
158,215	912,959
-	2,223
-	5,541
80,685	80,685
-	47,576
-	18,211
-	29,565
-	473
-	5,484
<u>-</u>	<u>714,133</u>
<u>\$ 374,996</u>	<u>\$ 2,148,659</u>

\$ 621	\$ 1,670
-	11,445
-	473
<u>97,910</u>	<u>254,844</u>
<u>98,531</u>	<u>268,432</u>

158,215	944,527
<u>80,685</u>	<u>131,090</u>
<u>238,900</u>	<u>1,075,617</u>

-	721,840
133,637	169,808
<u>(96,072)</u>	<u>(87,038)</u>
<u>37,565</u>	<u>804,610</u>

<u>\$ 374,996</u>	<u>\$ 2,148,659</u>
-------------------	---------------------

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, 2018

Total Fund Balances - Governmental Funds	\$ 804,610
--	------------

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	6,827,773
Less: Accumulated depreciation	(2,194,051)

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	30,000
Loans receivable	80,685
Special assessments	5,541
Other receivables	14,864

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.

71,986

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

134,402

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

(147,911)

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	(1,270,613)
Compensated absences	(44,012)
Accrued interest	(11,800)
Landfill liability	(29,631)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 4,606,269

VILLAGE OF TREMPEALEAU

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

For the Year Ended December 31, 2018

	General Fund	Debt Service Fund	Capital Improvements Fund
REVENUES			
Taxes	\$ 365,826	\$ 260,691	\$ 82,004
Intergovernmental	332,673	-	-
Licenses and permits	5,931	-	-
Fines, forfeitures and penalties	2,349	-	-
Public charges for services	53,145	-	-
Special assessments	25,597	-	-
Investment income	28,616	-	-
Miscellaneous	26,871	-	-
Total Revenues	841,008	260,691	82,004
EXPENDITURES			
Current			
General government	230,586	-	-
Public safety	405,060	-	-
Public works	253,110	-	-
Health and human services	650	-	-
Culture, recreation and education	140,713	-	-
Conservation and development	8,671	-	-
Capital Outlay	-	-	433,405
Debt Service			
Principal	-	234,896	-
Interest and fiscal charges	-	46,799	-
Total Expenditures	1,038,790	281,695	433,405
Excess (deficiency) of revenues over expenditures	(197,782)	(21,004)	(351,401)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	-	247,361
Transfers in	140,635	-	84,296
Transfers out	(84,296)	-	-
Total Other Financing Sources (Uses)	56,339	-	331,657
Net Change in Fund Balances	(141,443)	(21,004)	(19,744)
FUND BALANCES - Beginning of Year (as restated)	902,355	27,610	19,271
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 760,912	\$ 6,606	\$ (473)

See accompanying notes to financial statements.

Nonmajor Governmental Funds	Totals
\$ 150,739	\$ 859,260
47,647	380,320
-	5,931
-	2,349
-	53,145
-	25,597
98	28,714
<u>11,381</u>	<u>38,252</u>
<u>209,865</u>	<u>1,393,568</u>
-	230,586
-	405,060
-	253,110
-	650
231,202	371,915
381	9,052
-	433,405
-	234,896
<u>12,443</u>	<u>59,242</u>
<u>244,026</u>	<u>1,997,916</u>
<u>(34,161)</u>	<u>(604,348)</u>
-	247,361
-	224,931
<u>-</u>	<u>(84,296)</u>
<u>-</u>	<u>387,996</u>
(34,161)	(216,352)
<u>71,726</u>	<u>1,020,962</u>
<u>\$ 37,565</u>	<u>\$ 804,610</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, 2018

Net change in fund balances - total governmental funds	\$ (216,352)
--	--------------

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	433,405
Some items reported as capital outlay were not capitalized	(52,978)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	149,354
Depreciation is reported in the government-wide financial statements	(234,267)
Net book value of assets retired (\$8,811 less \$3,686 book value on trade-in)	(5,125)

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	(20,889)
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	(247,361)
Principal repaid	234,896

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	11,617
Accrued interest on debt	(611)
Landfill liability	7,677
Net pension asset/liability	89,062
Deferred outflows of resources related to pensions	517
Deferred inflows of resources related to pensions	(92,520)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 46,425</u>
--	-------------------------

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 32,361	\$ 269,975	\$ -	\$ 302,336
Receivables				
Accounts	308,562	59,663	60,236	428,461
Other	7,618	771	245	8,634
Inventories	103,794	-	-	103,794
Restricted Assets				
Redemption account	34,711	55,490	-	90,201
Total Current Assets	487,046	385,899	60,481	933,426
Noncurrent Assets				
Restricted Assets				
Reserve account	286,525	-	-	286,525
Construction	549,951	-	-	549,951
Net pension asset	42,361	15,562	16,228	74,151
Capital Assets				
Construction in progress	11,016	-	65,288	76,304
Utility plant	6,424,378	4,296,017	4,015,713	14,736,108
Less: Accumulated depreciation	(2,726,517)	(1,490,706)	(3,365,582)	(7,582,805)
Other Assets				
Advances to other funds	156,934	-	-	156,934
Total Noncurrent Assets	4,744,648	2,820,873	731,647	8,297,168
Total Assets	5,231,694	3,206,772	792,128	9,230,594
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	64,422	-	-	64,422
Pension related amounts	76,481	30,313	31,062	137,856
Total Deferred Outflows of Resources	140,903	30,313	31,062	202,278

