

Village of New Glarus, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2019



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

Village of New Glarus, Wisconsin

DECEMBER 31, 2019

Table of Contents

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Library Fund	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Agency Fund	29
Notes to Basic Financial Statements	30
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability (Asset) - Wisconsin Retirement System	60
Schedule of Contributions - Wisconsin Retirement System	60
Schedule of Proportionate Share of Net OPEB Liability (Asset) - Local Retiree Life Insurance Fund	61
Schedule of Contributions - Local Retiree Life Insurance Fund	61
Notes to Required Supplementary Information	62
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	65
Combining Statement of Revenues, Expenses and Changes in Net Position - Light and Water Utility	67
Schedule of Light Utility Operating Revenues and Expenses	68
Schedule of Water Utility Operating Revenues and Expenses	70

Village of New Glarus, Wisconsin

DECEMBER 31, 2019

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72
Schedule of Findings and Responses	74



Independent auditors' report

To the Village Board
Village of New Glarus, 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 New Glarus, Wisconsin ("the Village") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors consider internal control relevant to the Village'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'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 as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Library Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedules relating to pensions and other postemployment benefits on pages 60 through 61 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

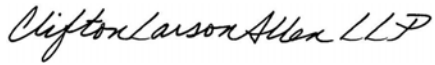
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Village as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated June 12, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information, for the year ended December 31, 2018 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 2018 financial statements. The accompanying supplementary information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2018.

Prior-Year Comparative Information

We have previously audited the Village's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2020 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019

The management of the Village of New Glarus, Wisconsin (the "Village") offers readers of the Village's financial statements this narrative and analysis of the financial activities of the Village for the fiscal year ended December 31, 2019.

Financial Highlights

- As of the December 31, 2019, the assets and deferred outflows of resources of the Village of New Glarus exceeded its liabilities and deferred inflows of resources by \$18,742,304. This represents a 5.7% increase over the 2018 net position balance of \$17,728,195.
- The general fund balance at the end of 2019 was \$1,077,989, an increase of \$87,397 from the prior year.
Of the general fund balance, \$10,835 is nonspendable for inventories and prepaid items, \$14,889 committed for future capital projects, \$54,050 assigned for future public safety and recreation projects, and \$998,215 is currently unassigned. Of this balance, the Village has established an emergency reserve and working capital reserve of \$361,558.
- The outstanding general obligation debt as of December 31, 2019 is \$6,360,425. This compares to \$5,130,849 at the end of 2018.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of New Glarus basic financial statements. The basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business. Financial information in the government-wide financial statements is reported as either governmental activities or business-type activities. Governmental activities are principally supported by taxes and intergovernmental revenues. Examples of governmental activities are: village hall operations, police, public works, debt service, swimming pool/ recreation, library, tax incremental finance district no. 3, tax incremental district no. 4, and general capital projects.

Business-type (Enterprise) activities recover all or a significant portion of their costs through user fees and charges. These activities include the Village's water, light, wastewater and stormwater utilities.

Statement of Net Position - presents information on all Village of New Glarus, Wisconsin's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or decreasing. (See page 11 of this report).

Statement of Activities - presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., earned but unused vacation leave.) (See pages 12 - 13 of this report.)

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Fund Financial Statements

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

Governmental Funds

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

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

The Village has identified four major governmental funds: General, Library, Debt Service, and General Capital Projects.

- General Fund: Accounts for the Village's primary operating activities.
- Library fund: Accounts for the Village's library operations.
- Debt Service Fund: Accounts for financial resources and payments made on long-term general obligation debt.
- General Capital Projects – Accounts for governmental capital projects other than sidewalks and those related to tax increment financing districts

The net change in fund balances for the year is \$325,449. The total fund balance for all governmental funds is \$2,604,579 (See pages 14 - 23.)

Proprietary/Enterprise Funds

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village has identified two major enterprise funds:

- Light and Water Utility: Accounts for revenues and expenses for operations of the municipal light and water distribution system.
- Wastewater Utility: accounts for operations of the sanitary sewer collection system and wastewater treatment plant.

The net change in position for the Light and Water Utility is an increase of \$217,060 while the Wastewater Utility had an increase of \$68,388. The Stormwater Utility had an increase in net position of \$24,106 for a combined change in proprietary / enterprise net position of \$309,554. Light and Water Utility net position totals \$5,863,564. Wastewater Utility net position totals \$4,969,457 and Stormwater Utility net position totals \$1,113,693, for a proprietary / enterprise fund total of \$11,946,714. (See pages 24 - 28.)

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Government-wide Financial Analysis

Net position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,742,304 at the close of 2019.

Village of New Glarus, Wisconsin's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,981	\$ 7,964	\$ 5,007	\$ 3,413	\$ 9,988	\$ 11,377
Capital assets	9,866	9,422	15,180	14,829	25,046	24,251
Total Assets	14,847	17,386	20,187	18,242	35,034	35,628
Deferred Outflows of Resources	498	326	300	165	798	491
Long-term liabilities outstanding	6,163	6,013	8,198	6,429	14,361	12,442
Other liabilities	154	3,384	186	177	340	3,561
Total Liabilities	6,317	9,397	8,384	6,606	14,701	16,003
Deferred Inflows of Resources	2,233	2,224	156	164	2,389	2,388
Net Position						
Net investment in capital assets	4,067	4,602	8,714	8,580	12,781	13,182
Restricted	764	778	1,702	1,102	2,466	1,880
Unrestricted	1,964	711	1,531	1,955	3,495	2,666
Total Net Position	\$ 6,795	\$ 6,091	\$ 11,947	\$ 11,637	\$ 18,742	\$ 17,728

By far the largest portion of the Village's net position (68%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although, the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,495,837) may be used to meet the Village's ongoing obligations to citizens and creditors.

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Change in net position. Governmental activities increased the Village's net position by \$704,555 and business-type activities increased the Village's net position by \$309,554 during the current fiscal year. Key elements of these changes are as follows:

Village of New Glarus, Wisconsin's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for services	\$ 170	\$ 177	\$ 4,175	\$ 4,100	\$ 4,345	\$ 4,277
Operating grants and contributions	268	245	5	5	273	250
Capital grants and contributions	37	2	1	5	38	7
General Revenues						
Property taxes	1,506	1,495	-	-	1,506	1,495
Property tax increments	416	350	-	-	416	350
Other taxes	160	119	-	-	160	119
Grants and contributions not restricted to specific programs	270	253	-	-	270	253
Other	260	146	89	88	349	234
Total Revenues	3,087	2,787	4,270	4,198	7,357	6,985
Expenses						
General government	392	362	-	-	392	362
Public safety	725	628	-	-	725	628
Public works	620	614	-	-	620	614
Culture and recreation	497	454	-	-	497	454
Conservation and development	151	167	-	-	151	167
Interest on long-term debt	191	195	-	-	191	195
Light utility	-	-	2,412	2,378	2,412	2,378
Water utility	-	-	345	362	345	362
Wastewater collection	-	-	889	825	889	825
Stormwater	-	-	121	128	121	128
Total Expenses	2,576	2,420	3,767	3,693	6,343	6,113
Increase (Decrease) in Net Position						
Before Transfers	511	367	503	505	1,014	872
Transfers	193	196	(193)	(196)	-	-
Change in Net Position	704	563	310	309	1,014	872
Net Position - January 1 as originally reported	6,091	5,558	11,637	11,345	17,728	16,903
Cumulative Effect of Change in Accounting Position	-	(30)	-	(17)	-	(47)
Net Position - January 1	6,091	5,528	11,637	11,328	17,728	16,856
Net Position - December 31	\$ 6,795	\$ 6,091	\$ 11,947	\$ 11,637	\$ 18,742	\$ 17,728

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. An analysis of the Village's general fund follows:

Governmental Funds

General Fund Budget Comparison: Budgeted versus Actual Revenue/Expenditures

(See pages 20 - 22 of this report.)

General Fund Revenues	
Budget	\$ 1,227,843
Actual	1,343,501
Variance	<u>\$ 115,658</u>

General Fund Expenditures	
Budget	\$ 1,446,233
Actual	1,424,358
Variance	<u>\$ 21,875</u>

The functions with significant budget variances are listed below:

Miscellaneous revenues	68,077
Public safety	(24,330)

General Fund Balance	
Beginning of year	\$ 990,592
End of the year	1,077,989
Change in Fund Balance	<u>\$ 87,397</u>

Proprietary funds. (See pages 24 - 28.) The Village's proprietary funds provide the same type of information found in the Village's government-wide financial statements, but in more detail. Also, a separation of the financial activities of the light and water utilities can be found on pages 68 - 71 of this report.

Net position of the light and water utility fund at the end of the year amounted to \$5,863,564, an increase of \$217,060 from the prior year. Operating income for the light and water utility fund totaled \$450,936, with \$173,714 due to the light utility operations and \$277,222 due to the water utility operations.

Net position of the wastewater utility at the end of the year totaled \$4,969,457, an increase of \$68,388 from the prior year.

Net position of the stormwater utility at the end of the year totaled \$1,113,693, an increase of \$24,106 from the prior year.

Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Capital Asset and Debt Administration

Capital assets - The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$25,046,099 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, infrastructure (streets and bridges), and construction in progress.

Village of New Glarus, Wisconsin's Capital Assets (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,963	\$ 1,963	\$ 56	\$ 56	\$ 2,019	\$ 2,019
Collection	25	25	-	-	25	25
Construction in progress	504	70	664	30	1,168	100
Land improvements	91	79	-	-	91	79
Buildings	1,618	1,618	5,757	5,757	7,375	7,375
Machinery and equipment	1,585	1,354	5,276	5,203	6,861	6,557
Infrastructure	10,056	10,056	11,989	11,713	22,045	21,769
Accumulated depreciation	(5,976)	(5,743)	(8,562)	(7,930)	(14,538)	(13,673)
Total	\$ 9,866	\$ 9,422	\$ 15,180	\$ 14,829	\$ 25,046	\$ 24,251

Long-term debt - At the end of the current fiscal year, the Village had general obligation debt outstanding of \$6,360,425. The remainder of the Village's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

Village of New Glarus, Wisconsin's Outstanding Debt General Obligation Debt and Revenue Bonds (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
General Obligation Debt						
Bonds	\$ 3,903	\$ 3,791	\$ 1,432	\$ 339	\$ 5,335	\$ 4,130
Notes	812	778	-	-	812	778
State Trust Fund Notes	214	223	-	-	214	223
Total General Obligation Debt	4,929	4,792	1,432	339	6,361	5,131
WPPI note payable	-	-	199	244	199	244
Revenue bonds	845	945	6,309	5,397	7,154	6,342
Revenue bond anticipation notes	-	-	-	325	-	325
Total	\$ 5,774	\$ 5,737	\$ 7,940	\$ 6,305	\$ 13,714	\$ 12,042

Debt Service - Governmental Activities: All general obligation notes and bonds 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. In accordance with Wisconsin Statutes, total general obligation debt of Village may not exceed five percent (5%) of the equalized value of taxable property of the village. The debt limit as of December 31, 2019 was \$8,961,120. Total general obligation debt outstanding at year-end was \$6,360,425. The outstanding debt applicable to debt limit of \$6,236,959 represents 69.6% of the Village debt capacity. The Village Board has adopted a policy to limit outstanding debt to a maximum of seventy-five (75%) of debt capacity.

