

Village of New Glarus, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2018

Village of New Glarus, Wisconsin

DECEMBER 31, 2018

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ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2.G to the financial statements, the Village adopted new accounting guidance, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the schedules relating to pensions and other postemployment benefits on pages 52 through 53 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.

Prior Year Summarized Financial information

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated April 24, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

Schenck SC previously audited, in accordance with auditing standards generally accepted in the United States of America, the Village's basic financial statements for the year ended December 31, 2017, which are not presented with the accompanying financial statements and 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. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The 2017 actual amounts in the schedules of light utility and water utility operating revenues and expenses are presented for purposes of additional analysis and are 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 used to prepare the 2017 basic financial statements. The report of Schenck SC stated that the information has been subjected to the auditing procedures applied in the audit of those 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 their opinion, the 2017 actual amounts in the schedules of light utility and water utility operating revenues and expenses were fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP
Green Bay, Wisconsin
June 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2018

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, 2018.

Financial Highlights

- As of the December 31, 2018, the assets and deferred outflows of resources of the Village of New Glarus exceeded its liabilities and deferred inflows of resources by \$17,728,195. This represents a 4.9% increase over the 2017 net position balance of \$16,903,183.
- The general fund balance at the end of 2018 was \$990,592, an increase of \$134,240 from the prior year.
Of the general fund balance, \$9,799 is nonspendable for inventories and prepaid items, and \$980,793 is currently unassigned. Of this balance, the Village has established an emergency reserve and working capital reserve of \$350,088.
- The outstanding general obligation debt as of December 31, 2018 is \$5,130,849. This compares to \$5,501,231 at the end of 2017.

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, 2018

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 two categories: government funds and proprietary 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 two major governmental funds: General and Debt Service.

- General Fund: Accounts for the Village's primary operating activities.
- Debt Service Fund: Accounts for financial resources and payments made on long-term general obligation debt.

The net change in fund balances for the year is \$223,350. The total fund balance for all governmental funds is \$2,279,130 (See pages 14 - 20.)

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 \$228,814 while the Wastewater Utility had an increase of \$70,849. The Stormwater Utility had an increase in net position of \$9,234 for a combined change in proprietary / enterprise net position of \$308,897. Light and Water Utility net position totals \$5,646,504. Wastewater Utility net position totals \$4,901,069 and Stormwater Utility net position totals \$1,089,587, for a proprietary / enterprise fund total of \$11,637,160. (See pages 21 - 25.)

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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 \$17,728,195 at the close of 2018.

Village of New Glarus, Wisconsin's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 7,964	\$ 7,312	\$ 3,413	\$ 3,413	\$ 11,377	\$ 10,725
Capital assets	9,422	9,475	14,829	15,156	24,251	24,631
Total Assets	17,386	16,787	18,242	18,569	35,628	35,356
Deferred Outflows of Resources	326	383	165	187	491	570
Long-term liabilities outstanding	6,013	6,468	6,429	7,134	12,442	13,602
Other liabilities	3,384	3,154	177	208	3,561	3,362
Total Liabilities	9,397	9,622	6,606	7,342	16,003	16,964
Deferred Inflows of Resources	2,224	1,990	164	69	2,388	2,059
Net Position						
Net investment in capital assets	4,602	4,325	8,580	8,291	13,182	12,616
Restricted	778	512	1,102	936	1,880	1,448
Unrestricted	711	721	1,955	2,118	2,666	2,839
Total Net Position	\$ 6,091	\$ 5,558	\$ 11,637	\$ 11,345	\$ 17,728	\$ 16,903

By far the largest portion of the Village's net position (74%) 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 (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,665,520) 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, 2018

Change in net position. Governmental activities increased the Village's net position by \$562,992 and business-type activities increased the Village's net position by \$308,897 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	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	\$ 177	\$ 185	\$ 4,100	\$ 4,108	\$ 4,277	\$ 4,293
Operating grants and contributions	245	236	5	5	250	241
Capital grants and contributions	2	16	5	45	7	61
General Revenues						
Property taxes	1,495	1,473	-	-	1,495	1,473
Property tax increments	350	301	-	-	350	301
Other taxes	119	107	-	-	119	107
Grants and contributions not restricted to specific programs	253	258	-	-	253	258
Other	146	83	88	37	234	120
Total Revenues	2,787	2,659	4,198	4,195	6,985	6,854
Expenses						
General government	362	374	-	-	362	374
Public safety	628	706	-	-	628	706
Public works	614	580	-	-	614	580
Culture and recreation	454	486	-	-	454	486
Conservation and development	167	330	-	-	167	330
Interest on long-term debt	195	211	-	-	195	211
Light utility	-	-	2,378	2,406	2,378	2,406
Water utility	-	-	362	341	362	341
Wastewater collection	-	-	825	877	825	877
Stormwater	-	-	128	117	128	117
Total Expenses	2,420	2,687	3,693	3,741	6,113	6,428
Increase (Decrease) in Net Position						
Before Transfers	367	(28)	505	454	872	426
Transfers	196	175	(196)	(175)	-	-
Change in Net Position	563	147	309	279	872	426
Net Position - January 1 as originally reported	5,558	5,411	11,345	11,066	16,903	16,477
Cumulative Effect of Change in Accounting Position	(30)	-	(17)	-	(47)	-
Net Position - January 1	5,528	5,411	11,328	11,066	16,856	16,477
Net Position - December 31	\$ 6,091	\$ 5,558	\$ 11,637	\$ 11,345	\$ 17,728	\$ 16,903

Village of New Glarus, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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 18 - 20 of this report.)

General Fund Revenues	
Budget	\$ 1,220,054
Actual	1,300,740
Variance	\$ 80,686

General Fund Expenditures	
Budget	\$ 1,400,354
Actual	1,363,283
Variance	\$ 37,071

The functions with significant budget variances are listed below:

Miscellaneous revenues	47,250
Public works	43,949

General Fund Balance	
Beginning of year	\$ 856,352
End of the year	990,592
Change in Fund Balance	\$ 134,240

Proprietary funds. (See pages 21 - 25.) 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 60 - 64 of this report.