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 120,232	\$ 155	\$ 799	\$ 121,186
Accrued liabilities	1,390	-	-	1,390
Deposits	6,202	-	-	6,202
Current portion of compensated absences	9,849	4,464	4,541	18,854
General obligation bonds and notes payable	9,500	-	-	9,500
Liabilities Payable from Restricted Assets				
Current portion of revenue bonds	170,000	71,328	-	241,328
Accrued interest payable	9,590	4,113	268	13,971
Total Current Liabilities	<u>326,763</u>	<u>80,060</u>	<u>5,608</u>	<u>412,431</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt payable	9,500	-	17,632	27,132
Revenue bonds payable	3,220,000	826,793	-	4,046,793
Unamortized debt discount	(26,724)	-	-	(26,724)
Compensated absences	18,005	9,453	9,517	36,975
Advance from other funds	-	-	616,223	616,223
Total Noncurrent Liabilities	<u>3,220,781</u>	<u>836,246</u>	<u>643,372</u>	<u>4,700,399</u>
Total Liabilities	<u>3,547,544</u>	<u>916,306</u>	<u>648,980</u>	<u>5,112,830</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>86,598</u>	<u>28,796</u>	<u>31,242</u>	<u>146,636</u>
Total Deferred Inflows of Resources	<u>86,598</u>	<u>28,796</u>	<u>31,242</u>	<u>146,636</u>
NET POSITION				
Net investment in capital assets	1,235,209	1,907,190	697,787	3,840,186
Restricted for				
Debt service	25,120	51,377	-	76,497
Pension	42,361	15,562	16,228	74,151
Unrestricted (Deficit)	<u>435,765</u>	<u>317,854</u>	<u>(571,047)</u>	<u>182,572</u>
TOTAL NET POSITION	<u>\$ 1,738,455</u>	<u>\$ 2,291,983</u>	<u>\$ 142,968</u>	<u>\$ 4,173,406</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

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

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
OPERATING REVENUES				
Public charges for services	\$ 2,116,382	\$ 493,980	\$ 390,256	\$ 3,000,618
Total Operating Revenues	<u>2,116,382</u>	<u>493,980</u>	<u>390,256</u>	<u>3,000,618</u>
OPERATING EXPENSES				
Operation and maintenance	1,648,176	255,913	261,145	2,165,234
Depreciation	250,163	123,035	154,662	527,860
Taxes	23,060	5,418	9,972	38,450
Total Operating Expenses	<u>1,921,399</u>	<u>384,366</u>	<u>425,779</u>	<u>2,731,544</u>
Operating Income (Loss)	<u>194,983</u>	<u>109,614</u>	<u>(35,523)</u>	<u>269,074</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,048	82	190	2,320
Interest expense	(114,113)	(24,580)	(268)	(138,961)
Amortization expense	(9,728)	-	-	(9,728)
Total Nonoperating Revenues (Expenses)	<u>(121,793)</u>	<u>(24,498)</u>	<u>(78)</u>	<u>(146,369)</u>
Income (Loss) Before Contributions and Transfers	<u>73,190</u>	<u>85,116</u>	<u>(35,601)</u>	<u>122,705</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	9,727	1,006	6,400	17,133
Transfers out	(70,035)	(70,600)	-	(140,635)
Total Contributions and Transfers	<u>(60,308)</u>	<u>(69,594)</u>	<u>6,400</u>	<u>(123,502)</u>
Change in Net Position	12,882	15,522	(29,201)	(797)
NET POSITION - Beginning of Year (as restated)	<u>1,725,573</u>	<u>2,276,461</u>	<u>172,169</u>	<u>4,174,203</u>
NET POSITION - END OF YEAR	<u>\$ 1,738,455</u>	<u>\$ 2,291,983</u>	<u>\$ 142,968</u>	<u>\$ 4,173,406</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPÉALEAU

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds			
	Electric Utility	Water Utility	Sewer Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 2,138,739	\$ 523,064	\$ 374,202	\$ 3,036,005
Cash received from village	38,130	-	-	38,130
Paid to suppliers for goods and services	(1,491,921)	(169,242)	(181,313)	(1,842,476)
Paid to employees for services	(216,538)	(95,030)	(95,445)	(407,013)
Net Cash Flows From Operating Activities	468,410	258,792	97,444	824,646
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,048	82	190	2,320
Net Cash Flows From Investing Activities	2,048	82	190	2,320
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(70,035)	(70,600)	-	(140,635)
Negative cash implicitly financed	-	-	(80,010)	(80,010)
Net Cash Flows From Noncapital Financing Activities	(70,035)	(70,600)	(80,010)	(220,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	28,500	-	17,632	46,132
Debt retired	(179,500)	(69,474)	-	(248,974)
Interest paid	(114,021)	(24,889)	-	(138,910)
Acquisition and construction of capital assets	(199,370)	(30,847)	(41,656)	(271,873)
Contributions received for construction	9,727	-	6,400	16,127
Net Cash Flows From Capital and Related Financing Activities	(454,664)	(125,210)	(17,624)	(597,498)
Net Change in Cash and Cash Equivalents	(54,241)	63,064	-	8,823
CASH AND CASH EQUIVALENTS - Beginning of Year	672,789	262,401	-	935,190
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 618,548	\$ 325,465	\$ -	\$ 944,013

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)	\$ 194,983	\$ 109,614	\$ (35,523)	\$ 269,074
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	250,163	123,035	154,662	527,860
Depreciation charged to other funds	-	8,265	(8,265)	-
Changes in assets and liabilities, deferred outflows and deferred inflows				
Accounts receivable	59,585	20,819	(7,789)	72,615
Inventories	(34,634)	-	-	(34,634)
Accounts payable	(4,757)	(1,171)	(3,713)	(9,641)
Other current liabilities	(2,176)	(2,465)	(2,544)	(7,185)
Customer deposits	902	-	-	902
Pension related deferrals and liability/asset	4,344	695	616	5,655
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 468,410</u>	<u>\$ 258,792</u>	<u>\$ 97,444</u>	<u>\$ 824,646</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	\$ 32,361	\$ 269,975	\$ -	\$ 302,336
Restricted cash and investments				
Redemption account	34,711	55,490	-	90,201
Reserve account	286,525	-	-	286,525
Construction account	549,951	-	-	549,951
Total Cash and Investments	903,548	325,465	-	1,229,013
Less: Noncash equivalents	(285,000)	-	-	(285,000)
CASH AND CASH EQUIVALENTS	<u>\$ 618,548</u>	<u>\$ 325,465</u>	<u>\$ -</u>	<u>\$ 944,013</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Services contributed by customers	\$ -	\$ 1,006	\$ -	
Amortization of debt discount and deferred charge on refunding	\$ 9,728	\$ -	\$ -	

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2018

	<u>Agency Fund</u> <u>Tax Agency</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 1,083,037
Taxes receivable	<u>1,113,508</u>
TOTAL ASSETS	<u>\$ 2,196,545</u>
LIABILITIES	
Due to other governments	<u>\$ 2,196,545</u>
TOTAL LIABILITIES	<u>\$ 2,196,545</u>

See accompanying notes to financial statements.