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

Debt Service - Business-Type Activities: Revenue bonds are payable only from revenues derived from the operation of the Light, Water and Wastewater Utilities. Total revenue debt at the end of 2018 totaled \$7,154,032.

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the Village has remained fairly stable.

This factor was considered in preparing the Village's budget for the 2019 fiscal year.

Contacting the Village's Financial Management

The administrative staff hopes the Management Discussion and Analysis is informative. We encourage you to read the 2019 audit in detail. If you would like additional information regarding the audit report please contact Village Administrator Drake Daily or Village Clerk/Treasurer Lynne Erb (608-527-5973) with your questions.

BASIC FINANCIAL STATEMENTS

Village of New Glarus, Wisconsin

STATEMENT OF NET POSITION

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Totals	
			2019	2018
ASSETS				
Cash and investments	\$ 3,354,071	\$ 1,446,695	\$ 4,800,766	\$ 5,634,154
Receivables				
Property taxes	1,139,667	-	1,139,667	3,027,005
Delinquent taxes	911	-	911	1,205
Accounts	-	385,322	385,322	436,304
Special assessments	43,516	-	43,516	35,498
Loans	241,379	-	241,379	247,569
Internal balances	186,926	(186,926)	-	-
Inventories and prepaid items	14,636	144,283	158,919	160,666
Restricted assets				
Cash and investments	-	3,216,836	3,216,836	1,608,516
Net pension asset	-	-	-	225,289
Capital assets, nondepreciable	2,492,257	719,994	3,212,251	2,144,985
Capital assets, depreciable	7,373,652	14,460,196	21,833,848	22,105,255
Total assets	14,847,015	20,186,400	35,033,415	35,626,446
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	55,505	6,888	62,393	74,961
Pension related amounts	436,408	289,068	725,476	409,895
Other postemployment related amounts	6,246	4,198	10,444	5,723
Total deferred outflows of resources	498,159	300,154	798,313	490,579
LIABILITIES				
Accounts payable	43,503	117,338	160,841	146,634
Accrued and other current liabilities	42,858	36,441	79,299	60,038
Due to other governments	-	-	-	3,254,461
Accrued interest payable	62,687	31,827	94,514	93,751
Special deposits	4,668	-	4,668	4,611
Long-term obligations				
Due within one year	628,138	801,591	1,429,729	1,231,488
Due in more than one year	5,345,062	7,268,995	12,614,057	11,156,907
Net pension liability	160,091	107,592	267,683	-
Net other postemployment liability	30,072	20,206	50,278	52,915
Total liabilities	6,317,079	8,383,990	14,701,069	16,000,805
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	2,000,603	-	2,000,603	1,939,366
Pension related amounts	222,023	149,215	371,238	444,293
Other postemployment related amounts	9,879	6,635	16,514	4,366
Total deferred inflows of resources	2,232,505	155,850	2,388,355	2,388,025
NET POSITION				
Net investment in capital assets	4,067,393	8,713,683	12,781,076	13,182,448
Restricted	763,681	1,701,710	2,465,391	1,880,227
Unrestricted	1,964,516	1,531,321	3,495,837	2,665,520
Total net position	\$ 6,795,590	\$ 11,946,714	\$ 18,742,304	\$ 17,728,195

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 391,854	\$ 51,287	\$ -	\$ -
Public safety	724,680	23,012	11,263	4,171
Public works	620,266	21,566	154,362	32,667
Culture and recreation	496,701	71,728	102,585	-
Conservation and development	151,145	2,240	-	-
Interest and fiscal charges	191,271	-	-	-
Total governmental activities	<u>2,575,917</u>	<u>169,833</u>	<u>268,210</u>	<u>36,838</u>
BUSINESS-TYPE ACTIVITIES				
Light utility	2,411,770	2,524,331	-	620
Water utility	344,654	600,902	-	-
Wastewater utility	888,918	915,159	-	-
Stormwater utility	121,244	134,539	5,350	-
Total business-type activities	<u>3,766,586</u>	<u>4,174,931</u>	<u>5,350</u>	<u>620</u>
Total	<u>\$ 6,342,503</u>	<u>\$ 4,344,764</u>	<u>\$ 273,560</u>	<u>\$ 37,458</u>

General revenues
 Taxes
 Property taxes
 Tax increments
 Other taxes
 Federal and state grants and other contributions
 not restricted to specific functions
 Interest and investment earnings
 Miscellaneous
 Gain on sale of asset
 Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	
		2019	2018
\$ (340,567)	\$ -	\$ (340,567)	\$ (303,526)
(686,234)	-	(686,234)	(595,734)
(411,671)	-	(411,671)	(444,195)
(322,388)	-	(322,388)	(290,721)
(148,905)	-	(148,905)	(166,744)
(191,271)	-	(191,271)	(195,290)
<u>(2,101,036)</u>	<u>-</u>	<u>(2,101,036)</u>	<u>(1,996,210)</u>
-	113,181	113,181	149,087
-	256,248	256,248	222,354
-	26,241	26,241	37,789
-	18,645	18,645	7,387
<u>-</u>	<u>414,315</u>	<u>414,315</u>	<u>416,617</u>
<u>(2,101,036)</u>	<u>414,315</u>	<u>(1,686,721)</u>	<u>(1,579,593)</u>
1,505,907	-	1,505,907	1,494,966
416,012	-	416,012	350,259
160,419	-	160,419	118,717
270,286	-	270,286	252,835
88,427	88,442	176,869	127,206
164,986	-	164,986	80,348
6,351	-	6,351	27,151
193,203	(193,203)	-	-
<u>2,805,591</u>	<u>(104,761)</u>	<u>2,700,830</u>	<u>2,451,482</u>
704,555	309,554	1,014,109	871,889
<u>6,091,035</u>	<u>11,637,160</u>	<u>17,728,195</u>	<u>16,856,306</u>
<u>\$ 6,795,590</u>	<u>\$ 11,946,714</u>	<u>\$ 18,742,304</u>	<u>\$ 17,728,195</u>

Village of New Glarus, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	<u>General</u>	<u>Library</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
ASSETS				
Cash and investments	\$ 1,207,824	\$ 290,171	\$ 352,838	\$ 396,789
Receivables				
Property taxes	363,877	105,844	313,183	19,916
Delinquent taxes	911	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	43,516	-
Loans	-	-	-	-
Due from other funds	202,740	-	-	-
Prepaid items	10,835	3,721	-	-
	<u>1,786,187</u>	<u>399,736</u>	<u>709,537</u>	<u>416,705</u>
Total assets	<u>\$ 1,786,187</u>	<u>\$ 399,736</u>	<u>\$ 709,537</u>	<u>\$ 416,705</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 14,443	\$ 179	\$ -	\$ 28,875
Accrued and other current liabilities	35,422	6,967	-	-
Due to other funds	-	-	6,277	-
Due to other governments	-	-	-	-
Special deposits	4,668	-	-	-
	<u>54,533</u>	<u>7,146</u>	<u>6,277</u>	<u>28,875</u>
Total liabilities	<u>54,533</u>	<u>7,146</u>	<u>6,277</u>	<u>28,875</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	653,665	185,478	536,278	34,900
Loans receivable	-	-	-	-
Special assessments	-	-	43,516	-
	<u>653,665</u>	<u>185,478</u>	<u>579,794</u>	<u>34,900</u>
Total deferred inflows of resources	<u>653,665</u>	<u>185,478</u>	<u>579,794</u>	<u>34,900</u>
Fund balances				
Nonspendable	10,835	3,721	-	-
Restricted	-	-	123,466	-
Committed	14,889	-	-	-
Assigned	54,050	203,391	-	352,930
Unassigned	998,215	-	-	-
	<u>1,077,989</u>	<u>207,112</u>	<u>123,466</u>	<u>352,930</u>
Total fund balances	<u>1,077,989</u>	<u>207,112</u>	<u>123,466</u>	<u>352,930</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,786,187</u>	<u>\$ 399,736</u>	<u>\$ 709,537</u>	<u>\$ 416,705</u>

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Totals	
	2019	2018
\$ 1,106,449	\$ 3,354,071	\$ 4,309,129
336,847	1,139,667	3,027,005
-	911	1,205
-	-	799
-	43,516	35,498
241,379	241,379	247,569
-	202,740	292,662
80	14,636	11,067
<u>\$ 1,684,755</u>	<u>\$ 4,996,920</u>	<u>\$ 7,924,934</u>
\$ 6	\$ 43,503	\$ 29,378
469	42,858	30,795
9,537	15,814	104,126
-	-	3,254,461
-	4,668	4,611
<u>10,012</u>	<u>106,843</u>	<u>3,423,371</u>
590,282	2,000,603	1,939,366
241,379	241,379	247,569
-	43,516	35,498
<u>831,661</u>	<u>2,285,498</u>	<u>2,222,433</u>
80	14,636	11,067
702,902	826,368	698,808
95,798	110,687	80,129
96,568	706,939	605,315
(52,266)	945,949	883,811
<u>843,082</u>	<u>2,604,579</u>	<u>2,279,130</u>
<u>\$ 1,684,755</u>	<u>\$ 4,996,920</u>	<u>\$ 7,924,934</u>

Village of New Glarus, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	2019	2018
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 2,604,579	\$ 2,279,130
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	9,865,909	9,421,554
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	43,516	35,498
Long-term loan receivable	241,379	247,569
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	55,505	64,629
Deferred outflows related to pensions	436,408	257,246
Deferred inflows related to pensions	(222,023)	(281,715)
Deferred outflows related to other postemployment benefits	6,246	3,629
Deferred inflows related to other postemployment benefits	(9,879)	(2,769)
Long-term assets are not considered available; therefore, are not reported in the funds:		
Net pension asset	-	142,850
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(5,773,897)	(5,736,523)
Debt premium	(80,124)	(92,451)
Compensated absences	(119,179)	(150,135)
Net pension liability	(160,091)	-
Other postemployment benefit	(30,072)	(33,553)
Accrued interest on long-term obligations	(62,687)	(63,924)
Net position of governmental activities as reported on the statement of net position (see pages 11)	\$ 6,795,590	\$ 6,091,035

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Library	Debt Service	General Capital Projects
REVENUES				
Taxes	\$ 663,052	\$ 161,787	\$ 487,721	\$ 91,045
Special assessments	-	-	45,996	-
Intergovernmental	427,549	86,867	-	8,000
Licenses and permits	58,763	-	-	-
Fines and forfeits	17,275	-	-	-
Public charges for services	79,485	4,245	-	-
Miscellaneous	97,377	143,572	2,302	11,619
Total revenues	<u>1,343,501</u>	<u>396,471</u>	<u>536,019</u>	<u>110,664</u>
EXPENDITURES				
Current				
General government	370,760	-	-	1,925
Public safety	603,270	-	-	219,047
Public works	258,605	-	-	436,216
Culture and recreation	148,443	258,231	-	89
Conservation and development	43,280	-	-	-
Debt service				
Principal	-	-	390,414	-
Interest and fiscal charges	-	-	120,123	553
Capital outlay	-	48,350	-	90,728
Total expenditures	<u>1,424,358</u>	<u>306,581</u>	<u>510,537</u>	<u>748,558</u>
Excess of revenues over (under) expenditures	<u>(80,857)</u>	<u>89,890</u>	<u>25,482</u>	<u>(637,894)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	620,472
Proceeds from sale of capital assets	6,351	-	-	-
Transfers in	193,203	-	-	31,300
Transfers out	(31,300)	-	-	-
Total other financing sources (uses)	<u>168,254</u>	<u>-</u>	<u>-</u>	<u>651,772</u>
Net change in fund balances	<u>87,397</u>	<u>89,890</u>	<u>25,482</u>	<u>13,878</u>
Fund balances - January 1	<u>990,592</u>	<u>117,222</u>	<u>97,984</u>	<u>339,052</u>
Fund balances - December 31	<u>\$ 1,077,989</u>	<u>\$ 207,112</u>	<u>\$ 123,466</u>	<u>\$ 352,930</u>

The notes to the basic financial statements are an integral part of this statement.