Net position of the light and water utility fund at the end of the year amounted to \$5,646,504, an increase of \$217,000 from the prior year. Operating income for the light and water utility fund totaled \$399,864, with \$159,309 due to the light utility operations and \$240,555 due to the water utility operations.

Net position of the wastewater utility at the end of the year totaled \$4,901,069, an increase of \$66,674 from the prior year.

Net position of the stormwater utility at the end of the year totaled \$1,089,587, an increase of \$8,070 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, 2018

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, 2018 amounts to \$24,250,240 (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	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,963	\$ 1,963	\$ 56	\$ 56	\$ 2,019	\$ 2,019
Collection	25	25	-	-	25	25
Construction in progress	70	23	30	58	100	81
Land improvements	79	79	-	-	79	79
Buildings	1,618	1,577	5,757	5,706	7,375	7,283
Machinery and equipment	1,354	1,337	5,203	5,031	6,557	6,368
Infrastructure	10,056	9,931	11,713	11,639	21,769	21,570
Accumulated depreciation	(5,743)	(5,460)	(7,930)	(7,334)	(13,673)	(12,794)
Total	\$ 9,422	\$ 9,475	\$ 14,829	\$ 15,156	\$ 24,251	\$ 24,631

Long-term debt - At the end of the current fiscal year, the Village had total bonded debt outstanding of \$5,130,849. 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	
	2018	2017	2018	2017	2018	2017
General Obligation Debt						
Bonds	\$ 3,791	\$ 4,168	\$ 339	\$ 382	\$ 4,130	\$ 4,550
Notes	778	719	-	-	778	719
State Trust Fund Notes	223	232	-	-	223	232
Total General Obligation Debt	4,792	5,119	339	382	5,131	5,501
WPPI note payable	-	-	244	289	244	289
Revenue bonds	945	1,045	5,397	6,006	6,342	7,051
Revenue bond anticipation notes	-	-	325	325	325	325
Total	\$ 5,737	\$ 6,164	\$ 6,305	\$ 7,002	\$ 12,042	\$ 13,166

Debt Service - Governmental Activities: (Pages 38 - 39) 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, 2018 was \$9,890,195. Total general obligation debt outstanding at year-end was \$5,130,849. The outstanding debt applicable to debt limit of \$5,032,865 represents 50.9% 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, 2018

Debt Service - Business-Type Activities: (Pages 42 - 43) 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 \$6,342,150.

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 2018 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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Totals	
			2018	2017
ASSETS				
Cash and investments	\$ 4,309,129	\$ 1,325,025	\$ 5,634,154	\$ 5,732,682
Receivables				
Property taxes	3,027,005	-	3,027,005	2,701,417
Delinquent taxes	1,205	-	1,205	1,479
Accounts	799	435,505	436,304	332,130
Special assessments	35,498	-	35,498	51,418
Loans	247,569	-	247,569	254,545
Internal balances	188,536	(188,536)	-	-
Inventories and prepaid items	11,067	149,599	160,666	153,830
Restricted assets				
Cash and investments	-	1,608,516	1,608,516	1,498,274
Net pension asset	142,850	82,439	225,289	-
Capital assets, nondepreciable	2,058,644	86,341	2,144,985	2,126,214
Capital assets, depreciable	7,362,910	14,742,345	22,105,255	22,504,716
Total assets	17,385,212	18,241,234	35,626,446	35,356,705
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	64,629	10,332	74,961	87,529
Pension related amounts	257,246	152,649	409,895	482,616
Other postemployment related amounts	3,629	2,094	5,723	-
Total deferred outflows of resources	325,504	165,075	490,579	570,145
LIABILITIES				
Accounts payable	29,378	117,256	146,634	168,090
Accrued and other current liabilities	30,795	29,243	60,038	60,147
Due to other governments	3,254,461	-	3,254,461	3,028,783
Accrued interest payable	63,924	29,827	93,751	100,391
Special deposits	4,611	-	4,611	4,555
Long-term obligations				
Due within one year	545,509	685,979	1,231,488	1,262,183
Due in more than one year	5,433,600	5,723,307	11,156,907	12,277,786
Net pension liability	-	-	-	61,894
Other postemployment benefits	33,553	19,362	52,915	-
Total liabilities	9,395,831	6,604,974	16,000,805	16,963,829
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	1,939,366	-	1,939,366	1,864,038
Pension related amounts	281,715	162,578	444,293	195,800
Other postemployment related amounts	2,769	1,597	4,366	-
Total deferred inflows of resources	2,223,850	164,175	2,388,025	2,059,838
NET POSITION				
Net investment in capital assets	4,602,209	8,580,239	13,182,448	12,615,401
Restricted	777,734	1,102,493	1,880,227	1,448,491
Unrestricted	711,092	1,954,428	2,665,520	2,839,291
Total net position	\$ 6,091,035	\$ 11,637,160	\$ 17,728,195	\$ 16,903,183

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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 361,082	\$ 57,556	\$ -	\$ -
Public safety	628,176	20,830	10,188	1,424
Public works	614,227	21,055	148,312	665
Culture and recreation	453,686	76,852	86,098	15
Conservation and development	167,238	494	-	-
Interest and fiscal charges	195,290	-	-	-
Total governmental activities	2,419,699	176,787	244,598	2,104
BUSINESS-TYPE ACTIVITIES				
Light utility	2,378,014	2,527,101	-	-
Water utility	362,081	579,059	-	5,376
Wastewater utility	825,172	862,961	-	-
Stormwater utility	128,595	131,197	4,785	-
Total business-type activities	3,693,862	4,100,318	4,785	5,376
Total	\$ 6,113,561	\$ 4,277,105	\$ 249,383	\$ 7,480