VILLAGE OF TREMPEALEAU

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE	Page
I Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	17
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	19
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	21
1. Deposits and Investments	21
2. Receivables	22
3. Inventories and Prepaid Items	23
4. Restricted Assets	23
5. Capital Assets	24
6. Deferred Outflows of Resources	25
7. Compensated Absences	25
8. Long-Term Obligations	25
9. Deferred Inflows of Resources	26
10. Equity Classifications	26
11. Pension	27
12. Basis for Existing Rates	28
II Stewardship, Compliance, and Accountability	28
A. Budgetary Information	28
B. Excess Expenditures Over Appropriations	28
C. Deficit Balances	29
D. Limitations on the Village's Tax Levy	29
E. Violation of Finance-Related Legal or Contractual Provisions	29
III Detailed Notes on All Funds	30
A. Deposits and Investments	30
B. Receivables	32
C. Restricted Assets	33
D. Capital Assets	34
E. Interfund Receivables/Payables, Advances and Transfers	39
F. Long-Term Obligations	40
G. Closure and Postclosure Care Cost	44
H. Net Position/Fund Balances	44
I. Restatement of Fund Balances/Net Position	46
IV Other Information	47
A. Employees' Retirement System	47
B. Risk Management	53
C. Commitments and Contingencies	53
D. Joint Ventures	54
E. Effect of New Accounting Standards on Current-Period Financial Statements	55
F. Status of Tax Incremental Financing District	55

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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, 2018

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, 2018

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, 2018

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 TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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.
- 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, 2018

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 - 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale - 2018 delinquent real estate taxes	October 2021

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, 2018

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 and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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, 2018

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, 2018

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, 2018, 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 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, 2018

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, 2018

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, 2018

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, 2018 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 OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund	\$ 865,245	\$ 1,038,790	\$ 173,545
Debt Service	269,691	281,695	12,004
Capital Improvements	406,695	433,405	26,710
Library	137,405	231,202	93,797

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 TREMPALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TIF	\$ 96,072	Expenditures in excess of revenues
Capital Improvements	473	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. The capital improvement deficit is expected to be funded with future tax levies.

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, 2018, 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 \$137,348 in cash and investments for this purpose, however only \$32,361 was available.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 2,090,072	\$ 2,149,486	Custodial credit risk
US agencies - implicitly guaranteed	281,773	281,773	Custodial credit, credit, interest rate and concentration of credit risks
Negotiable certificates of deposits	301,379	301,379	Custodial credit, credit, interest rate and concentration of credit risks
Petty cash	200	-	N/A
Total Deposits and Investments	<u>\$ 2,673,424</u>	<u>\$ 2,732,638</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 634,145		
Restricted cash and investments	956,242		
Per statement of assets and liabilities -			
agency fund			
Agency Fund	1,083,037		
Total Deposits and Investments	<u>\$ 2,673,424</u>		

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

The village maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$2,167,055 to secure the village's deposits.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2018			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 301,379	\$ -	\$ 301,379
US agencies - implicitly guaranteed	-	281,773	-	281,773
Total	<u>\$ -</u>	<u>\$ 583,152</u>	<u>\$ -</u>	<u>\$ 583,152</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.

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

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.

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 A- and AA+ by Standard & Poors.

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.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2018, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
American Express	Negotiable certificates of deposit	25.64%
Wells Fargo	Negotiable certificates of deposit	26.04%
Federal Farm Credit Banks	US agencies - implicitly guaranteed	48.32%

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, 2018, the village's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)
US agencies - implicitly guaranteed	\$ 281,773	.88
Negotiable certificates of deposit	301,379	.59

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

B. RECEIVABLES

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

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

B. RECEIVABLES (cont.)

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	\$ 911,782	\$ -
Special assessments not yet due	-	5,541
Housing loans	-	80,685
Interest receivable on advance to TIF	-	30,000
Other receivables	<u>32,745</u>	<u>14,864</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u>\$ 944,527</u>	 <u>\$ 131,090</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.

Net Pension Asset

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

C. RESTRICTED ASSETS (cont.)

Following is a list of restricted assets at December 31, 2018:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Position
Bond redemption account	\$ 90,201	\$ 13,704	\$ 76,497
Construction account	549,951	-	n/a
Bond reserve account	286,525	-	n/a
Impact fee account	29,565	-	29,565
Net pension asset	146,137	-	146,137
Total	\$ 1,102,379	\$ 13,704	\$ 252,199

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, 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	155,329	-	315,184
Buildings	3,100,636	129,204	10,000	3,219,840
Vehicles and equipment	726,825	168,834	90,306	805,353
Infrastructure	2,407,296	80,100	-	2,487,396
Total Capital Assets Being Depreciated	6,394,612	533,467	100,306	6,827,773
Total Capital Assets	6,729,038	533,467	100,306	7,162,199

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ (32,449)	\$ (10,158)	\$ -	\$ (42,607)
Buildings	(833,993)	(69,516)	2,750	(900,759)
Vehicles and equipment	(272,208)	(49,860)	88,745	(233,323)
Infrastructure	(912,629)	(104,733)	-	(1,017,362)
Total Accumulated Depreciation	(2,051,279)	(234,267)	91,495	(2,194,051)
Net Capital Assets Being Depreciated	4,343,333	299,200	8,811	4,633,722
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 4,677,759	\$ 299,200	\$ 8,811	\$ 4,968,148