Other Governmental Funds	Totals	
	2019	2018
\$ 649,544	\$ 2,053,149	\$ 1,964,446
-	45,996	16,585
14,718	537,134	497,970
-	58,763	61,484
-	17,275	14,193
3,725	87,455	96,739
25,438	280,308	157,387
<u>693,425</u>	<u>3,080,080</u>	<u>2,808,804</u>
5,079	377,764	361,856
37,037	859,354	568,943
152,542	847,363	409,427
13,391	420,154	404,485
107,171	150,451	167,238
192,684	583,098	552,584
75,035	195,711	202,099
1,684	140,762	240,605
<u>584,623</u>	<u>3,574,657</u>	<u>2,907,237</u>
<u>108,802</u>	<u>(494,577)</u>	<u>(98,433)</u>
-	620,472	125,000
-	6,351	715
40,000	264,503	196,068
(40,000)	(71,300)	-
<u>-</u>	<u>820,026</u>	<u>321,783</u>
108,802	325,449	223,350
734,280	2,279,130	2,055,780
<u>\$ 843,082</u>	<u>\$ 2,604,579</u>	<u>\$ 2,279,130</u>

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 325,449	\$ 223,350
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	733,133	229,425
Depreciation expense reported in the statement of activities	(288,778)	(282,827)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	1,828	(22,896)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(620,472)	(125,000)
Principal repaid	583,098	552,584
Some expenses reported 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:		
Accrued interest on long-term debt	1,237	3,606
Amortization of premiums and loss on advance refunding	3,203	3,203
Compensated absences	30,956	9,338
Net pension asset	(142,850)	142,850
Net pension liability	(160,091)	39,940
Deferred outflows of resources related to pensions	179,162	(52,246)
Deferred inflows of resources related to pensions	59,692	(155,366)
Net OPEB liability	3,481	(3,829)
Deferred outflows of resources related to other postemployment benefits	2,617	3,629
Deferred inflows of resources related to other postemployment benefits	(7,110)	(2,769)
Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13)	<u>\$ 704,555</u>	<u>\$ 562,992</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes					
General property	\$ 624,792	\$ 624,792	\$ 625,121	\$ 329	\$ 628,832
Mobile home parking fees	10,500	10,500	10,058	(442)	10,290
Payment in lieu of taxes	26,000	26,000	27,715	1,715	27,252
Interest on taxes	50	50	158	108	504
Total taxes	<u>661,342</u>	<u>661,342</u>	<u>663,052</u>	<u>1,710</u>	<u>666,878</u>
Intergovernmental					
State					
State shared taxes	237,422	237,422	237,430	8	240,230
Fire insurance dues	7,300	7,300	8,307	1,007	7,318
Tax exempt computer aid	16,725	16,725	16,864	139	5,018
Law enforcement	500	500	8,265	7,765	4,116
Highway safety grant	-	-	4,171	4,171	-
Highway aids	137,516	137,516	137,452	(64)	143,348
Payment for municipal services	350	350	382	32	386
Other	178	178	12,678	12,500	178
County					
Highways and bridges	2,000	2,000	2,000	-	2,000
Total intergovernmental	<u>401,991</u>	<u>401,991</u>	<u>427,549</u>	<u>25,558</u>	<u>402,594</u>
Licenses and permits					
Licenses					
Liquor and malt beverage	9,200	9,200	9,430	230	9,604
Operators, cigarette and other licenses	3,060	3,060	4,179	1,119	3,841
Cable television fees	22,000	22,000	26,132	4,132	29,585
Permits					
Building	14,000	14,000	17,022	3,022	17,334
Other permits and fees	1,000	1,000	2,000	1,000	1,120
Total licenses and permits	<u>49,260</u>	<u>49,260</u>	<u>58,763</u>	<u>9,503</u>	<u>61,484</u>
Fines and forfeits					
Court fines and penalties	16,000	16,000	17,275	1,275	14,193
Public charges for services					
Clerk's fees	7,000	7,000	8,546	1,546	11,526
Law enforcement fees	3,000	3,000	5,737	2,737	6,637
Public works	150	150	-	(150)	25
Parks	7,800	7,800	9,307	1,507	14,561
Recreation programs	8,300	8,300	9,929	1,629	8,997
Swimming	43,700	43,700	45,966	2,266	46,595
Total public charges for services	<u>69,950</u>	<u>69,950</u>	<u>79,485</u>	<u>9,535</u>	<u>88,341</u>

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
Miscellaneous					
Interest on investments	25,000	25,000	58,393	33,393	43,818
Rent	3,000	3,000	3,000	-	3,000
Insurance recoveries and dividends	-	-	235	235	725
Donations	1,000	1,000	33,512	32,512	18,715
Other	300	300	2,237	1,937	992
Total miscellaneous	<u>29,300</u>	<u>29,300</u>	<u>97,377</u>	<u>68,077</u>	<u>67,250</u>
Total revenues	<u>1,227,843</u>	<u>1,227,843</u>	<u>1,343,501</u>	<u>115,658</u>	<u>1,300,740</u>
EXPENDITURES					
General government					
Legislative	9,974	9,974	8,175	1,799	8,626
Committee/commission	3,220	3,220	15,692	(12,472)	2,923
Elections	5,374	5,374	3,869	1,505	7,501
Legal	16,500	16,500	30,271	(13,771)	17,145
Village administrator	59,603	59,603	56,608	2,995	59,543
Clerk	87,139	87,139	88,604	(1,465)	84,924
Administrative support	8,000	23,000	10,822	12,178	7,285
General office	38,356	48,046	38,503	9,543	35,754
Accounting and auditing	8,900	8,900	8,756	144	8,593
Treasury	71,267	71,267	71,784	(517)	70,771
Assessment of property	8,500	8,500	7,541	959	7,600
Insurance and bonds	34,500	34,500	29,925	4,575	31,251
Other general government	1,125	1,125	210	915	-
Total general government	<u>352,458</u>	<u>377,148</u>	<u>370,760</u>	<u>6,388</u>	<u>341,916</u>
Public safety					
Police department	454,219	454,219	473,961	(19,742)	413,934
Fire department	68,912	68,912	69,901	(989)	97,230
Ambulance	40,659	40,659	40,659	-	40,659
Inspection	12,600	12,600	15,443	(2,843)	15,871
Emergency government	300	300	2,979	(2,679)	124
Other public safety	2,250	2,250	327	1,923	1,125
Total public safety	<u>578,940</u>	<u>578,940</u>	<u>603,270</u>	<u>(24,330)</u>	<u>568,943</u>

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public works					
Street administration	36,757	36,757	34,961	1,796	33,162
Highway and street maintenance	198,126	198,126	184,718	13,408	186,473
Street lighting	38,000	38,000	35,195	2,805	35,287
Sidewalks	-	-	136	(136)	134
Sanitation	1,860	1,860	3,595	(1,735)	1,832
Total public works	<u>274,743</u>	<u>274,743</u>	<u>258,605</u>	<u>16,138</u>	<u>256,888</u>
Culture and recreation					
Parks - general	50,244	50,244	27,798	22,446	51,529
Recreation programs	32,127	32,127	31,338	789	29,338
Swimming pool	85,784	85,784	89,307	(3,523)	71,540
Total culture and recreation	<u>168,155</u>	<u>168,155</u>	<u>148,443</u>	<u>19,712</u>	<u>152,407</u>
Conservation and development					
Forestry	32,547	37,247	38,593	(1,346)	33,273
Economic development	10,000	10,000	4,687	5,313	9,856
Total conservation and development	<u>42,547</u>	<u>47,247</u>	<u>43,280</u>	<u>3,967</u>	<u>43,129</u>
Total expenditures	<u>1,416,843</u>	<u>1,446,233</u>	<u>1,424,358</u>	<u>21,875</u>	<u>1,363,283</u>
Excess of revenues over (under) expenditures	<u>(189,000)</u>	<u>(218,390)</u>	<u>(80,857)</u>	<u>137,533</u>	<u>(62,543)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	4,000	4,000	6,351	2,351	715
Transfers in	175,000	175,000	193,203	18,203	196,068
Transfers out	<u>(31,300)</u>	<u>(31,300)</u>	<u>(31,300)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>147,700</u>	<u>147,700</u>	<u>168,254</u>	<u>20,554</u>	<u>196,783</u>
Net change in fund balance	<u>(41,300)</u>	<u>(70,690)</u>	<u>87,397</u>	<u>158,087</u>	<u>134,240</u>
Fund balance - January 1	<u>990,592</u>	<u>990,592</u>	<u>990,592</u>	<u>-</u>	<u>856,352</u>
Fund balance - December 31	<u>\$ 949,292</u>	<u>\$ 919,902</u>	<u>\$ 1,077,989</u>	<u>\$ 158,087</u>	<u>\$ 990,592</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget		Actual	Variance	2018 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 161,787	\$ 161,787	\$ 161,787	\$ -	\$ 158,668
Intergovernmental	82,263	82,263	86,867	4,604	80,900
Public charges for services	4,000	4,000	4,245	245	4,158
Miscellaneous	7,450	7,450	143,572	136,122	50,759
Total revenues	255,500	255,500	396,471	140,971	294,484
EXPENDITURES					
Current					
Culture and recreation	253,300	253,300	258,231	(4,931)	237,837
Capital outlay	2,200	2,200	48,350	(46,150)	3,829
Total expenditures	255,500	255,500	306,581	(51,081)	241,666
Excess of revenues over (under) expenditures	-	-	89,890	89,890	52,819
Fund balance - January 1	-	-	117,222	117,222	64,403
Fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,112</u>	<u>\$ 207,112</u>	<u>\$ 117,222</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2019	2018
ASSETS					
Current assets					
Cash and investments	\$ 867,326	\$ 417,311	\$ 162,058	\$ 1,446,695	\$ 1,325,025
Receivables					
Accounts	287,265	85,989	12,068	385,322	435,505
Due from other funds	6,277	-	-	6,277	7,532
Inventories and prepaid items	142,555	1,416	312	144,283	149,599
Total current assets	1,303,423	504,716	174,438	1,982,577	1,917,661
Noncurrent assets					
Restricted assets					
Cash and investments	2,062,109	1,154,727	-	3,216,836	1,608,516
Other assets					
Net pension asset	-	-	-	-	82,439
Capital assets					
Nondepreciable	146,003	266,205	307,786	719,994	86,341
Depreciable	5,758,673	7,345,931	1,355,592	14,460,196	14,742,345
Total capital assets	5,904,676	7,612,136	1,663,378	15,180,190	14,828,686
Total assets	9,270,208	9,271,579	1,837,816	20,379,603	18,437,302
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	6,888	-	-	6,888	10,332
Pension related amounts	194,762	67,720	26,586	289,068	152,649
Other postemployment related amounts	2,827	979	392	4,198	2,094
Total deferred outflows of resources	204,477	68,699	26,978	300,154	165,075