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, as originally reported

Cumulative effect of change in accounting principle

Net position - January 1, as restated

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	
		2018	2017
\$ (303,526)	\$ -	\$ (303,526)	\$ (326,338)
(595,734)	-	(595,734)	(655,930)
(444,195)	-	(444,195)	(394,650)
(290,721)	-	(290,721)	(332,450)
(166,744)	-	(166,744)	(330,030)
(195,290)	-	(195,290)	(210,734)
<u>(1,996,210)</u>	<u>-</u>	<u>(1,996,210)</u>	<u>(2,250,132)</u>
-	149,087	149,087	231,830
-	222,354	222,354	124,901
-	37,789	37,789	51,489
-	7,387	7,387	8,034
<u>-</u>	<u>416,617</u>	<u>416,617</u>	<u>416,254</u>
<u>(1,996,210)</u>	<u>416,617</u>	<u>(1,579,593)</u>	<u>(1,833,878)</u>
1,494,966	-	1,494,966	1,472,769
350,259	-	350,259	301,399
118,717	-	118,717	106,781
252,835	-	252,835	258,231
65,294	61,912	127,206	76,845
80,348	-	80,348	38,733
715	26,436	27,151	5,000
196,068	(196,068)	-	-
<u>2,559,202</u>	<u>(107,720)</u>	<u>2,451,482</u>	<u>2,259,758</u>
<u>562,992</u>	<u>308,897</u>	<u>871,889</u>	<u>425,880</u>
<u>5,557,767</u>	<u>11,345,416</u>	<u>16,903,183</u>	<u>16,477,303</u>
<u>(29,724)</u>	<u>(17,153)</u>	<u>(46,877)</u>	<u>-</u>
<u>5,528,043</u>	<u>11,328,263</u>	<u>16,856,306</u>	<u>16,477,303</u>
<u>\$ 6,091,035</u>	<u>\$ 11,637,160</u>	<u>\$ 17,728,195</u>	<u>\$ 16,903,183</u>

Village of New Glarus, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	General	Debt Service	Other Governmental Funds	Totals	
				2018	2017
ASSETS					
Cash and investments	\$ 2,892,021	\$ 105,516	\$ 1,311,592	\$ 4,309,129	\$ 4,125,181
Receivables					
Property taxes	1,712,431	505,496	809,078	3,027,005	2,701,417
Delinquent taxes	1,205	-	-	1,205	1,479
Accounts	799	-	-	799	381
Special assessments	-	35,498	-	35,498	51,418
Loans	-	-	247,569	247,569	254,545
Due from other funds	292,662	-	-	292,662	232,517
Prepaid items	9,799	-	1,268	11,067	12,124
Total assets	<u>\$ 4,908,917</u>	<u>\$ 646,510</u>	<u>\$ 2,369,507</u>	<u>\$ 7,924,934</u>	<u>\$ 7,379,062</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 8,370	\$ -	\$ 21,008	\$ 29,378	\$ 21,005
Accrued and other current liabilities	26,091	-	4,704	30,795	32,190
Due to other funds	-	7,532	96,594	104,126	66,748
Due to other governments	3,254,461	-	-	3,254,461	3,028,783
Special deposits	4,611	-	-	4,611	4,555
Total liabilities	<u>3,293,533</u>	<u>7,532</u>	<u>122,306</u>	<u>3,423,371</u>	<u>3,153,281</u>
Deferred inflows of resources					
Property taxes levied for subsequent year	624,792	505,496	809,078	1,939,366	1,864,038
Loans receivable	-	-	247,569	247,569	254,545
Special assessments	-	35,498	-	35,498	51,418
Total deferred inflows of resources	<u>624,792</u>	<u>540,994</u>	<u>1,056,647</u>	<u>2,222,433</u>	<u>2,170,001</u>
Fund balances					
Nonspendable	9,799	-	1,268	11,067	12,124
Restricted	-	97,984	600,824	698,808	579,714
Committed	-	-	80,129	80,129	72,511
Assigned	-	-	605,315	605,315	603,489
Unassigned	980,793	-	(96,982)	883,811	787,942
Total fund balances	<u>990,592</u>	<u>97,984</u>	<u>1,190,554</u>	<u>2,279,130</u>	<u>2,055,780</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,908,917</u>	<u>\$ 646,510</u>	<u>\$ 2,369,507</u>	<u>\$ 7,924,934</u>	<u>\$ 7,379,062</u>

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

Village of New Glarus, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	2018	2017
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 2,279,130	\$ 2,055,780
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.	9,421,554	9,474,956
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments	35,498	51,418
Long-term loan receivable	247,569	254,545
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Loss on advance refunding	64,629	73,753
Deferred outflows related to pensions	257,246	309,492
Deferred inflows related to pensions	(281,715)	(126,349)
Deferred outflows related to other postemployment benefits	3,629	-
Deferred inflows related to other postemployment benefits	(2,769)	-
Long-term asset 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	(5,736,523)	(6,164,107)
Debt premium	(92,451)	(104,778)
Compensated absences	(150,135)	(159,473)
Net pension liability	-	(39,940)
Other postemployment benefit	(33,553)	-
Accrued interest on long-term obligations	(63,924)	(67,530)
Net position of governmental activities as reported on the statement of net position (see pages 11)	\$ 6,091,035	\$ 5,557,767

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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Debt Service	Other Governmental Funds	Totals	
				2018	2017
REVENUES					
Taxes	\$ 666,878	\$ 489,191	\$ 808,377	\$ 1,964,446	\$ 1,881,028
Special assessments	-	16,585	-	16,585	19,277
Intergovernmental	402,594	-	95,376	497,970	506,233
Licenses and permits	61,484	-	-	61,484	73,702
Fines and forfeits	14,193	-	-	14,193	15,861
Public charges for services	88,341	-	8,398	96,739	90,378
Miscellaneous	67,250	3,119	87,018	157,387	84,891
Total revenues	1,300,740	508,895	999,169	2,808,804	2,671,370
EXPENDITURES					
Current					
General government	341,916	-	19,940	361,856	335,486
Public safety	568,943	-	-	568,943	642,222
Public works	256,888	-	152,539	409,427	365,211
Culture and recreation	152,407	-	252,078	404,485	425,647
Conservation and development	43,129	-	124,109	167,238	364,232
Debt service					
Principal	-	385,324	167,260	552,584	531,734
Interest and fiscal charges	-	121,290	80,809	202,099	221,264
Capital outlay	-	-	240,605	240,605	89,027
Total expenditures	1,363,283	506,614	1,037,340	2,907,237	2,974,823
Excess of revenues over (under) expenditures	(62,543)	2,281	(38,171)	(98,433)	(303,453)
OTHER FINANCING SOURCES					
Long-term debt issued	-	-	125,000	125,000	-
Proceeds from sale of capital assets	715	-	-	715	5,000
Transfers in	196,068	-	-	196,068	174,556
Total other financing sources	196,783	-	125,000	321,783	179,556
Net change in fund balances	134,240	2,281	86,829	223,350	(123,897)
Fund balances - January 1	856,352	95,703	1,103,725	2,055,780	2,179,677
Fund balances - December 31	\$ 990,592	\$ 97,984	\$ 1,190,554	\$ 2,279,130	\$ 2,055,780