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 8,591
Public safety	20,254
Public works, which includes depreciation of infrastructure	150,427
Culture, education, and recreation	54,995
Total Governmental Activities Depreciation Expense	\$ 234,267

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	9,191	2,668	11,016
Total Capital Assets Not Being Depreciated	89,502	9,191	2,668	96,025
Capital assets being depreciated				
Transmission and distribution plant	5,686,571	153,696	12,775	5,827,492
General plant	451,052	60,825	-	511,877
Total Capital Assets Being Depreciated	6,137,623	214,521	12,775	6,339,369
Total Capital Assets	6,227,125	223,712	15,443	6,435,394
Less: Accumulated depreciation for				
Electric plant	(2,451,710)	(287,582)	12,775	(2,726,517)
Total Accumulated Depreciation	(2,451,710)	(287,582)	12,775	(2,726,517)
Net Capital Assets Being Depreciated	3,685,913	(73,061)	-	3,612,852
Net Electric Capital Assets	\$ 3,775,415	\$ (63,870)	\$ 2,668	\$ 3,708,877

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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 and land rights	\$ 64,571	\$ -	\$ -	\$ 64,571
Total Capital Assets Not Being Depreciated	64,571	-	-	64,571
Capital assets being depreciated				
Source of supply plant	464,874	3,362	-	468,236
General plant	58,103	16,433	19,530	55,006
Pumping plant	306,063	-	-	306,063
Transmission and distribution plant	2,035,182	5,707	3,126	2,037,763
Water treatment plant	1,344,089	20,289	-	1,364,378
Total Capital Assets Being Depreciated	4,208,311	45,791	22,656	4,231,446
Total Capital Assets	4,272,882	45,791	22,656	4,296,017
Less: Accumulated depreciation for				
Water plant	(1,368,124)	(145,238)	22,656	(1,490,706)
Total Accumulated Depreciation	(1,368,124)	(145,238)	22,656	(1,490,706)
Net Capital Assets Being Depreciated	2,840,187	(99,447)	-	2,740,740
Net Water Capital Assets	\$ 2,904,758	\$ (99,447)	\$ -	\$ 2,805,311

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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 and land rights	\$ 3,100	\$ -	\$ -	\$ 3,100
Construction in progress	24,913	40,468	93	65,288
Total Capital Assets Not Being Depreciated	28,013	40,468	93	68,388
Capital assets being depreciated				
Collection system plant	1,319,542	-	-	1,319,542
Pumping equipment	482,611	-	-	482,611
Treatment and disposal plant	2,081,374	-	-	2,081,374
General plant	116,724	15,933	3,571	129,086
Total Capital Assets Being Depreciated	4,000,251	15,933	3,571	4,012,613
Total Capital Assets	4,028,264	56,401	3,664	4,081,001
Less: Accumulated depreciation for				
Sewer plant	(3,208,818)	(160,335)	3,571	(3,365,582)
Total Accumulated Depreciation	(3,208,818)	(160,335)	3,571	(3,365,582)
Net Capital Assets Being Depreciated	791,433	(144,402)	-	647,031
Net Sewer Capital Assets	\$ 819,446	\$ (103,934)	\$ 93	\$ 715,419
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 7,499,619	\$ (267,251)	\$ 2,761	\$ 7,229,607

Depreciation expense was charged to functions as follows:

Business-type Activities

Electric	\$ 250,163
Water	123,035
Sewer	154,662
Total Business-type Activities Depreciation Expense	\$ 527,860

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, 2018

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Improvements	\$ 473
Total - Fund Financial Statements		473
Less: Fund eliminations		(473)
Add: Interfund advances		<u>459,289</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 459,289</u>

All amounts are due within one year.

The principal purpose of this interfund is to cover overdrafts on pooled cash and investment accounts.

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	TIF	\$ 97,910	\$ 97,910
General Fund	Sewer Utility	616,223	616,223
Electric Utility	General Fund	<u>156,934</u>	156,934
Total - Fund Financial Statements		871,067	
Less: Fund eliminations		<u>(411,778)</u>	
Total - Interfund Advances		<u>\$ 459,289</u>	

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

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

The principal purpose of the advance from the electric utility to the general fund is to repay an prior year overpayment of property tax equivalent.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Electric Utility	\$ 70,035	Property tax equivalent
General Fund	Water Utility	70,600	Property tax equivalent
Capital Improvements	General Fund	<u>84,296</u>	Operating subsidy
Total - Fund Financial Statements		224,931	
Less: Fund eliminations		<u>(84,296)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 140,635</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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,258,148	\$ 247,361	\$ 234,896	\$ 1,270,613	\$ 303,252
Other Liabilities					
Vested compensated absences	55,629	30,527	42,144	44,012	12,070
Net pension liability	17,076	-	17,076	-	-
Landfill liability	37,308	-	7,677	29,631	6,600
Total Other Liabilities	<u>110,013</u>	<u>30,527</u>	<u>66,897</u>	<u>73,643</u>	<u>18,670</u>
Total Governmental Activities Long-Term Liabilities	<u><u>\$ 1,368,161</u></u>	<u><u>\$ 277,888</u></u>	<u><u>\$ 301,793</u></u>	<u><u>\$ 1,344,256</u></u>	<u><u>\$ 321,922</u></u>

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ -	\$ 46,132	\$ 9,500	\$ 36,632	\$ 9,500
Revenue bonds	4,527,595	-	239,474	4,288,121	241,328
(Discounts)/Premiums	(28,398)	-	(1,674)	(26,724)	-
Sub-totals	<u>4,499,197</u>	<u>46,132</u>	<u>247,300</u>	<u>4,298,029</u>	<u>250,828</u>
Other Liabilities					
Vested compensated absences	58,977	46,146	49,294	55,829	18,854
Net pension liability	<u>19,558</u>	<u>-</u>	<u>19,558</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 4,577,732</u>	<u>\$ 92,278</u>	<u>\$ 316,152</u>	<u>\$ 4,353,858</u>	<u>\$ 269,682</u>

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, 2018, was \$6,508,695. Total general obligation debt outstanding at year end was \$1,307,245.