Village of New Glarus, Wisconsin

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2018

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2019	2018
LIABILITIES					
Current liabilities					
Accounts payable	116,892	426	20	117,338	117,256
Accrued and other current liabilities	27,505	7,085	1,851	36,441	29,243
Due to other funds	193,203	-	-	193,203	196,068
Accrued interest payable	2,335	2,884	9,142	14,361	10,346
Current portion of long-term debt	67,624	20,000	37,508	125,132	79,621
Payable from restricted assets					
Current portion of long-term debt	296,946	379,513	-	676,459	606,358
Accrued interest payable	3,809	13,657	-	17,466	19,481
Total current liabilities	<u>708,314</u>	<u>423,565</u>	<u>48,521</u>	<u>1,180,400</u>	<u>1,058,373</u>
Long-term obligations, less current portion					
General obligation debt	303,967	520,000	550,000	1,373,967	326,528
Revenue bonds	2,135,001	3,352,019	124,992	5,612,012	4,769,032
Revenue bond anticipation notes	-	-	-	-	325,000
WPPI Energy notes payable	153,965	-	-	153,965	199,028
Debt premium	28,317	-	-	28,317	4,438
Compensated absences	90,519	9,104	1,111	100,734	99,281
Net pension liability	72,463	25,085	10,044	107,592	-
Other postemployment benefits	13,610	4,711	1,885	20,206	19,362
Total long-term liabilities	<u>2,797,842</u>	<u>3,910,919</u>	<u>688,032</u>	<u>7,396,793</u>	<u>5,742,669</u>
Total liabilities	<u>3,506,156</u>	<u>4,334,484</u>	<u>736,553</u>	<u>8,577,193</u>	<u>6,801,042</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	100,496	34,790	13,929	149,215	162,578
Other postemployment related amounts	4,469	1,547	619	6,635	1,597
Total deferred inflows of resources	<u>104,965</u>	<u>36,337</u>	<u>14,548</u>	<u>155,850</u>	<u>164,175</u>
NET POSITION					
Net investment in capital assets	4,422,201	3,340,604	950,878	8,713,683	8,580,239
Restricted	560,640	1,141,070	-	1,701,710	1,102,493
Unrestricted	880,723	487,783	162,815	1,531,321	1,954,428
Total net position	<u>\$ 5,863,564</u>	<u>\$ 4,969,457</u>	<u>\$ 1,113,693</u>	<u>\$ 11,946,714</u>	<u>\$ 11,637,160</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2019	2018
OPERATING REVENUES					
Charges for services	\$ 3,091,992	\$ 875,640	\$ 134,539	\$ 4,102,171	\$ 4,053,221
Other	33,241	39,519	-	72,760	47,092
Total operating revenues	<u>3,125,233</u>	<u>915,159</u>	<u>134,539</u>	<u>4,174,931</u>	<u>4,100,313</u>
OPERATING EXPENSES					
Operation and maintenance	2,362,562	428,320	70,816	2,861,698	2,850,156
Depreciation	285,125	368,136	30,572	683,833	672,592
Taxes	26,610	-	-	26,610	24,646
Total operating expenses	<u>2,674,297</u>	<u>796,456</u>	<u>101,388</u>	<u>3,572,141</u>	<u>3,547,394</u>
Operating income	<u>450,936</u>	<u>118,703</u>	<u>33,151</u>	<u>602,790</u>	<u>552,919</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	38,497	44,484	5,461	88,442	61,912
Gain (loss) on disposal of capital assets	-	-	-	-	26,436
Interest and fiscal charges	(79,275)	(92,462)	(19,856)	(191,593)	(143,615)
Amortization of debt discount/premium	(2,852)	-	-	(2,852)	(2,852)
Other nonoperating revenues (expenses)	-	-	5,350	5,350	4,789
Total nonoperating revenues (expenses)	<u>(43,630)</u>	<u>(47,978)</u>	<u>(9,045)</u>	<u>(100,653)</u>	<u>(53,330)</u>
Income before contributions and transfers	407,306	70,725	24,106	502,137	499,589
Capital contributions	620	-	-	620	5,376
Transfers out	(190,866)	(2,337)	-	(193,203)	(196,068)
Change in net position	217,060	68,388	24,106	309,554	308,897
Net position - January 1	<u>5,646,504</u>	<u>4,901,069</u>	<u>1,089,587</u>	<u>11,637,160</u>	<u>11,328,263</u>
Net position - December 31	<u>\$ 5,863,564</u>	<u>\$ 4,969,457</u>	<u>\$ 1,113,693</u>	<u>\$ 11,946,714</u>	<u>\$ 11,637,160</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2019

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,168,253	\$ 921,609	\$ 135,252	\$ 4,225,114	\$ 3,996,557
Cash paid for services provided	-	(13,071)	(2,400)	(15,471)	(20,367)
Cash paid for employee wages and benefits	(251,516)	(153,498)	(53,473)	(458,487)	(466,222)
Cash paid to suppliers	(2,084,911)	(249,517)	(10,060)	(2,344,488)	(2,411,152)
Net cash provided by operating activities	831,826	505,523	69,319	1,406,668	1,098,816
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenues	-	-	5,350	5,350	4,789
Transfer out	(193,731)	(2,337)	-	(196,068)	(174,556)
Net cash provided (used) by noncapital financing activities	(193,731)	(2,337)	5,350	(190,718)	(169,767)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(469,415)	(268,047)	(307,786)	(1,045,248)	(350,259)
Capital contributions	-	-	-	-	4,540
Sale of capital assets	-	-	-	-	26,436
Proceeds for long-term debt	1,785,000	540,000	320,000	2,645,000	-
Premium for issuance of long-term debt	26,418	-	-	26,418	-
Principal paid on long-term debt	(292,861)	(696,357)	(21,761)	(1,010,979)	(697,263)
Interest paid on long-term debt	(78,937)	(91,858)	(18,798)	(189,593)	(146,649)
Net cash used by capital and related financing activities	970,205	(516,262)	(28,345)	425,598	(1,163,195)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	38,497	44,484	5,461	88,442	61,912
Change in cash and investments	1,646,797	31,408	51,785	1,729,990	(172,234)
Cash and investments - January 1	1,282,638	1,540,630	110,273	2,933,541	3,105,775
Cash and investments - December 31	<u>\$ 2,929,435</u>	<u>\$ 1,572,038</u>	<u>\$ 162,058</u>	<u>\$ 4,663,531</u>	<u>\$ 2,933,541</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018**

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 450,936	\$ 118,703	\$ 33,151	\$ 602,790	\$ 552,919
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	285,125	368,136	30,572	683,833	672,592
Depreciation charged to sewer utility	10,531	-	-	10,531	5,791
Change in net pension liability (asset)	129,244	45,148	15,639	190,031	(104,393)
Change in deferred outflow of resources - pension related amounts	(90,076)	(30,873)	(15,470)	(136,419)	20,475
Change in deferred inflow of resources - pension related amounts	(11,482)	(4,776)	2,895	(13,363)	93,127
Change in net other postemployment benefits liability (asset)	274	(1)	571	844	2,209
Change in deferred outflow of resources - other postemployment related amounts	(1,385)	(469)	(250)	(2,104)	(2,094)
Change in deferred inflow of resources - other postemployment related amounts	3,369	1,158	511	5,038	1,597
Change in operating assets and liabilities					
Accounts receivables	43,020	6,450	713	50,183	(103,756)
Due from other funds	1,255	-	-	1,255	1,255
Inventories and prepaid items	5,421	(85)	(20)	5,316	(7,893)
Accounts payable	(234)	325	(9)	82	(29,829)
Accrued and other current liabilities	5,057	1,278	863	7,198	1,286
Compensated absences	771	529	153	1,453	(4,470)
Net cash provided by operating activities	<u>\$ 831,826</u>	<u>\$ 505,523</u>	<u>\$ 69,319</u>	<u>\$ 1,406,668</u>	<u>\$ 1,098,816</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	\$ 867,326	\$ 417,311	\$ 162,058	\$ 1,446,695	\$ 1,325,025
Cash and cash equivalents in restricted assets	2,062,109	1,154,727	-	3,216,836	1,608,516
Total cash and investments	<u>\$ 2,929,435</u>	<u>\$ 1,572,038</u>	<u>\$ 162,058</u>	<u>\$ 4,663,531</u>	<u>\$ 2,933,541</u>
Noncash capital and related financing activities					
None					

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2019**

	<u>Tax Collection</u>
ASSETS	
Cash and investments	\$ 1,445,715
Taxes receivable	<u>1,921,567</u>
Total assets	<u>\$ 3,367,282</u>
LIABILITIES	
Due to other governments	<u>\$ 3,367,282</u>

The notes to the basic financial statements are an integral part of this statement.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of New Glarus, Wisconsin (the "Village"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

A. REPORTING ENTITY

The Village is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village and any separate component units that have a significant operational or financial relationship with the Village. The Village has identified the following component unit that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Village of New Glarus Community Development Authority (CDA)

The Authority is organized as a legally separate organization under Section 66.431 of the State of Wisconsin Statutes for the purpose of blight elimination, urban renewal programs and projects, and housing projects. The board of the Authority consists of two Village trustees and five community members who are appointed by the Village President. Wisconsin statutes provide for circumstances whereby the Village can impose its will on the Authority, and also create a potential financial benefit to or burden on the Village. All Authority activity is approved by the Village. As a component unit, the CDA's financial activity is presented as a blended component unit in the basic financial statements.

B. JOINT VENTURE

The Village and the Townships of Primrose, Perry, York, and New Glarus jointly operate the local fire district, which is called the New Glarus Fire District (the "District"). The communities share in the annual operation of the District based upon equalized value of property served by the District.

The governing body is made up of citizens for each community. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village believes that the District will continue to provide services in the future at similar rates.