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, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ 223,350	\$ (123,897)
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	229,425	52,307
Depreciation expense reported in the statement of activities	(282,827)	(286,661)
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.	(22,896)	32,170
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	(125,000)	-
Principal repaid	552,584	531,734
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	3,606	7,327
Amortization of premiums, discounts and loss on advance refunding	3,203	3,203
Compensated absences	9,338	(15,073)
Net pension asset	142,850	-
Net pension liability	39,940	40,790
Deferred outflows of resources related to pensions	(52,246)	(139,686)
Deferred inflows of resources related to pensions	(155,366)	44,608
Other postemployment benefits	(3,829)	-
Deferred outflows of resources related to other postemployment benefits	3,629	-
Deferred inflows of resources related to other postemployment benefits	(2,769)	-
Change in net position of governmental activities as reported in the statement of activities (see pages 12 - 13)	<u>\$ 562,992</u>	<u>\$ 146,822</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes					
General property	\$ 628,853	\$ 628,853	\$ 628,832	\$ (21)	\$ 598,098
Mobile home parking fees	11,500	11,500	10,290	(1,210)	11,621
Payment in lieu of taxes	26,000	26,000	27,252	1,252	26,028
Agriculture use penalties	-	-	-	-	250
Interest on taxes	50	50	504	454	79
Total taxes	<u>666,403</u>	<u>666,403</u>	<u>666,878</u>	<u>475</u>	<u>636,076</u>
Intergovernmental					
State					
State shared taxes	240,225	240,225	240,230	5	245,612
Fire insurance dues	7,237	7,237	7,318	81	7,237
Tax exempt computer aid	4,995	4,995	5,018	23	4,945
Law enforcement	500	500	4,116	3,616	16,984
Highway safety grant	-	-	-	-	3,998
Highway aids	143,462	143,462	143,348	(114)	126,927
Payment for municipal services	394	394	386	(8)	578
Other	178	178	178	-	-
County					
Highways and bridges	2,000	2,000	2,000	-	2,000
Total intergovernmental	<u>398,991</u>	<u>398,991</u>	<u>402,594</u>	<u>3,603</u>	<u>408,281</u>
Licenses and permits					
Licenses					
Liquor and malt beverage	9,000	9,000	9,604	604	9,357
Operators, cigarette and other licenses	2,910	2,910	3,841	931	3,732
Cable television fees	20,000	20,000	29,585	9,585	22,589
Permits					
Building	13,500	13,500	17,334	3,834	31,234
Other permits and fees	1,000	1,000	1,120	120	6,790
Total licenses and permits	<u>46,410</u>	<u>46,410</u>	<u>61,484</u>	<u>15,074</u>	<u>73,702</u>
Fines and forfeits					
Court fines and penalties	19,000	19,000	14,193	(4,807)	15,861
Public charges for services					
Clerk's fees	6,500	6,500	11,526	5,026	8,716
Law enforcement fees	3,000	3,000	6,637	3,637	5,048
Public works	150	150	25	(125)	158
Parks	7,300	7,300	14,561	7,261	11,561
Recreation programs	8,400	8,400	8,997	597	9,843
Swimming	43,900	43,900	46,595	2,695	44,818
Total public charges for services	<u>69,250</u>	<u>69,250</u>	<u>88,341</u>	<u>19,091</u>	<u>80,144</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
Miscellaneous					
Interest on investments	17,000	17,000	43,818	26,818	23,120
Rent	3,000	3,000	3,000	-	3,850
Insurance recoveries and dividends	-	-	725	725	4,411
Donations	-	-	18,715	18,715	14,170
Other	-	-	992	992	5,287
Total miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>67,250</u>	<u>47,250</u>	<u>50,838</u>
Total revenues	<u>1,220,054</u>	<u>1,220,054</u>	<u>1,300,740</u>	<u>80,686</u>	<u>1,264,902</u>
EXPENDITURES					
General government					
Legislative	9,474	9,474	8,626	848	8,353
Committee/commission	3,170	3,170	2,923	247	3,081
Elections	7,774	7,774	7,501	273	4,097
Legal	16,500	16,500	17,145	(645)	10,367
Village administrator	57,766	57,766	59,543	(1,777)	63,006
Clerk	85,486	85,486	84,924	562	82,915
Administrative support	8,000	8,000	7,285	715	5,383
General office	34,397	34,397	35,754	(1,357)	36,751
Accounting and auditing	8,750	8,750	8,593	157	8,628
Treasury	69,782	69,782	70,771	(989)	69,079
Assessment of property	8,000	8,000	7,600	400	7,344
Insurance and bonds	31,050	31,050	31,251	(201)	29,812
Other general government	-	-	-	-	298
Total general government	<u>340,149</u>	<u>340,149</u>	<u>341,916</u>	<u>(1,767)</u>	<u>329,114</u>
Public safety					
Police department	443,888	443,888	413,934	29,954	446,320
Fire department	68,018	68,018	97,230	(29,212)	126,008
Ambulance	40,640	40,640	40,659	(19)	40,659
Inspection	12,150	12,150	15,871	(3,721)	27,323
Emergency government	300	300	124	176	1,576
Other public safety	2,250	2,250	1,125	1,125	336
Total public safety	<u>567,246</u>	<u>567,246</u>	<u>568,943</u>	<u>(1,697)</u>	<u>642,222</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, 2018
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	Budget		Actual	Variance	2017 Actual
	Original	Final		Final Budget - Positive (Negative)	
Public works					
Street administration	37,915	37,915	33,162	4,753	37,553
Highway and street maintenance	223,123	223,123	186,473	36,650	119,681
Street lighting	38,000	38,000	35,287	2,713	36,368
Sidewalks	-	-	134	(134)	-
Sanitation	1,799	1,799	1,832	(33)	4,165
Total public works	<u>300,837</u>	<u>300,837</u>	<u>256,888</u>	<u>43,949</u>	<u>197,767</u>
Culture and recreation					
Parks - general	46,047	46,047	51,529	(5,482)	40,495
Recreation programs	24,000	24,000	29,338	(5,338)	25,692
Swimming pool	86,448	86,448	71,540	14,908	84,273
Total culture and recreation	<u>156,495</u>	<u>156,495</u>	<u>152,407</u>	<u>4,088</u>	<u>150,460</u>
Conservation and development					
Forestry	23,627	23,627	33,273	(9,646)	23,663
Economic development	12,000	12,000	9,856	2,144	2,622
Total conservation and development	<u>35,627</u>	<u>35,627</u>	<u>43,129</u>	<u>(7,502)</u>	<u>26,285</u>
Total expenditures	<u>1,400,354</u>	<u>1,400,354</u>	<u>1,363,283</u>	<u>37,071</u>	<u>1,345,848</u>
Excess of revenues over (under) expenditures	<u>(180,300)</u>	<u>(180,300)</u>	<u>(62,543)</u>	<u>117,757</u>	<u>(80,946)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1,000	1,000	715	(285)	704
Transfers in	180,000	180,000	196,068	16,068	174,556
Transfers out	<u>(700)</u>	<u>(700)</u>	<u>-</u>	<u>700</u>	<u>-</u>
Total other financing sources (uses)	<u>180,300</u>	<u>180,300</u>	<u>196,783</u>	<u>16,483</u>	<u>175,260</u>
Net change in fund balance	-	-	134,240	134,240	94,314
Fund balance - January 1	<u>856,352</u>	<u>856,352</u>	<u>856,352</u>	<u>-</u>	<u>762,038</u>
Fund balance - December 31	<u>\$ 856,352</u>	<u>\$ 856,352</u>	<u>\$ 990,592</u>	<u>\$ 134,240</u>	<u>\$ 856,352</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, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017**