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. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
General obligation refunding bonds	4/28/2009	10/1/2021	2.0 - 4.2%	\$ 1,155,000	\$ 285,000
State trust fund loan	9/22/2014	3/15/2024	3.5%	1,002,500	709,376
Capital equipment loan	2/28/2017	2/1/2020	2.95%	59,124	40,119
Capital equipment loan	3/27/2018	3/27/2023	3.00%	130,666	130,666
Capital loan	9/7/2018	9/1/2020	2.95%	75,695	66,477
Capital equipment loan	9/27/2018	9/27/2023	3.55%	41,000	<u>38,975</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 1,270,613</u>

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type 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, 2018</u>
Electric capital equipment loan	2/1/2018	2/1/2020	2.95%	\$ 28,500	\$ 19,000
Sewer state trust fund loan	10/9/2018	3/15/2028	4.25%	17,632	<u>17,632</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 36,632</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 303,252	\$ 43,966	\$ 9,500	\$ 295
2020	294,766	40,970	10,867	1,620
2021	230,561	23,470	1,750	691
2022	155,661	15,009	1,824	617
2023	157,748	9,747	1,902	539
2024-2028	<u>128,625</u>	<u>4,514</u>	<u>10,789</u>	<u>1,415</u>
Totals	<u><u>\$ 1,270,613</u></u>	<u><u>\$ 137,676</u></u>	<u><u>\$ 36,632</u></u>	<u><u>\$ 5,177</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 62% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,460,733. Principal and interest paid for the current year and total customer net revenues were \$283,971 and \$447,194, respectively.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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 40% of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,036,211. Principal and interest paid for the current year and total customer net revenues were \$94,363 and \$232,731, respectively.

Revenue debt payable at December 31, 2018, consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
<u>Water Utility</u>					
Safe drinking water loan	11/12/2009	5/1/2029	2.668%	\$ 1,417,481	\$ 898,121
<u>Electric Utility</u>					
Electric revenue bonds	10/15/2014	12/1/2034	1.25 - 4.00%	4,035,000	3,390,000
Total Business-type Activities - Revenue Debt					\$ 4,288,121

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt	
	Principal	Interest
2019	\$ 241,328	\$ 134,857
2020	248,231	130,208
2021	250,185	124,728
2022	262,191	118,583
2023	264,251	111,686
2024-2028	1,449,120	404,060
2029-2033	1,302,815	173,901
2034	270,000	10,800
Totals	\$ 4,288,121	\$ 1,208,823

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and landfill liabilities are not included in the debt service requirement schedules. The vested compensated absences 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 \$29,631 reported as landfill closure and postclosure care liability at December 31, 2018, 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, 2018, the village had landfill maintenance and monitoring costs in the amount of \$7,677. The maintenance and monitoring expenses for long-term care will be budgeted for each year by the village and the amount averages \$6,600 annually.

H. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 334,426
Other capital assets, net of accumulated depreciation	4,633,722
Less: Long-term debt outstanding	<u>(1,270,613)</u>
Total Net Investment in Capital Assets	<u>\$ 3,697,535</u>

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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, 2018, include the following:

	General Fund	Debt Service	Capital Improve- ments	Nonmajor Funds	Totals
Fund Balances					
Nonspendable:					
Advances	\$ 714,133	\$ -	\$ -	\$ -	\$ 714,133
Delinquent taxes	2,223	-	-	-	2,223
Prepays	5,484	-	-	-	5,484
Sub-total	721,840	-	-	-	721,840
Restricted for:					
Impact fees - parks	29,565	-	-	-	29,565
Debt service	-	6,606	-	-	6,606
Housing loan - grantor restrictions	-	-	-	20	20
Trempealeau Trust - community betterment	-	-	-	18,671	18,671
Donor restrictions - library	-	-	-	110,986	110,986
State statues - library	-	-	-	3,960	3,960
Sub-total	29,565	6,606	-	133,637	169,808
Unassigned (deficit):	9,507	-	(473)	(96,072)	(87,038)
Total Fund Balances	\$ 760,912	\$ 6,606	\$ (473)	\$ 37,565	\$ 804,610

Business-type Activities

Net Investment in Capital Assets

Land	\$ 152,680
Construction in progress	76,304
Other capital assets, net of accumulated depreciation	7,000,623
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(3,774,802)
Plus: Noncapital debt proceeds	385,381
Total Net Investment in Capital Assets	\$ 3,840,186

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

I. RESTATEMENT OF FUND BALANCES/NET POSITION

Fund balance and net position have been restated to correct an error in the calculation of the 2013 to 2017 property tax equivalent paid by the Electric Utility to the General Fund. The error caused a overpayments by the Electric Utility to the General Fund.

General Fund balance - December 31, 2017 (as reported)	\$ 1,059,289
Less: Property tax equivalent due to the Electric Utility	<u>(156,934)</u>
Fund Balance - December 31, 2017 (as restated)	<u>\$ 902,355</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ (32,139)</u>
Electric Utility Net Position - December 31, 2017 (as reported)	\$ 1,568,639
Add: Property tax equivalent due from the General Fund	<u>156,934</u>
Net Position - December 31, 2017 (as restated)	<u>\$ 1,725,573</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ 32,139</u>
Governmental Activities Net Position - December 31, 2017 (as reported)	\$ 4,716,778
Less: Property tax equivalent due to the Electric Utility	<u>(156,934)</u>
Net Position - December 31, 2017 (as restated)	<u>\$ 4,559,844</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ (32,139)</u>
Business-type Activities Net Position - December 31, 2017 (as reported)	\$ 4,017,269
Add: Property tax equivalent due from the General Fund	<u>156,934</u>
Net Position - December 31, 2017 (as restated)	<u>\$ 4,174,203</u>
Net income of the prior year would have been increased (decreased) by	<u>\$ 32,139</u>