Financial information of the District as of December 31, 2019 is available directly from the District's office. Payments for the year to the District totaled \$280,385 and are recorded as expenditures in the Village's basic financial statements. Transactions of the District are not reported in the Village's basic financial statements.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary fund. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. 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

This is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Library Fund

This fund accounts for the operation of the Library. Significant revenues of the fund are property taxes and donations.

Debt Service Fund

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds, except for general obligation debt of the Village's Tax Incremental District Nos. 3 and 4.

General Capital Projects Fund

This fund accounts for the resources accumulated and payments made for capital projects of the general government, except those related to sidewalks and those related to the Village's Tax Incremental District Nos. 3 and 4.

The Village reports the following major enterprise funds:

Light and Water Utility

The light and water utility accounts for the financing of the construction, operation, and maintenance of the Village owned light and water facilities.

Wastewater Utility

The wastewater utility accounts for financing of the construction, operation, and maintenance of the Village owned sewage facilities.

Additionally, the Village accounts for property taxes collected on behalf of other governments in an agency fund.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's light, water, wastewater and stormwater functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Village's proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

2. Property Taxes Receivable

Property taxes consist of taxes on real estate and personal property assessed against Village properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special assessments are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village. Special assessments placed on the tax roll not paid by January 31 are held in trust by the County and remitted to the Village, including interest, when collected by the County.

In addition to its levy, the Village also levies and collects taxes for the School District of New Glarus, Green County and Madison Area Technical College. The Village has contracted with Green County to collect property taxes on behalf of the Village. Collections and remittances of taxes for other entities are accounted for in the Village's general fund.

3. Accounts Receivable

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

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2018 tax roll are recognized as revenue in 2019.)

5. Loans Receivable

The Village started a revolving loan fund from the proceeds received from the closure of TID No. 2 for economic development and housing rehabilitation loan programs and has passed the funds to various businesses and individuals in the form of loans. The Village records a loan receivable and expenditure when the loan has been made and the funds disbursed. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements. In the governmental funds, the Village records a deferred inflow of resources for the net amount of the receivable. As the loans are repaid, revenue is recognized. Any unspent loan proceeds are presented as committed fund balance in the fund financial statements.

6. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

7. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

8. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 for general capital assets and \$20,000 for infrastructure and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities Years	Business-type Activities Years
Land improvements	30	-
Buildings and improvements	50 - 60	50 - 60
Machinery and equipment	5 - 25	5 - 25
Infrastructure	30 - 100	30 - 100

10. Compensated Absences

It is the Village's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

11. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Village reports unavailable revenues for special assessments and loan receivables. These inflows are recognized as revenues in the government-wide financial statements.

12. Long-term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

13. Pensions

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

14. Other Postemployment Benefits Other Than Pensions (OPEB)

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

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- ▶ **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- ▶ **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- ▶ **Assigned fund balance.** Amounts that are constrained for specific purposes by action of Village management. The Village Board has authorized the Administrator and Clerk-Treasurer to jointly assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- ▶ **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

F. SALES TAX

The Village collects sales tax from certain customers and remits the entire amount to the appropriate governmental entities. The Village's accounting policy is to exclude the tax collected and remitted from revenues and cost of sales.

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

H. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Village's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except for the sidewalk maintenance capital projects fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds adopting a budget.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
5. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2019.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village had the following excess expenditures over appropriations for the fiscal year ended December 31, 2019:

<u>Funds</u>	<u>Excess Expenditures</u>
Room tax	\$ 15,466
Debt service	5,040
Employee payout	29,537
Tax incremental district no. 3	20,714
Tax incremental district no. 4	30,027
Library	51,081
Chalet museum	1,308
Waste management	23,792
Revolving loan	9,944

C. DEFICIT FUND EQUITY

The following fund had deficit fund balance or net position as of December 31, 2019:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Tax incremental district no. 4	\$ 52,186

The Village anticipates future tax increments will finance the deficit of tax incremental district no. 4.

D. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2019 and 2020 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2019 budget was 2.39%. The actual limit for the Village for the 2020 budget was 1.07%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments".

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$9,463,317 on December 31, 2019 as summarized below:

Petty cash and cash on hand	\$ 625
Deposits with financial institutions	9,462,692
	<u>\$ 9,463,317</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 4,800,766
Restricted cash and investments	3,216,836
Fiduciary Fund statement of net position	
Agency fund	1,445,715
	<u>\$ 9,463,317</u>

Fair Value Measurements

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 observable inputs; Level 3 inputs are significant unobservable inputs. The Village currently has no investments that are subject to fair value measurement.

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit policy.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2019, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits or uncollateralized.

B. RESTRICTED ASSETS

Restricted assets on December 31, 2019 totaled \$3,216,836 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Funds		
Light and Water Utility		
Capital Projects	\$ 1,496,457	Used to segregate resources for future capital projects in accordance with bond requirements
Debt retirement	304,531	Used to segregate resources accumulated for debt service payments
Debt reserve	259,395	Used to segregate resources set aside to comply with bond covenants
Impact fees	1,726	To account for impact fees collected and held by the Village to finance system improvements
Total Light and Water Utility	<u>2,062,109</u>	
Wastewater Utility		
Debt retirement	292,941	Used to segregate resources accumulated for debt service payments
Debt reserve	61,985	Used to segregate resources set aside to comply with bond covenants
Replacement account	796,246	Used to segregate resources accumulated for plant repairs and replacement.
Sewer connection account	3,555	Used to account for fees collected for new sewer services, set aside for costs of upgrading system.
Total Wastewater Utility	<u>1,154,727</u>	
Total	<u><u>\$ 3,216,836</u></u>	

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 1,963,232	\$ -	\$ -	\$ 1,963,232
Collection	25,263	-	-	25,263
Construction in progress	70,149	433,613	-	503,762
Total capital assets, nondepreciable	<u>2,058,644</u>	<u>433,613</u>	<u>-</u>	<u>2,492,257</u>
Capital assets, depreciable:				
Land improvements	78,960	12,066	-	91,026
Buildings and improvements	1,617,668	-	-	1,617,668
Machinery and equipment	1,353,397	287,454	55,795	1,585,056
Infrastructure	10,055,747	-	-	10,055,747
Subtotals	<u>13,105,772</u>	<u>299,520</u>	<u>55,795</u>	<u>13,349,497</u>
Less accumulated depreciation for:				
Land improvements	44,744	3,101	-	47,845
Buildings and improvements	775,929	35,185	-	811,114
Machinery and equipment	982,142	73,725	55,795	1,000,072
Infrastructure	3,940,047	176,767	-	4,116,814
Subtotals	<u>5,742,862</u>	<u>288,778</u>	<u>55,795</u>	<u>5,975,845</u>
Total capital assets, depreciable, net	<u>7,362,910</u>	<u>10,742</u>	<u>-</u>	<u>7,373,652</u>
Governmental activities capital assets, net	<u>\$ 9,421,554</u>	<u>\$ 444,355</u>	<u>\$ -</u>	9,865,909
Less: Capital related debt				(5,773,897)
Less: Debt premium				(80,124)
Add: Deferred charge on refunding				<u>55,505</u>
Net investment in capital assets				<u>\$ 4,067,393</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 56,182	\$ -	\$ -	\$ 56,182
Construction in progress	30,159	673,355	39,702	663,812
Total capital assets, nondepreciable	<u>86,341</u>	<u>673,355</u>	<u>39,702</u>	<u>719,994</u>
Capital assets, depreciable:				
Buildings and improvements	5,756,998	-	-	5,756,998
Machinery and equipment	5,202,742	109,501	36,470	5,275,773
Infrastructure	11,712,311	302,775	26,121	11,988,965
Subtotals	<u>22,672,051</u>	<u>412,276</u>	<u>62,591</u>	<u>23,021,736</u>
Less accumulated depreciation for:				
Buildings and improvements	1,661,510	149,829	-	1,811,339
Machinery and equipment	2,440,652	280,167	36,470	2,684,349
Infrastructure	3,827,544	264,429	26,121	4,065,852
Subtotals	<u>7,929,706</u>	<u>694,425</u>	<u>62,591</u>	<u>8,561,540</u>
Total capital assets, depreciable, net	<u>14,742,345</u>	<u>(282,149)</u>	<u>-</u>	<u>14,460,196</u>
Business-type activities capital assets, net	<u>\$ 14,828,686</u>	<u>\$ 391,206</u>	<u>\$ 39,702</u>	15,180,190
Less: Capital related debt				(6,443,131)
Less: Debt premium				(30,264)
Add: Deferred charge on refunding				<u>6,888</u>
Net investment in capital assets				<u>\$ 8,713,683</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Depreciation expense was charged to functions of the Village as follows:

Governmental activities	
General government	\$ 19,592
Public safety	37,904
Public works	200,952
Culture and recreation	30,330
Total depreciation expense - governmental activities	<u>\$ 288,778</u>
Business-type activities	
Light utility	\$ 185,537
Water utility	99,588
Sewer utility	368,136
Stormwater management	30,572
Total depreciation expense - business-type activities	<u>683,833</u>
Depreciation charged to other accounts and salvage	10,592
Increase in accumulated depreciation	<u>\$ 694,425</u>

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2019 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 9,537	\$ -
TIF district no. 4	-	9,537
	<u>9,537</u>	<u>9,537</u>
Operating activity between funds		
Governmental funds		
General	193,203	-
Debt service	-	6,277
Enterprise fund		
Light and water utility	6,277	193,203
Subtotal	<u>199,480</u>	<u>199,480</u>
Totals	<u>\$ 209,017</u>	<u>\$ 209,017</u>

The Village's governmental funds were allocated a portion of the WPPI Energy Notes Payable and an interfund advance was established. Annual principal maturities on the advance follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2020	\$ 1,255
2021	1,255
2022	1,255
2023	1,255
2024	1,257
	<u>\$ 6,277</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

Funds	Transfer In	Transfer Out
General	\$ 193,203	\$ 31,300
Tax incremental district no. 3	-	20,000
Tax incremental district no. 4	20,000	20,000
Revolving loan	20,000	-
General capital projects	31,300	-
Light and water utility	-	190,866
Wastewater utility	-	2,337
	\$ 264,503	\$ 264,503

Interfund transfers were made for the following purpose:

Tax equivalent payment made by light and water utility to general fund	\$ 190,866
Tax equivalent payment made by wastewater utility to general fund	2,337
Transfer by general fund to capital project fund for project funding	31,300
Transfer by TID #3, as donor fund, to TID #4	20,000
Transfer by TID #4 to economic development fund allowable by WI Statute	20,000
	\$ 264,503