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2018	2017
ASSETS					
Current assets					
Cash and investments	\$ 759,187	\$ 455,565	\$ 110,273	\$ 1,325,025	\$ 1,607,501
Receivables					
Accounts	330,285	92,439	12,781	435,505	331,749
Due from other funds	7,532	-	-	7,532	8,787
Inventories and prepaid items	147,976	1,331	292	149,599	141,706
Total current assets	1,244,980	549,335	123,346	1,917,661	2,089,743
Noncurrent assets					
Restricted assets					
Cash and investments	523,451	1,085,065	-	1,608,516	1,498,274
Other assets					
Net pension asset	56,781	20,063	5,595	82,439	-
Capital assets					
Nondepreciable	32,919	53,422	-	86,341	114,472
Depreciable	5,697,378	7,658,803	1,386,164	14,742,345	15,041,502
Total capital assets	5,730,297	7,712,225	1,386,164	14,828,686	15,155,974
Total assets	7,555,509	9,366,688	1,515,105	18,437,302	18,743,991
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	10,332	-	-	10,332	13,776
Pension related amounts	104,686	36,847	11,116	152,649	173,124
Other postemployment related amounts	1,442	510	142	2,094	-
Total deferred outflows of resources	116,460	37,357	11,258	165,075	186,900

Village of New Glarus, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2017

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2018	2017
LIABILITIES					
Current liabilities					
Accounts payable	\$ 117,126	\$ 101	\$ 29	\$ 117,256	\$ 147,085
Accrued and other current liabilities	22,448	5,807	988	29,243	27,957
Due to other funds	196,068	-	-	196,068	174,556
Accrued interest payable	1,342	920	8,084	10,346	11,379
Current portion of long-term debt	57,861	-	21,760	79,621	108,886
Payable from restricted assets					
Current portion of long-term debt	235,000	371,358	-	606,358	588,378
Accrued interest payable	4,464	15,017	-	19,481	21,482
Total current liabilities	634,309	393,203	30,861	1,058,373	1,079,723
Long-term obligations, less current portion					
General obligation debt	81,528	-	245,000	326,528	508,586
Revenue bonds	890,000	3,731,531	147,501	4,769,032	5,227,889
Revenue bond anticipation notes	-	325,000	-	325,000	325,000
WPPI Energy notes payable	199,028	-	-	199,028	244,091
Debt premium	4,438	-	-	4,438	5,030
Compensated absences	89,748	8,575	958	99,281	103,751
Net pension liability	-	-	-	-	21,954
Other postemployment benefits	13,336	4,712	1,314	19,362	-
Total long-term liabilities	1,278,078	4,069,818	394,773	5,742,669	6,436,301
Total liabilities	1,912,387	4,463,021	425,634	6,801,042	7,516,024
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	111,978	39,566	11,034	162,578	69,451
Other postemployment related amounts	1,100	389	108	1,597	-
Total deferred inflows of resources	113,078	39,955	11,142	164,175	69,451
NET POSITION					
Net investment in capital assets	4,324,000	3,284,336	971,903	8,580,239	8,290,577
Restricted	349,903	746,995	5,595	1,102,493	936,307
Unrestricted	972,601	869,738	112,089	1,954,428	2,118,532
Total net position	\$ 5,646,504	\$ 4,901,069	\$ 1,089,587	\$ 11,637,160	\$ 11,345,416

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, 2018
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017**