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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, if hired on or before 12/31/2016) 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 TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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 \$56,534 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2018, the village reported an asset of \$146,137 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.00492193%, which was an increase of 0.00047730% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$66,309.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, 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	\$ 185,671	\$ 86,851
Changes in assumptions	28,874	-
Net differences between projected and actual earnings on pension plan investments	-	200,853
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,843
Employer contributions subsequent to the measurement date	57,713	-
Totals	\$ 272,258	\$ 294,547

\$57,713 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 asset (liability) in the year ended December 31, 2019. 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 and Deferred Inflows of Resources (net)
2019	\$ 13,160
2020	(3,596)
2021	(51,496)
2022	(38,416)
2023	346

VILLAGE OF TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	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

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 3.31%. 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.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the village's proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the village's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension asset (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)	\$(378,108)	\$146,137	\$544,581

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, 2018, 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, 2018

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 \$42,710 in 2018.

Financial information of the district as of December 31, 2018 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 2018. 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 TREMPÉALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

F. 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.

VILLAGE OF TREMPEALEAU

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

F. STATUS OF TAX INCREMENTAL FINANCING DISTRICT (cont.)

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

	2018	From Date of Creation
Project Costs		
Capital expenditures	\$ 381	\$ 614,285
Interest and fiscal charges	12,443	314,556
Total Costs	12,824	928,841
 Project Revenues		
Tax increments	65,126	721,279
Special assessments	-	6,561
Miscellaneous	-	68,119
Sale of property	-	36,810
Total Revenues	65,126	832,769
 Net Costs Recoverable Through TIF Increments - December 31, 2018		
	\$ (52,302)	\$ 96,072
 Reconciliation of Recoverable Costs		
Plus: fund balance deficit		\$ 96,072
 Net Costs Recoverable Through TIF Increments - December 31, 2018		
		\$ 96,072

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 2019 is \$69,889.

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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
TAXES			
Property	\$ 296,603	\$ 297,604	\$ 1,001
Mobile home taxes	43,000	45,177	2,177
Public accommodation (room) taxes	5,500	13,769	8,269
Payments in lieu of taxes	<u>9,000</u>	<u>9,276</u>	<u>276</u>
Total Taxes	<u>354,103</u>	<u>365,826</u>	<u>11,723</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	240,103	240,104	1
Fire insurance tax from state	4,600	5,118	518
State aid - computer exemption	500	388	(112)
State aid - law enforcement improvement	3,000	2,400	(600)
State aid - connecting streets	84,296	84,296	-
Aid in lieu of taxes	<u>360</u>	<u>367</u>	<u>7</u>
Total Intergovernmental Revenues	<u>332,859</u>	<u>332,673</u>	<u>(186)</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	3,000	3,035	35
Operators' license	500	260	(240)
Cigarette licenses	25	10	(15)
Soda licenses	50	70	20
Dog and cat licenses	1,400	366	(1,034)
Building permits	-	50	50
Zoning permits and fees	2,000	1,285	(715)
Other business and occupational licenses	-	5	5
Other permits	<u>850</u>	<u>850</u>	<u>-</u>
Total Licenses and Permits	<u>7,825</u>	<u>5,931</u>	<u>(1,894)</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	5,500	2,124	(3,376)
Parking violations	100	225	125
Other law and ordinance violations	<u>100</u>	<u>-</u>	<u>(100)</u>
Total Fines, Forfeitures and Penalties	<u>5,700</u>	<u>2,349</u>	<u>(3,351)</u>
PUBLIC CHARGES FOR SERVICES			
Clerk's fees	8,500	6,702	(1,798)
License publication fees	50	20	(30)
Landfill	2,500	6,519	4,019
Swimming areas	30,000	31,404	1,404
Parkland development	<u>3,000</u>	<u>8,500</u>	<u>5,500</u>
Total Public Charges for Services	<u>44,050</u>	<u>53,145</u>	<u>9,095</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, 2018

	Original and Final Budget	Actual	Variance with Final Budget
SPECIAL ASSESSMENTS			
Street improvements	\$ 2,000	\$ 25,597	\$ 23,597
INVESTMENT INCOME			
Investment income	1,660	824	(836)
Interest on advances to other funds	10,000	22,443	12,443
Interest on special assessments	-	5,349	5,349
Total Investment Income	11,660	28,616	16,956
MISCELLANEOUS			
Donations	1,000	-	(1,000)
Rent	1,300	5,877	4,577
Other miscellaneous	20,000	20,994	994
Total Miscellaneous	22,300	26,871	4,571
Total Revenues	780,497	841,008	60,511
EXPENDITURES			
GENERAL GOVERNMENT			
Village board	3,599	5,047	(1,448)
Legal	7,000	16,357	(9,357)
Administrator	31,462	8,154	23,308
Clerk	28,355	38,663	(10,308)
Elections	3,600	6,363	(2,763)
Accounting	13,000	15,792	(2,792)
Office	30,214	44,684	(14,470)
Assessor	8,500	8,349	151
General buildings/plant/hall	34,000	54,918	(20,918)
Property and liability insurance	20,000	18,768	1,232
Other general government	12,000	13,491	(1,491)
Total General Government	191,730	230,586	(38,856)
PUBLIC SAFETY			
Police	296,724	355,742	(59,018)
Fire protection	40,000	42,710	(2,710)
EMT	6,548	6,608	(60)
Building inspection	100	-	100
Total Public Safety	343,372	405,060	(61,688)