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2019:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Debt					
Bonds	\$ 3,790,674	\$ 445,000	\$ 332,202	\$ 3,903,472	\$ 397,439
Notes from direct borrowings and placements	778,195	175,472	141,293	812,374	108,431
State trust fund loans from direct borrowings and placements	222,654	-	9,603	213,051	9,941
Total general obligation debt	<u>4,791,523</u>	<u>620,472</u>	<u>483,098</u>	<u>4,928,897</u>	<u>515,811</u>
Revenue bonds	945,000	-	100,000	845,000	100,000
Debt premium	92,451	-	12,327	80,124	12,327
Compensated absences	150,135	10,056	41,012	119,179	-
Governmental activities Long-term obligations	<u>\$ 5,979,109</u>	<u>\$ 630,528</u>	<u>\$ 636,437</u>	<u>\$ 5,973,200</u>	<u>\$ 628,138</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 339,326	\$ 1,105,000	\$ 12,798	\$ 1,431,528	\$ 57,561
Revenue bonds	1,125,000	1,540,000	235,000	2,430,000	295,000
Revenue bonds from direct borrowings and placements	4,272,150	-	393,118	3,879,032	402,020
Revenue bond anticipation notes	325,000	-	325,000	-	-
WPPI energy notes payable from direct borrowings and placements	244,091	-	45,063	199,028	45,063
Debt premium	4,438	26,418	592	30,264	1,947
Compensated absences	99,281	1,453	-	100,734	-
Business-type activities Long-term obligations	<u>\$ 6,409,286</u>	<u>\$ 2,672,871</u>	<u>\$ 1,011,571</u>	<u>\$ 8,070,586</u>	<u>\$ 801,591</u>

Total interest paid during the year on long-term debt totaled \$338,882.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
General obligation promissory note	01/29/16	01/29/26	3.20%	\$ 210,000	\$ 186,267
State trust fund loan	02/09/16	03/15/35	3.75%	240,000	213,051
General obligation note	05/25/16	08/15/26	2.80%	430,000	315,071
General obligation note	09/22/16	09/22/23	2.75%	141,000	33,980
General obligation note	06/30/18	06/30/24	2.75%	125,000	101,584
General obligation promissory note	10/18/19	10/01/29	2.37%	175,472	175,472

Total outstanding general obligation debt from direct borrowing and direct placement \$1,025,425

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/19</u>
General obligation refunding bond	07/06/10	06/01/26	2.70 - 4.25%	\$ 935,000	\$ 535,000
General obligation corporate purpose bond	04/09/14	02/01/32	2.00 - 3.95%	1,000,000	750,000
General obligation corporate purpose bond	05/18/15	02/01/35	3.00 - 3.38%	3,315,000	2,500,000
General obligation corporate purpose bond	05/07/19	05/01/27	3.00 - 4.00%	1,550,000	1,550,000

Total outstanding general obligation debt \$5,335,000

Annual principal and interest maturities of the outstanding general obligation debt of \$6,360,425 on December 31, 2019 are detailed below:

Year Ended December 31,	Governmental Activities					
	Bonded Debt		Dirrect Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 397,440	\$ 119,550	\$ 118,372	\$ 31,989	\$ 515,812	\$ 151,539
2021	383,150	107,360	114,874	28,760	498,024	136,120
2022	383,387	95,349	103,868	25,282	487,255	120,631
2023	378,387	83,242	106,840	21,718	485,227	104,960
2024	378,624	71,061	91,536	18,081	470,160	89,142
2025-2029	1,247,485	202,085	395,061	44,816	1,642,546	246,901
2030-2034	685,000	55,367	77,571	12,192	762,571	67,559
2035	50,000	844	17,302	649	67,302	1,493
	<u>\$ 3,903,473</u>	<u>\$ 734,858</u>	<u>\$ 1,025,424</u>	<u>\$ 183,487</u>	<u>\$ 4,928,897</u>	<u>\$ 918,345</u>

Year Ended December 31,	Business-type Activities			
	Bonded Debt		Totals	
	Principal	Interest	Principal	Interest
2020	\$ 57,561	\$ 44,715	\$ 573,373	\$ 196,254
2021	111,850	41,674	609,874	177,794
2022	106,613	37,647	593,868	158,278
2023	116,613	33,936	601,840	138,896
2024	116,376	30,441	586,536	119,583
2025-2029	597,515	98,867	2,240,061	345,768
2030-2034	325,000	17,755	1,087,571	85,314
2035	-	-	67,302	1,493
	<u>\$ 1,431,528</u>	<u>\$ 305,034</u>	<u>\$ 6,360,425</u>	<u>\$ 1,223,379</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

The Village's outstanding notes from direct borrowings and direct placements related to governmental activities of \$812,374 contain a provision that in an event of default, outstanding amounts become immediately due if the Village is unable to make payment.

The Village's outstanding notes from direct borrowings related to governmental activities of \$231,051 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2019 was \$4,089,941 as follows:

Equalized valuation of the Village		\$ 206,538,000
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>10,326,900</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 6,360,425	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>123,466</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>6,236,959</u>
Legal margin for new debt		<u>\$ 4,089,941</u>

The Village intends that its general obligation debt will not exceed 75% of the above limitation or \$7,754,175. As of December 31, 2019, general obligation debt is \$1,508,216 below the Village limitation.

Revenue Bond Anticipation Notes

Bond anticipation notes do not constitute a general obligation of the Village and no lien is created upon any property of the Village as a result of the issuance of the notes. The notes are payable only from (a) proceeds of the notes set aside for payment of interest; (b) proceeds of the securities issued pursuant to Wisconsin Statutes, Chapter 67, which the Village has covenanted to issue in such amount and at such time as may be necessary to retire the then outstanding notes and (c) from other available funds as may be appropriated by the Village. Bond anticipation were refunded in the current year.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Revenue Bonds

Revenue bonds outstanding on December 31, 2019 totaled \$7,154,032 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
Clean water revenue bond	07/23/08	05/01/28	2.20%	\$ 7,382,420	\$3,731,532
Revenue obligation trust fund loan	06/09/15	03/15/25	0.035	232,053	147,500

Total outstanding revenue bonds from direct borrowing and direct placements \$3,879,032

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
Community development revenue refunding bonds	07/06/10	12/01/26	2.70 - 4.30%	\$ 1,520,000	\$ 845,000
Water and electric system revenue refunding bonds	07/10/13	05/01/21	1.10 - 2.30%	1,630,000	425,000
Water and electric revenue bonds	04/21/15	05/01/30	2.50 - 3.00%	565,000	465,000
Water and electric system revenue refunding bonds	12/19/19	05/01/39	2.38-3.00%	1,540,000	1,540,000
Total outstanding revenue bonds					<u>\$3,275,000</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$7,154,032 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-type Activities					
	Bonded Debt		Direct Borrowings		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 295,000	\$ 55,115	\$ 402,020	\$ 82,954	\$ 697,020	\$ 138,069
2021	300,000	53,606	411,156	73,727	711,156	127,333
2022	90,000	48,634	420,489	64,300	510,489	112,934
2023	105,000	45,851	430,038	54,656	535,038	100,507
2024	115,000	42,731	439,802	44,794	554,802	87,525
2025-2029	610,000	161,831	1,775,527	78,785	2,385,527	240,616
2030-2034	450,000	86,006	-	-	450,000	86,006
2035-2039	465,000	31,434	-	-	465,000	31,434
	<u>\$ 2,430,000</u>	<u>\$ 525,208</u>	<u>\$ 3,879,032</u>	<u>\$ 399,216</u>	<u>\$ 6,309,032</u>	<u>\$ 924,424</u>

Year Ended December 31,	Governmental Activities			
	Bonded Debt		Totals	
	Principal	Interest	Principal	Interest
2020	\$ 100,000	\$ 34,493	\$ 797,020	\$ 172,562
2021	120,000	30,743	831,156	158,076
2022	125,000	26,063	635,489	138,997
2023	125,000	21,063	660,038	121,570
2024	125,000	15,938	679,802	103,463
2025-2029	250,000	16,063	2,635,527	256,679
2030-2034	-	-	450,000	86,006
2035-2039	-	-	465,000	31,434
	<u>\$ 845,000</u>	<u>\$ 144,360</u>	<u>\$ 7,154,032</u>	<u>\$ 1,068,784</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

The Villages' outstanding notes from direct borrowings related to business type activities of \$3,731,532 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the Village or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

Utility Revenues Pledged

The Village has pledged future water, electric, stormwater and wastewater customer revenues, net of specified operating expenses, to repay water and electric system revenue bonds, stormwater revenue bonds, and clean water fund revenue bond (wastewater system). Proceeds from the bonds provided financing for the construction or acquisition of capital assets used with the systems. The bonds are payable solely from water, electric, stormwater and wastewater customer net revenues and are payable through 2039. The total principal and interest remaining to be paid on the bonds is \$7,233,456. Principal and interest paid for the current year and total customer net revenues were as follows:

	Water and Electric	Wastewater	Stormwater
Customer net revenues	\$ 736,061	\$ 486,839	\$ 63,723
Principal and interest payments	259,478	457,380	27,684
Remaining payments	2,955,209	4,112,140	166,107

WPPI Energy Notes Payable

The Village has entered into a \$450,629 loan agreement with WPPI Energy, a Wisconsin municipal electric utility and provider of the Village's purchased power, to support renewable energy projects and energy efficiency projects. The loan agreement was dated May 6, 2014 and does not bear interest, unless the Village becomes delinquent. Monthly principal payments of \$3,755 are due through May 28, 2024. Annual principal maturities of the outstanding WPPI Energy notes payable of \$199,028 on December 31, 2019 are detailed below:

Year Ended December 31,	Business-Type Activities Principal
2020	\$ 45,063
2021	45,063
2022	45,063
2023	45,063
2024	18,776
	<u>\$ 199,028</u>

F. PENSION PLANS

Wisconsin Retirement System

1. 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

2. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

3. Contributions

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

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

During the year ended December 31, 2019, the WRS recognized \$77,626 in contributions from the Village.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Village reported a liability of \$267,683 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was .00752409%, which was a decrease of .00006365% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$181,679.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 208,484	\$ 368,527
Net differences between projected and actual earnings on pension plan investments	390,934	-
Changes in assumptions	45,121	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,311	2,711
Employer contributions subsequent to the measurement date	77,626	-
Total	<u>\$ 725,476</u>	<u>\$ 371,238</u>

\$77,626 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2020	\$ 101,052
2021	25,771
2022	43,253
2023	106,536
Total	<u>\$ 276,612</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

5. 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, 2017
Measurement Date of Net Pension Liability (Asset):	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%*

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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:

	Current Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>			
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9%	6.5%	3.9%
Private Equity/Debt	8%	9.4%	6.7%
Multi-asset	4%	6.7%	4.1%
Total Core Fund	110%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.6%	5.0%
International Equities	30%	8.5%	5.9%
Total Variable Fund	100%	8.0%	5.4%

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 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 1,063,802	\$ 267,683	\$ (324,292)

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>.

6. Payables to the Pension Plan

At December 31, 2019, the Village reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2019.

Defined Contribution Pension Plan

The Village contributes to the Service Award Program (SAP), a defined contribution pension plan, for its volunteer firefighters, first responders and emergency medical technicians. SAP is administered by PENFLEX INC.

The Village determines annually the amount it will contribute on behalf of each individual in the program. Participants are fully vested to receive a service award once he or she attains 15 years of service for a municipality and paid a service award upon reaching age of 60. A participant who has discontinued providing eligible service after performing a minimum 10 years of service shall be partially vested and may elect to receive a partial service award at any time after reaching age 53. Nonvested accounts are forfeited if the individual ceases to perform creditable service for a period of 12 months or more and distributed equally among all other open accounts sponsored by the participating municipality at the time of the forfeiture.