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2018	2017
OPERATING REVENUES					
Charges for services	\$ 3,068,979	\$ 853,050	\$ 131,192	\$ 4,053,221	\$ 4,074,109
Other	37,181	9,911	-	47,092	44,144
Total operating revenues	3,106,160	862,961	131,192	4,100,313	4,118,253
OPERATING EXPENSES					
Operation and maintenance	2,404,801	361,717	83,638	2,850,156	2,903,725
Depreciation	276,849	365,171	30,572	672,592	663,497
Taxes	24,646	-	-	24,646	24,897
Total operating expenses	2,706,296	726,888	114,210	3,547,394	3,592,119
Operating income	399,864	136,073	16,982	552,919	526,134
NONOPERATING REVENUES (EXPENSES)					
Interest income	27,005	33,060	1,847	61,912	37,360
Gain (loss) on disposal of capital assets	26,436	-	-	26,436	-
Interest and fiscal charges	(30,947)	(98,284)	(14,384)	(143,615)	(157,102)
Amortization of debt discount/premium	(2,852)	-	-	(2,852)	(2,708)
Other nonoperating revenues (expenses)	-	-	4,789	4,789	4,798
Total nonoperating revenues (expenses)	19,642	(65,224)	(7,748)	(53,330)	(117,652)
Income before contributions and transfers	419,506	70,849	9,234	499,589	408,482
Capital contributions	5,376	-	-	5,376	45,132
Transfers out	(196,068)	-	-	(196,068)	(174,556)
Change in net position	228,814	70,849	9,234	308,897	279,058
Net position - January 1, as originally reported	5,429,504	4,834,395	1,081,517	11,345,416	11,066,358
Cumulative effect of change in accounting principle	(11,814)	(4,175)	(1,164)	(17,153)	-
Net position - January 1, as restated	5,417,690	4,830,220	1,080,353	11,328,263	11,066,358
Net position - December 31	<u>\$ 5,646,504</u>	<u>\$ 4,901,069</u>	<u>\$ 1,089,587</u>	<u>\$11,637,160</u>	<u>\$11,345,416</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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 3,015,019	\$ 851,822	\$ 129,716	\$ 3,996,557	\$ 4,163,675
Cash paid for services provided	-	(17,763)	(2,604)	(20,367)	(33,912)
Cash paid for employee wages and benefits	(259,814)	(149,175)	(57,233)	(466,222)	(493,410)
Cash paid to suppliers	(2,183,352)	(203,106)	(24,694)	(2,411,152)	(2,393,935)
Net cash provided by operating activities	571,853	481,778	45,185	1,098,816	1,242,418
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenues	-	-	4,789	4,789	4,798
Transfer out	(174,556)	-	-	(174,556)	(190,994)
Net cash provided (used) by noncapital financing activities	(174,556)	-	4,789	(169,767)	(186,196)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(313,409)	(36,850)	-	(350,259)	(251,701)
Capital contributions	4,540	-	-	4,540	860
Sale of capital assets	26,436	-	-	26,436	4,834
Principal paid on long-term debt	(282,861)	(363,378)	(51,024)	(697,263)	(688,981)
Interest paid on long-term debt	(31,819)	(99,614)	(15,216)	(146,649)	(159,955)
Net cash used by capital and related financing activities	(597,113)	(499,842)	(66,240)	(1,163,195)	(1,094,943)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	27,005	33,060	1,847	61,912	37,360
Change in cash and investments	(172,811)	14,996	(14,419)	(172,234)	(1,361)
Cash and investments - January 1	1,455,449	1,525,634	124,692	3,105,775	3,107,136
Cash and investments - December 31	<u>\$ 1,282,638</u>	<u>\$ 1,540,630</u>	<u>\$ 110,273</u>	<u>\$ 2,933,541</u>	<u>\$ 3,105,775</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, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

	Light and Water Utility	Wastewater Utility	Nonmajor Stormwater Utility	Totals	
				2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	\$ 399,864	\$ 136,073	\$ 16,982	\$ 552,919	\$ 526,134
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	276,849	365,171	30,572	672,592	663,497
Depreciation charged to sewer utility	5,791	-	-	5,791	4,597
Change in liability (asset) and deferred outflows and inflows of resources					
Pension	7,556	2,259	(606)	9,209	27,261
Other postemployment benefits	1,180	416	116	1,712	-
Change in operating assets and liabilities					
Accounts receivables	(91,141)	(11,139)	(1,476)	(103,756)	45,422
Due from other funds	1,255	-	-	1,255	1,255
Inventories and prepaid items	(7,941)	39	9	(7,893)	411
Accounts payable	(20,299)	(9,393)	(137)	(29,829)	(9,161)
Accrued and other current liabilities	901	(67)	452	1,286	799
Compensated absences	(2,162)	(1,581)	(727)	(4,470)	(17,797)
Net cash provided by operating activities	<u>\$ 571,853</u>	<u>\$ 481,778</u>	<u>\$ 45,185</u>	<u>\$ 1,098,816</u>	<u>\$ 1,242,418</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	\$ 759,187	\$ 455,565	\$ 110,273	\$ 1,325,025	\$ 1,607,501
Cash and cash equivalents in restricted assets	<u>523,451</u>	<u>1,085,065</u>	<u>-</u>	<u>1,608,516</u>	<u>1,498,274</u>
Total cash and investments	<u>\$ 1,282,638</u>	<u>\$ 1,540,630</u>	<u>\$ 110,273</u>	<u>\$ 2,933,541</u>	<u>\$ 3,105,775</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

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018 is available directly from the District's office. Payments for the year to the District totaled \$68,098 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, 2018

Separate financial statements are provided for governmental funds and proprietary funds. 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.

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.

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.

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 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, 2018

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, Madison Area Technical College and the State of Wisconsin. 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, 2018

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 2017 tax roll are recognized as revenue in 2018.)

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. The Village follows the regulatory requirements of the Public Service Commission of Wisconsin in recording capital assets of its business-type activities. 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, 2018

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	Business-type
	Activities	Activities
	Years	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. GPremiums 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, 2018

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)

Local Retiree Life Insurance Fund

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, 2018

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, 2017, 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, 2018

- 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.
- 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, 2018.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village had the following excess expenditures over appropriations for the fiscal year ended December 31, 2018:

Funds	Excess Expenditures
Room tax	\$ 13,462
Employee payout	6,722
Tax incremental district no. 3	611
Tax incremental district no. 4	37,079
Chalet museum	4,326
Waste management	36,822

C. DEFICIT FUND EQUITY

The following fund had deficit fund balance or net position as of December 31, 2018:

Fund	Deficit Fund Balance
Tax incremental district no. 4	\$ 96,907

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 2018 and 2019 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 2018 budget was 1.58%. The actual limit for the Village for the 2019 budget was 2.39%. 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.

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.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

The carrying amount of the Village's cash and investments totaled \$7,242,670 on December 31, 2018 as summarized below:

Petty cash and cash on hand	\$ 625
Deposits with financial institutions	7,242,045
	<u>\$ 7,242,670</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 5,634,154
Restricted cash and investments	1,608,516
	<u>\$ 7,242,670</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.