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, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS			
Shop operations	\$ 111,583	\$ 13,588	\$ 97,995
Machinery operation and maintenance	5,000	17,149	(12,149)
Street maintenance	15,000	84,062	(69,062)
Tree and brush removal	1,000	13,082	(12,082)
Snow and ice control	23,500	51,975	(28,475)
Traffic control	1,000	950	50
Street lighting	34,560	41,119	(6,559)
Recycling	21,600	21,524	76
Sanitary landfill	4,500	7,677	(3,177)
Weed control	-	1,984	(1,984)
Total Public Works	<u>217,743</u>	<u>253,110</u>	<u>(35,367)</u>
HEALTH AND HUMAN SERVICES			
Cemetery	600	600	-
Senior activities	150	50	100
Total Health and Human Services	<u>750</u>	<u>650</u>	<u>100</u>
CULTURE, RECREATION AND EDUCATION			
Parks	6,500	21,453	(14,953)
Recreation	9,000	10,874	(1,874)
Celebrations and entertainment	200	2,956	(2,756)
Swimming pool	94,200	105,430	(11,230)
Total Culture, Recreation and Education	<u>109,900</u>	<u>140,713</u>	<u>(30,813)</u>
CONSERVATION AND DEVELOPMENT			
Planning	-	1,475	(1,475)
Zoning	1,000	1,379	(379)
Economic development	750	5,817	(5,067)
Total Conservation and Development	<u>1,750</u>	<u>8,671</u>	<u>(6,921)</u>
Total Expenditures	<u>865,245</u>	<u>1,038,790</u>	<u>(173,545)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(84,748)</u>	<u>(197,782)</u>	<u>(113,034)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	169,044	140,635	(28,409)
Transfers out	(84,296)	(84,296)	-
Total Other Financing Sources (Uses)	<u>84,748</u>	<u>56,339</u>	<u>(28,409)</u>
Net Change in Fund Balance	-	(141,443)	(141,443)
FUND BALANCE - Beginning of Year (as Restated)	<u>902,355</u>	<u>902,355</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 902,355</u></u>	<u><u>\$ 760,912</u></u>	<u><u>\$ (141,443)</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, 2018

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 Asset
12/31/17	0.00492193%	\$ 146,137	\$ 743,581	19.65%	102.93%
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, 2018

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
12/31/18	\$ 57,713	\$ 57,713	\$ -	751,857	7.68%
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.

VILLAGE OF TREMPEALEAU

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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, 2018

	Special Revenue		
	Library	Block Grant	Trempealeau Trust Fund
ASSETS			
Cash and investments	\$ 115,567	\$ 20	\$ 18,671
Receivables			
Taxes	88,325	-	-
Notes	-	80,685	-
	-	80,685	-
TOTAL ASSETS	\$ 203,892	\$ 80,705	\$ 18,671
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 621	\$ -	\$ -
Advances from other funds	-	-	-
Total Liabilities	621	-	-
Deferred Inflows of Resources			
Unearned revenues	88,325	-	-
Unavailable revenues	-	80,685	-
Total Deferred Inflows of Resources	88,325	80,685	-
Fund Balances (Deficit)			
Restricted	114,946	20	18,671
Unassigned (deficit)	-	-	-
Total Fund Balances (Deficit)	114,946	20	18,671
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 203,892	\$ 80,705	\$ 18,671



<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
TIF	
\$ 1,838	\$ 136,096
69,890	158,215
<u>-</u>	<u>80,685</u>
<u>\$ 71,728</u>	<u>\$ 374,996</u>

\$ -	\$ 621
<u>97,910</u>	<u>97,910</u>
<u>97,910</u>	<u>98,531</u>

69,890	158,215
<u>-</u>	<u>80,685</u>
<u>69,890</u>	<u>238,900</u>

-	133,637
<u>(96,072)</u>	<u>(96,072)</u>
<u>(96,072)</u>	<u>37,565</u>

<u>\$ 71,728</u>	<u>\$ 374,996</u>
------------------	-------------------

VILLAGE OF TREMPEALEAU

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue		
	Library	Block Grant	Trempealeau Trust Fund
REVENUES			
Taxes	\$ 85,613	\$ -	\$ -
Intergovernmental	47,647	-	-
Investment income	39	-	59
Miscellaneous	<u>11,381</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>144,680</u>	<u>-</u>	<u>59</u>
EXPENDITURES			
Current			
Culture, recreation and education	231,202	-	-
Conservation and development	-	-	-
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>231,202</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(86,522)	-	59
FUND BALANCES (DEFICIT) - Beginning of Year	<u>201,468</u>	<u>20</u>	<u>18,612</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 114,946</u>	<u>\$ 20</u>	<u>\$ 18,671</u>

<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<u>TIF</u>	
\$ 65,126	\$ 150,739
-	47,647
-	98
-	<u>11,381</u>
<u>65,126</u>	<u>209,865</u>
-	231,202
381	381
<u>12,443</u>	<u>12,443</u>
<u>12,824</u>	<u>244,026</u>
52,302	(34,161)
<u>(148,374)</u>	<u>71,726</u>
<u>\$ (96,072)</u>	<u>\$ 37,565</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - ELECTRIC For the Year Ended December 31, 2018

OPERATING REVENUES

Sales of Electricity	
Residential	\$ 1,242,693
Small commercial	460,298
Large power	368,110
Public street lighting	38,130
Total Sales of Electricity	<u>2,109,231</u>
Other Operating Revenues	
Forfeited discounts	3,332
Rent from electric property	371
Other electric revenues	3,448
Total Other Operating Revenues	<u>7,151</u>
Total Operating Revenues	<u>2,116,382</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Other Power Supply Expenses	
Purchased power	<u>1,207,988</u>
Total Other Power Supply Expenses	<u>1,207,988</u>
Transmission Expenses	
Operation supervision and labor	<u>95,296</u>
Total Transmission Expenses	<u>95,296</u>
Distribution Expenses	
Line and station supplies and expenses	38,922
Maintenance of structures	19,224
Maintenance of lines	27,018
Maintenance of line transformers	6,067
Maintenance of street lighting	8,707
Maintenance of meters	3,733
Miscellaneous distribution expenses	858
Total Distribution Expenses	<u>104,529</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - ELECTRIC (cont.) For the Year Ended December 31, 2018

OPERATING EXPENSES (cont.)