For the year ended December 31, 2019, the Village contributed \$13,790 to the plan, and the Village recognized pension expense of \$3,448.

G. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

Benefits Provided

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

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Contributions

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

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

Contribution rates as of December 31, 2019 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2019 are listed below:

Life Insurance Employee Contribution Rates For the Year Ended December 31, 2018	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the year ended December 31, 2019, the LRLIF recognized \$382 in contributions from the employer.

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

At December 31, 2019, the Village reported a liability of \$50,278 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.019485%, which was an increase of 0.001897% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$5,163.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,550
Net differences between projected and actual earnings on OPEB plan investments	1,201	-
Changes in assumptions	4,797	10,898
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,446	3,066
Total	<u>\$ 10,444</u>	<u>\$ 16,514</u>

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

<u>Year Ended December 31,</u>	<u>Expense</u>
2020	\$ (822)
2021	(822)
2022	(822)
2023	(991)
2024	(1,164)
Thereafter	(1,449)
Total	<u>\$ (6,070)</u>

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

Actuarial valuation date:	January 01, 2018
Measurement date of net OPEB liability (asset):	December 31, 2018
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	4.10%
Long-term expected rate of return:	5.00%
Discount rate:	4.22%
Salary increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and spate rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-term Expected Geometric Real Rate of Return %</u>
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the Village's proportionate share of net OPEB liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 4.22%, as well as what the Village's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22%) or 1-percentage-point higher (5.22%) than the current rate:

	<u>1% Decrease to Discount Rate (3.22%)</u>	<u>Current Discount Rate (4.22%)</u>	<u>1% Increase to Discount Rate (5.22%)</u>
Village's proportionate share of the net OPEB liability (asset)	\$ 71,524	\$ 50,278	\$ 33,892

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

Payable to the OPEB Plan

At December 31, 2019, the Village reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2019.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

H. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2019, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Prepaid items	\$ 10,835
	<hr/>
Special Revenue Funds	
Nonspendable	
Library	3,721
	<hr/>
Capital Projects Funds	
Nonspendable	
Tax incremental district No. 4	80
	<hr/>
Total nonspendable fund balance	<u>\$ 14,636</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2019, restricted fund balance was as follows:

Debt Service Fund	
Restricted for	
Retirement of long-term debt	\$ 123,466
	<hr/>
Capital Projects Fund	
Restricted for	
Tax incremental district no. 3	702,902
	<hr/>
Total restricted fund balance	<u>\$ 826,368</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2019, General Fund balance was committed as follows:

General Fund	
Committed for	
Capital outlays	\$ 14,889
	<hr/>
Special Revenue Funds	
Committed for	
Room tax	12,616
Revolving loan fund	83,182
Subtotal	<hr/> 95,798 <hr/>
Total committed fund balance	<u>\$ 110,687</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2019, fund balance was assigned as follows:

General Fund		
Assigned for		
Public safety	\$	45,135
Culture and recreation		8,915
Subtotal		<u>54,050</u>
Special Revenue Funds		
Assigned for		
Library		203,391
Chalet museum		2,170
Employee payout		52,763
Waste management		21,258
Subtotal		<u>279,582</u>
Capital Projects Funds		
Assigned for		
Capital projects		352,930
Sidewalk maintenance		20,377
Subtotal		<u>373,307</u>
Total assigned fund balance	\$	<u>706,939</u>

Minimum General Fund Balance Policy

The Village Board has adopted a policy that requires the Village to retain a minimum general fund balance for operating purposes to be 10% of the total current year budgeted expenditures. General Fund operating expenditures as well as a minimum general fund balance for capital purposes to be 15% of the total current year budgeted General Fund operating expenditures:

General Fund		
Operating reserve	\$	144,623
Working capital reserve		216,935
	\$	<u>361,558</u>

The Village's unassigned general fund balance of \$998,215 is above the minimum fund balance amount.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

Net Position

The Village reports restricted net position at December 31, 2019 as follows:

Governmental Activities

Restricted for	
Tax incremental district projects	\$ 702,902
Debt service	60,779
Total governmental activities restricted net position	<u>763,681</u>

Business-type Activities

Restricted for	
Debt service	905,464
Capital projects	796,246
Total Business-type Activities Restricted Net Position	<u>1,701,710</u>

Total restricted net position	<u>\$ 2,465,391</u>
-------------------------------	---------------------

NOTE 4: OTHER INFORMATION

A. TAX INCREMENTAL FINANCING DISTRICTS

The Village has established separate capital projects funds for Tax Incremental District (TID) No. 3 and No. 4 which were created by the Village in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was “frozen” and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Village to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Village’s Districts are still eligible to incur project costs.

Since creation of the above Districts, the Village has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Village from any future excess tax increment revenues. As of December 31, 2019, the Village can recover \$933,826 from future excess tax increment revenues of the following:

	Recoverable Costs
TID No. 3	\$ 677,099
TID No. 4	256,727

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 3	2026
TID No. 4	2042

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2019

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage. Insurance settlements have not exceeded insurance coverage in any of the past three years nor has there been any significant reduction in insurance coverage compared to the prior year.

C. CONTINGENCIES

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

D. ENTERPRISE FUNDS - SIGNIFICANT CUSTOMERS

The water utility has one significant customer who is responsible for 8% of operating revenues in 2019. The wastewater utility has one significant customer who was responsible for 14% of operating revenues in 2019. The electric utility has one significant customer who is responsible for 16% of operating revenues in 2019.

E. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after June 15, 2021. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

F. SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes The Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

REQUIRED SUPPLEMENTARY INFORMATION

Village of New Glarus, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.00783528%	\$ (192,457)	\$ 952,140	20.21%	102.74%
12/31/15	0.00762865%	123,963	946,576	13.10%	98.20%
12/31/16	0.00750925%	61,894	1,009,364	6.13%	99.12%
12/31/17	0.00758774%	(225,289)	1,018,289	22.12%	102.93%
12/31/18	0.00752409%	267,683	980,446	27.30%	96.45%

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (fiscal year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 73,784	\$ 73,784	\$ -	\$ 946,576	7.79%
12/31/16	73,566	73,566	-	1,009,364	7.29%
12/31/17	78,822	78,822	-	1,018,289	7.74%
12/31/18	73,800	73,800	-	980,446	7.53%
12/31/19	77,626	77,626	-	1,021,198	7.60%

See notes to required supplementary information.

Village of New Glarus, Wisconsin

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered-Employee Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/17	0.01758800%	\$ 52,915	\$ 739,626	7.15%	44.81%
12/31/18	0.01948500%	50,278	906,000	5.55%	48.69%

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/18	\$ 375	\$ 375	\$ -	\$ 906,000	0.04%
12/31/19	382	382	-	913,088	0.04%

See notes to required supplementary information.

Village of New Glarus, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019

A. WISCONSIN LOCAL RETIREE LIFE INSURANCE

There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates.

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

B. WISCONSIN RETIREMENT SYSTEM

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates.

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

SUPPLEMENTARY INFORMATION

Village of New Glarus, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019**

	Special Revenue				
	Chalet Museum	Room Tax	Revolving Loan	Employee Payout	Waste Management
ASSETS					
Cash and investments	\$ 5,825	\$ 12,616	\$ 83,182	\$ 57,056	\$ 79,654
Receivables					
Property taxes	4,851	-	-	5,707	77,314
Loans	-	-	46,630	-	-
Prepaid items	-	-	-	-	-
Total assets	\$ 10,676	\$ 12,616	\$ 129,812	\$ 62,763	\$ 156,968
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 6	\$ -	\$ -	\$ -	\$ -
Accrued and other current liabilities	-	-	-	-	226
Due to other funds	-	-	-	-	-
Total liabilities	6	-	-	-	226
Deferred inflows of resources					
Property taxes levied for subsequent year	8,500	-	-	10,000	135,484
Loans receivable	-	-	46,630	-	-
Total deferred inflows of resources	8,500	-	46,630	10,000	135,484
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	12,616	83,182	-	-
Assigned	2,170	-	-	52,763	21,258
Unassigned	-	-	-	-	-
Total fund balances	2,170	12,616	83,182	52,763	21,258
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,676	\$ 12,616	\$ 129,812	\$ 62,763	\$ 156,968

Capital Projects			
Sidewalk Maintenance	Tax Incremental District No. 3	Tax Incremental District No. 4	Total
\$ 20,377	\$ 847,739	\$ -	\$ 1,106,449
-	192,506	56,469	336,847
-	-	194,749	241,379
-	-	80	80
<u>\$ 20,377</u>	<u>\$ 1,040,245</u>	<u>\$ 251,298</u>	<u>\$ 1,684,755</u>
\$ -	\$ -	\$ -	\$ 6
-	-	243	469
-	-	9,537	9,537
-	-	9,780	10,012
-	337,343	98,955	590,282
-	-	194,749	241,379
-	337,343	293,704	831,661
-	-	80	80
-	702,902	-	702,902
-	-	-	95,798
20,377	-	-	96,568
-	-	(52,266)	(52,266)
<u>20,377</u>	<u>702,902</u>	<u>(52,186)</u>	<u>843,082</u>
<u>\$ 20,377</u>	<u>\$ 1,040,245</u>	<u>\$ 251,298</u>	<u>\$ 1,684,755</u>

Village of New Glarus, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue				
	Chalet Museum	Room Tax	Revolving Loan	Employee Payout	Waste Management
REVENUES					
Taxes	\$ 8,083	\$ 81,303	\$ -	\$ 7,500	\$ 124,650
Intergovernmental	2,185	-	-	-	2,410
Public charges for services	2,281	-	-	-	1,444
Miscellaneous	751	-	6,777	-	-
Total revenues	<u>13,300</u>	<u>81,303</u>	<u>6,777</u>	<u>7,500</u>	<u>128,504</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	37,037	-
Public works	-	-	-	-	152,542
Culture and recreation	13,391	-	-	-	-
Conservation and development	-	82,467	9,944	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>13,391</u>	<u>82,467</u>	<u>9,944</u>	<u>37,037</u>	<u>152,542</u>
Excess of revenues over (under) expenditures	<u>(91)</u>	<u>(1,164)</u>	<u>(3,167)</u>	<u>(29,537)</u>	<u>(24,038)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	20,000	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(91)</u>	<u>(1,164)</u>	<u>16,833</u>	<u>(29,537)</u>	<u>(24,038)</u>
Fund balances - January 1	<u>2,261</u>	<u>13,780</u>	<u>66,349</u>	<u>82,300</u>	<u>45,296</u>
Fund balances - December 31	<u>\$ 2,170</u>	<u>\$ 12,616</u>	<u>\$ 83,182</u>	<u>\$ 52,763</u>	<u>\$ 21,258</u>