Operation and Maintenance Expenses (cont.)

Customer Accounts Expenses

Meter reading labor	\$ 200
Accounting and collecting labor	74,584
Supplies and expenses	6,511
Uncollectible accounts	<u>2,954</u>
Total Customer Accounts Expenses	<u>84,249</u>

Administrative and General Expenses

Administrative and general salaries	3,080
Office supplies and expenses	7,329
Outside services employed	10,837
Property insurance	10,734
Employee pensions and benefits	85,820
Miscellaneous general expenses	24,497
Transportation expenses	5,861
Maintenance of general plant	<u>7,956</u>

Total Administrative and General Expenses 156,114

Total Operation and Maintenance Expenses 1,648,176

Depreciation 250,163

Taxes 23,060

Total Operating Expenses 1,921,399

OPERATING INCOME \$ 194,983

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER For the Year Ended December 31, 2018

OPERATING REVENUES

Sales of Water	
Metered sales – residential	\$ 264,880
Metered sales – commercial	57,867
Metered sales – multi-family residential	6,142
Public fire protection	112,719
Other sales to public authorities	<u>31,905</u>
Total Sales of Water	<u>473,513</u>
Other Operating Revenues	
Forfeited discounts	826
Other water revenue	<u>19,641</u>
Total Other Operating Revenues	<u>20,467</u>
Total Operating Revenues	<u>493,980</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Pumping Expenses	
Fuel or power purchased for pumping	23,438
Operation supplies and expenses	8,298
Maintenance of pumping plant	<u>60,453</u>
Total Pumping Expenses	<u>92,189</u>
Water Treatment Expenses	
Chemicals	15,635
Operation supplies and expenses	<u>8,683</u>
Total Water Treatment Expenses	<u>24,318</u>
Transmission and Distribution Expenses	
Maintenance of mains	9,964
Maintenance of services	708
Maintenance of meters	<u>375</u>
Total Transmission and Distribution Expenses	<u>11,047</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - WATER (cont.) For the Year Ended December 31, 2018

OPERATING EXPENSES (cont.)	
Operation and Maintenance Expenses (cont.)	
Customer Accounts Expenses	
Meter reading labor	\$ 252
Accounting and collecting labor	46,109
Supplies and expenses	93
Uncollectible accounts	635
Total Customer Accounts Expenses	<u>47,089</u>
Administrative and General Expenses	
Administrative and general salaries	1,925
Outside services employed	19,734
Property insurance	6,114
Employee pensions and benefits	44,115
Regulatory commission expense	94
Miscellaneous general expenses	8,652
Transportation expenses	636
Total Administrative and General Expenses	<u>81,270</u>
Total Operation and Maintenance Expenses	255,913
Depreciation expense	123,035
Taxes	5,418
Total Operating Expenses	<u>384,366</u>
OPERATING INCOME	<u>\$ 109,614</u>

VILLAGE OF TREMPEALEAU

DETAILED SCHEDULE OF OPERATING REVENUES AND EXPENSES - SEWER For the Year Ended December 31, 2018

OPERATING REVENUES

Sewage Service	
Metered sales – residential	\$ 321,241
Metered sales – commercial	68,029
Total Sales of Water	<u>389,270</u>
Other Operating Revenues	
Forfeited discounts	729
Miscellaneous operating revenues	257
Total Other Operating Revenues	<u>986</u>
Total Operating Revenues	<u>390,256</u>

OPERATING EXPENSES

Operation and Maintenance Expenses	
Collection, Pumping and Treatment Expenses	
Supervision and labor	107
Power for pumping	36,956
Operating supplies	10,969
Maintenance of pumping equipment	7,872
Maintenance of collection system	67,545
Total Collection, Pumping and Treatment Expenses	<u>123,449</u>
Customer Accounts Expenses	
Accounting and collecting labor	55,124
Uncollectible accounts	459
Total Customer Accounts Expenses	<u>55,583</u>
Administrative and General Expenses	
Administrative and general salaries	2,214
Office supplies and expenses	4,816
Outside services employed	15,765
Property insurance	8,369
Employee pensions and benefits	36,632
Miscellaneous general expenses	7,494
Transportation expenses	916
Rent	5,907
Total Administrative and General Expenses	<u>82,113</u>
Total Operation and Maintenance Expenses	261,145
Depreciation expense	154,662
Taxes	9,972
Total Operating Expenses	<u>425,779</u>

OPERATING INCOME (LOSS) \$ (35,523)

VILLAGE OF TREMPÉALEAU

REQUIRED BOND DISCLOSURES For the Year Ended December 31, 2018

INSURANCE COVERAGE

Type	Coverage	Expiration
<i>Municipal Property Insurance Company</i>		
Buildings, Personal Property, Inland		
Marine Floater and Property in the Open	\$ 21,452,400	1/1/2019
Contractors Equipment	512,368	1/1/2019
Equipment	22,310,496	
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	1/1/2019

DEBT COVERAGE

	Electric 2018	Water 2018
Net income (loss)	\$ 12,882	\$ 15,522
Depreciation and amortization	259,891	123,035
Interest expense	114,113	24,580
Property tax equivalent	70,035	70,600
Less: Capital contributions	(9,727)	(1,006)
 Net Defined Earnings	 <u>\$ 447,194</u>	 <u>\$ 232,731</u>
 Annual Debt Service	 <u>\$ 283,971</u>	 <u>\$ 94,363</u>
 Annual Debt Coverage	 <u>1.57</u>	 <u>2.47</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, 2018

NUMBER OF CUSTOMERS

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Residential	1,153	769	824
Commercial	214	57	10
Public authority	2	15	-
Multi-family residential	-	4	-
Fire protection	-	2	-
TOTALS	<u>1,369</u>	<u>847</u>	<u>834</u>