Capital Projects			
Sidewalk Maintenance	Tax Incremental District No. 3	Tax Incremental District No. 4	Total
\$ -	\$ 346,705	\$ 81,303	\$ 649,544
-	9,862	261	14,718
-	-	-	3,725
-	4,608	13,302	25,438
-	361,175	94,866	693,425
-	150	4,929	5,079
-	-	-	37,037
-	-	-	152,542
-	-	-	13,391
-	2,760	12,000	107,171
-	175,000	17,684	192,684
-	60,393	14,642	75,035
-	794	890	1,684
-	239,097	50,145	584,623
-	122,078	44,721	108,802
-	-	20,000	40,000
-	(20,000)	(20,000)	(40,000)
-	(20,000)	-	-
-	102,078	44,721	108,802
20,377	600,824	(96,907)	734,280
<u>\$ 20,377</u>	<u>\$ 702,902</u>	<u>\$ (52,186)</u>	<u>\$ 843,082</u>

Village of New Glarus, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION LIGHT AND WATER UTILITY FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Light Utility</u>	<u>Water Utility</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,502,970	\$ 589,022	\$ 3,091,992
Other	21,361	11,880	33,241
Total operating revenues	<u>2,524,331</u>	<u>600,902</u>	<u>3,125,233</u>
OPERATING EXPENSES			
Operation and maintenance	2,147,732	214,830	2,362,562
Depreciation	185,537	99,588	285,125
Taxes	17,348	9,262	26,610
Total operating expenses	<u>2,350,617</u>	<u>323,680</u>	<u>2,674,297</u>
Operating income	<u>\$ 173,714</u>	<u>\$ 277,222</u>	<u>450,936</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income			38,497
Interest and fiscal charges			(79,275)
Amortization of debt discount/premium			<u>(2,852)</u>
Total nonoperating revenues (expenses)			<u>(43,630)</u>
Income before contributions and transfers			407,306
Capital contributions			620
Transfers out			<u>(190,866)</u>
Change in net position			217,060
Net position - January 1			<u>5,646,504</u>
Net position - December 31			<u>\$ 5,863,564</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF LIGHT UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Charges for services		
Sales of electricity		
Residential	\$ 939,147	\$ 949,624
Rural	35,970	38,507
Small commercial and industrial	475,278	480,607
Large commercial and industrial	1,009,045	984,251
Public street and highway lighting	37,543	37,633
Interdepartmental	5,987	9,642
Total charges for services	<u>2,502,970</u>	<u>2,500,264</u>
Other operating revenues		
Forfeited discounts	8,999	10,326
Miscellaneous service revenues	1,167	821
Rent from electric property	10,845	10,845
Other	350	4,845
Total other operating revenues	<u>21,361</u>	<u>26,837</u>
 Total operating revenues	 <u>2,524,331</u>	 <u>2,527,101</u>
OPERATING EXPENSES		
Operation and maintenance		
Other power supply expenses		
Purchased power	<u>1,844,589</u>	<u>1,882,767</u>
Distribution expenses		
Operation supervision	16,135	17,647
Line and station labor	432	1,561
Line and station supplies	15,579	6,959
Meter	3,792	11,453
Customer installations	440	239
Miscellaneous distribution	195	66
Maintenance of structures and equipment	14	6,864
Maintenance of lines	52,655	31,630
Maintenance of line transformers	793	545
Maintenance of street lighting and signal systems	4,420	6,045
Maintenance of meters	1,359	1,071
Total distribution expenses	<u>95,814</u>	<u>84,080</u>
Customer accounts expenses		
Meter reading labor	3,188	4,908
Accounting and collecting labor	23,122	20,470
Supplies and expenses	2,424	3,785
Uncollectible accounts	(561)	120
Total customer accounts expenses	<u>28,173</u>	<u>29,283</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF LIGHT UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
Administrative and general expenses		
Administrative and general salaries	26,738	29,712
Office supplies	2,725	3,199
Outside services employed	10,345	7,014
Property insurance	3,640	3,006
Injuries and damages	13,294	11,691
Employee pensions and benefits	95,756	87,826
Regulatory commission	10	-
Miscellaneous general expenses	4,620	17,741
Transportation expenses	15,077	12,521
Maintenance of general plant	6,459	3,915
Appropriations of income to village	492	771
Total administrative and general expenses	<u>179,156</u>	<u>177,396</u>
Total operation and maintenance	2,147,732	2,173,526
Depreciation	185,537	176,776
Taxes	17,348	17,489
Total operating expenses	<u>2,350,617</u>	<u>2,367,791</u>
Operating income	<u>\$ 173,714</u>	<u>\$ 159,310</u>
Reconciliation of operating income to PSC operating income		
Operating income (as reported above)	\$ 173,714	\$ 159,310
Add: Depreciation on contributed plant	12,617	12,612
Add: Appropriations on income to Village	492	769
Less: GASB 68 conversion	17,741	7,556
Less: GASB 75 conversion	1,447	758
Less: Property tax equivalent	(94,760)	(95,688)
PSC operating income	<u>\$ 111,251</u>	<u>\$ 85,317</u>
Rate of return	<u>5.93%</u>	<u>4.22%</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF WATER UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	2019	2018
OPERATING REVENUES		
Charges for services		
Unmetered	\$ 2,519	\$ 1,850
Residential	250,574	246,470
Commercial	67,187	66,025
Industrial	98,354	89,863
Public authority	19,655	16,376
Private fire protection	5,436	4,980
Public fire protection	145,297	143,151
Total charges for services	<u>589,022</u>	<u>568,715</u>
Other revenues		
Forfeited discounts	2,349	2,200
Other	9,531	8,144
Total other revenues	<u>11,880</u>	<u>10,344</u>
Total operating revenues	<u>600,902</u>	<u>579,059</u>
OPERATING EXPENSES		
Operation and maintenance		
Source of supply expenses		
Operation labor	414	383
Operation supplies	382	109
Maintenance of water source plant	923	10,326
Total source of supply expenses	<u>1,719</u>	<u>10,818</u>
Pumping expenses		
Operation labor	17,632	15,156
Fuel or power purchased for pumping	19,058	19,385
Operation supplies	883	5,677
Maintenance of pumping plant	1,366	576
Total pumping expenses	<u>38,939</u>	<u>40,794</u>
Water treatment expenses		
Operation labor	11,330	11,697
Chemicals	15,573	4,104
Operation supplies and expenses	3,778	9,467
Maintenance of water treatment plant	435	1,449
Total water treatment expenses	<u>31,116</u>	<u>26,717</u>
Transmission and distribution expenses		
Operation labor	16,093	19,965
Operation supplies and expenses	54	42
Maintenance of distribution reservoirs and standpipes	486	5,042
Maintenance of mains	4,649	4,598
Maintenance of services	7,400	10,566
Maintenance of meters	538	772
Maintenance of hydrants	1,392	1,306
Maintenance of other plant	1,473	5,449
Total transmission and distribution expenses	<u>32,085</u>	<u>47,740</u>
Customer accounts expenses		
Meter reading labor	1,792	2,747
Accounting and collecting labor	5,617	5,401
Supplies	2,218	3,305
Uncollectible accounts	-	5
Total customer accounts expenses	<u>9,627</u>	<u>11,458</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF WATER UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2019</u>	<u>2018</u>
Administrative and general expenses		
Administrative and general salaries	10,922	12,232
Office supplies and expenses	1,325	1,541
Outside services employed	7,983	6,710
Property insurance	1,864	1,570
Injuries and damages	3,792	5,066
Employee pensions and benefits	59,700	45,908
Regulatory commission	125	2,063
Miscellaneous general	6,577	7,665
Transportation	6,265	3,983
Maintenance of general plant	2,605	6,881
Appropriations of income to village	186	127
Total administrative and general expenses	<u>101,344</u>	<u>93,746</u>
Total operation and maintenance	214,830	231,273
Depreciation	99,588	100,073
Taxes	9,262	7,157
Total operating expenses	<u>323,680</u>	<u>338,503</u>
Operating income	<u>\$ 277,222</u>	<u>\$ 240,556</u>
Reconciliation of operating income to PSC operating income		
Operating income (as reported above)	\$ 277,222	\$ 240,556
Add: Depreciation on contributed plant	6,120	6,019
Add: Appropriations on income to Village	186	127
Less: GASB 68 conversion	9,942	
Less: GASB 75 conversion	811	422
Less: Property tax equivalent	(96,106)	(100,380)
PSC operating income	<u>\$ 198,175</u>	<u>\$ 146,744</u>
Rate of return	<u>5.63%</u>	<u>4.30%</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS



Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Village Board
Village of New Glarus, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Glarus, Wisconsin (the "Village") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 16, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

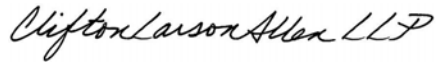
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

VILLAGE OF NEW GLARUS, WISCONSIN'S RESPONSE TO FINDINGS

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
July 16, 2020

Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2019-001	Segregation of Duties Repeat of Finding 2018-001
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	Essentially one employee performs the majority of the accounting functions for the general Village and the Village's light and water utility.
Context:	While performing audit procedures, it was noted that the Village does not have adequate segregation of duties for internal control purposes.
Criteria:	Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.
Cause:	The lack of segregation of duties is due to the limited number of employees and the size of the Village's operations. In addition, the Village has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud.
Effect:	Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.
Recommendation:	We recommend the Village Board continue to monitor the transactions and the financial records of the Village. We recommend the Village perform a risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud.
Management Response:	Management believes that the cost of segregating cash receipts and cash disbursement duties from the related recording functions outweigh the benefits to be received.
Contact for Corrective Action Plan:	Lynne Erb Clerk-Treasurer

Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

FINDING NO.	CONTROL DEFICIENCIES
2019-002	Preparation of Annual Financial Report Repeat of Finding 2018-002
Type of Finding:	Significant Deficiency in Internal Control over Financial Reporting
Condition:	Current Village staff maintains accounting records which reflect the Village's financial transactions; however, preparing the Village's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. For the same reasons, the Village contracts with us to compile the Wisconsin Municipal Report Form C and the Public Service Commission Report.
Context:	The Village engages CliftonLarsonAllen, LLP (CLA) to assist in preparing its financial statements and compilation of the Wisconsin Municipal Report Form C and the Public Service Commission Report and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the Village's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, and compilation of Wisconsin Municipal Report Form C and the Public Service Commission Report, the Village has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, and the Wisconsin Municipal Report Form C and the Public Service Commission Report are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Village's activities and operations.
Criteria:	Internal controls should be in place to provide reasonable assurance that financial statements and are prepared in accordance with U.S. GAAP and that the Wisconsin Municipal Report Form C and the Public Service Commission Report are prepared in accordance with the regulatory basis.
Cause:	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Village continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village's annual financial report, Municipal Financial Report and Public Service Commission Report.
Management Response:	Management believes the cost for additional staff time and training to prepare year-end closing entries and reports outweigh the benefits to be received. Management has reviewed and approved the annual financial report, Wisconsin Municipal Financial Report Form C and the Public Service Commission Report prior to issuance.

Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2019

Contact for Lynne Erb
Corrective Action Clerk-Treasurer
Plan:

SECTION II. COMPLIANCE AND OTHER MATTERS

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2019.