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, 2018, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits or uncollateralized.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

B. RESTRICTED ASSETS

Restricted assets on December 31, 2018 totaled \$1,608,516 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Enterprise Funds		
Light and Water Utility		
Debt retirement	\$ 289,010	Used to segregate resources accumulated for debt service payments
Debt reserve	233,576	Used to segregate resources set aside to comply with bond covenants
Impact fees	865	To account for impact fees collected and held by the Village to finance system improvements
Total Water Utility	<u>523,451</u>	
Wastewater Utility		
Debt retirement	296,544	Used to segregate resources accumulated for debt service payments
Debt reserve	60,276	Used to segregate resources set aside to comply with bond covenants
Replacement account	726,932	Used to segregate resources accumulated for plant repairs and replacement.
Sewer connection account	1,313	Used to account for fees collected for new sewer services, set aside for costs of upgrading system.
Total Wastewater Utility	<u>1,085,065</u>	
Total	<u>\$ 1,608,516</u>	

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 1,963,232	\$ -	\$ -	\$ 1,963,232
Collection	25,263	-	-	25,263
Construction in progress	23,247	46,902	-	70,149
Total capital assets, nondepreciable	<u>2,011,742</u>	<u>46,902</u>	<u>-</u>	<u>2,058,644</u>
Capital assets, depreciable:				
Land improvements	78,960	-	-	78,960
Buildings and improvements	1,576,445	41,223	-	1,617,668
Machinery and equipment	1,336,927	16,470	-	1,353,397
Infrastructure	9,930,917	124,830	-	10,055,747
Subtotals	<u>12,923,249</u>	<u>182,523</u>	<u>-</u>	<u>13,105,772</u>
Less accumulated depreciation for:				
Land improvements	42,112	2,632	-	44,744
Buildings and improvements	741,226	34,703	-	775,929
Machinery and equipment	911,807	70,335	-	982,142
Infrastructure	3,764,890	175,157	-	3,940,047
Subtotals	<u>5,460,035</u>	<u>282,827</u>	<u>-</u>	<u>5,742,862</u>
Total capital assets, depreciable, net	<u>7,463,214</u>	<u>(100,304)</u>	<u>-</u>	<u>7,362,910</u>
Governmental activities capital assets, net	<u>\$ 9,474,956</u>	<u>\$ (53,402)</u>	<u>\$ -</u>	<u>9,421,554</u>
Less: Capital related debt				(4,791,523)
Less: Debt premium				(92,451)
Add: Deferred charge on refunding				64,629
Net investment in capital assets				<u>\$ 4,602,209</u>
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 56,182	\$ -	\$ -	\$ 56,182
Construction in progress	58,290	30,159	58,290	30,159
Total capital assets, nondepreciable	<u>114,472</u>	<u>30,159</u>	<u>58,290</u>	<u>86,341</u>
Capital assets, depreciable:				
Buildings and improvements	5,705,673	51,325	-	5,756,998
Machinery and equipment	5,031,119	254,951	83,328	5,202,742
Infrastructure	11,639,361	72,950	-	11,712,311
Subtotals	<u>22,376,153</u>	<u>379,226</u>	<u>83,328</u>	<u>22,672,051</u>
Less accumulated depreciation for:				
Buildings and improvements	1,512,224	149,286	-	1,661,510
Machinery and equipment	2,250,177	273,803	83,328	2,440,652
Infrastructure	3,572,250	255,294	-	3,827,544
Subtotals	<u>7,334,651</u>	<u>678,383</u>	<u>83,328</u>	<u>7,929,706</u>
Total capital assets, depreciable, net	<u>15,041,502</u>	<u>(299,157)</u>	<u>-</u>	<u>14,742,345</u>
Business-type activities capital assets, net	<u>\$ 15,155,974</u>	<u>\$ (268,998)</u>	<u>\$ 58,290</u>	<u>14,828,686</u>
Less: Capital related debt				(6,254,341)
Less: Debt premium				(4,438)
Add: Deferred charge on refunding				10,332
Net investment in capital assets				<u>\$ 8,580,239</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

Governmental activities	
General government	\$ 17,870
Public safety	34,877
Public works	199,750
Culture and recreation	30,330
Total depreciation expense - governmental activities	<u>\$ 282,827</u>
Business-type activities	
Light utility	\$ 176,776
Water utility	100,073
Sewer utility	365,171
Stormwater management	30,572
Total depreciation expense - business-type activities	<u>672,592</u>
Depreciation charged to other accounts and salvage	5,791
Increase in accumulated depreciation	<u>\$ 678,383</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, 2018 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental funds		
General	\$ 96,594	\$ -
TIF district no. 4	-	96,594
	<u>96,594</u>	<u>96,594</u>
Operating activity between funds		
Governmental funds		
General	196,068	-
Debt service	-	7,532
Enterprise fund		
Light and water utility	7,532	196,068
Subtotal	<u>203,600</u>	<u>203,600</u>
Totals	<u>\$ 300,194</u>	<u>\$ 300,194</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:

Year Ended	Principal	Interest	Total
December 31,			
2019	\$ 1,255	\$ -	\$ 1,255
2020	1,255	-	1,255
2021	1,255	-	1,255
2022	1,255	-	1,255
2023	1,255	-	1,255
2024	1,257	-	1,257
	<u>\$ 7,532</u>	<u>\$ -</u>	<u>\$ 7,532</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

Funds	Transfer In	Transfer Out
General	\$ 196,068	\$ -
Light and water utility	-	196,068

Interfund transfers were made for the following purpose:

Tax equivalent payment made by light and water utility to general fund	<u>\$ 196,068</u>
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E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2018:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 4,167,876	\$ -	\$ 377,202	\$ 3,790,674	\$ 332,202
Notes	719,321	125,000	66,126	778,195	91,377
State trust fund loans	231,910	-	9,256	222,654	9,603
Total General Obligation Debt	<u>5,119,107</u>	<u>125,000</u>	<u>452,584</u>	<u>4,791,523</u>	<u>433,182</u>
Revenue bonds	1,045,000	-	100,000	945,000	100,000
Debt premium	104,778	-	12,327	92,451	12,327
Compensated absences	159,473	-	9,338	150,135	-
Governmental activities Long-term obligations	<u>\$ 6,428,358</u>	<u>\$ 125,000</u>	<u>\$ 574,249</u>	<u>\$ 5,979,109</u>	<u>\$ 545,509</u>
Business-type activities:					
General Obligation Debt					
Bonds	\$ 382,124	\$ -	\$ 42,798	\$ 339,326	\$ 12,798
Revenue bonds	6,006,552	-	609,402	5,397,150	628,118
Revenue bond anticipation notes	325,000	-	-	325,000	-
WPPI energy notes payable	289,154	-	45,063	244,091	45,063
Debt premium	5,030	-	592	4,438	-
Compensated absences	103,751	-	4,470	99,281	-
Business-type activities Long-term obligations	<u>\$ 7,111,611</u>	<u>\$ -</u>	<u>\$ 702,325</u>	<u>\$ 6,409,286</u>	<u>\$ 685,979</u>

Total interest paid during the year on long-term debt totaled \$344,711.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
General obligation refunding bond	07/06/10	06/01/26	2.70 - 4.25%	\$ 935,000	\$ 610,000
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	2,770,000
General obligation promissory note	01/29/16	01/29/26	3.20%	210,000	194,349
State trust fund loan	02/09/16	03/15/35	3.75%	240,000	222,654
General obligation note	05/25/16	08/15/26	2.80%	430,000	355,336
General obligation note	09/22/16	09/22/23	2.75%	141,000	103,510
General obligation note	06/30/18	06/30/24	2.75%	125,000	125,000
Total Outstanding General Obligation Debt					<u>\$ 5,130,849</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$5,130,849 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 433,182	\$ 146,385	\$ 12,798	\$ 10,783	\$ 445,980	\$ 157,168
2020	464,914	134,258	27,561	10,215	492,475	144,473
2021	478,656	119,936	26,850	9,474	505,506	129,410
2022	476,985	105,333	26,613	8,747	503,598	114,080
2023	480,407	90,508	31,613	7,911	512,020	98,419
2024-2028	1,698,630	245,496	133,891	25,618	1,832,521	271,114
2029-2033	624,767	75,772	80,000	6,320	704,767	82,092
2034-2035	133,982	5,298	-	-	133,982	5,298
	<u>\$ 4,791,523</u>	<u>\$ 922,986</u>	<u>\$ 339,326</u>	<u>\$ 79,068</u>	<u>\$ 5,130,849</u>	<u>\$ 1,002,054</u>

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, 2018 was \$4,688,069 as follows:

Equalized valuation of the Village		\$ 197,803,900
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>9,890,195</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 5,130,849	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>97,984</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>5,032,865</u>
Legal margin for new debt		<u>\$ 4,857,330</u>

The Village intends that its general obligation debt will not exceed 75% of the above limitation or \$7,417,646. As of December 31, 2018, general obligation debt is \$2,117,536 below the Village limitation.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 notes outstanding on December 31, 2018 totaled \$325,000 and were composed of the following issue:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
Bond anticipation note	05/20/15	05/01/20	1.70%	\$ 325,000	<u>\$ 325,000</u>

Annual principal and interest maturities of the outstanding anticipation note debt of \$325,000 on December 31, 2018 is detailed below:

Year Ended December 31,	Business-Type Activities		
	Principal	Interest	Total
2019	\$ -	\$ 5,525	\$ 5,525
2020	325,000	2,763	327,763
	<u>\$ 325,000</u>	<u>\$ 8,288</u>	<u>\$ 333,288</u>

Revenue Bonds

Revenue bonds outstanding on December 31, 2018 totaled \$6,172,889 and were comprised of the following issues:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/18
Clean water revenue bond	07/23/08	05/01/28	2.20%	\$ 7,382,420	\$4,102,889
Community development revenue refunding bonds	07/06/10	12/01/26	2.70 - 4.30%	1,520,000	945,000
Water and electric system revenue refunding bonds	07/10/13	05/01/21	1.10 - 2.30%	1,630,000	635,000
Water and electric revenue bonds	04/21/15	05/01/30	2.50 - 3.00%	565,000	490,000
Revenue obligation trust fund loan	06/09/15	03/15/25	0.035	232,053	169,261
Total Outstanding Revenue Bonds					<u>\$6,342,150</u>

Annual principal and interest maturities of the outstanding revenue bonds of \$6,342,150 on December 31, 2018 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 100,000	\$ 37,993	\$ 628,118	\$ 116,423	\$ 728,118	\$ 154,416
2020	100,000	34,493	637,020	102,607	737,020	137,100
2021	120,000	30,743	651,157	88,076	771,157	118,819
2022	125,000	26,063	445,489	75,553	570,489	101,616
2023	125,000	21,063	470,038	65,076	595,038	86,139
2024-2028	375,000	32,000	2,465,328	156,429	2,840,328	188,429
2029-2030	-	-	100,000	3,000	100,000	3,000
	<u>\$ 945,000</u>	<u>\$ 182,355</u>	<u>\$ 5,397,150</u>	<u>\$ 607,164</u>	<u>\$ 6,342,150</u>	<u>\$ 789,519</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Utility Revenues Pledged

The Village has pledged future water, electric and wastewater customer revenues, net of specified operating expenses, to repay water and electric system 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 and wastewater customer net revenues and are payable through 2030. The total principal and interest remaining to be paid on the bonds is \$5,810,522. Principal and interest paid for the current year and total customer net revenues were \$711,265 and \$1,177,957, respectively.

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 \$244,091 on December 31, 2017 are detailed below:

Year Ended December 31,	Business-Type Activities
	Principal
2019	\$ 45,063
2020	45,063
2021	45,063
2022	45,063
2023	45,063
2024	18,776
	<u>\$ 244,091</u>

F. PENSION PLAN

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.

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

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.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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>
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

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.

During the year ended December 31, 2018, the WRS recognized \$73,800 in contributions from the Village.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the Village reported an asset of \$225,289 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was .00758774%, which was an increase of .00007849% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$99,254.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 286,234	\$ 133,891
Net differences between projected and actual earnings on pension plan investments	-	309,638
Changes in assumptions	44,512	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,349	764
Employer contributions subsequent to the measurement date	73,800	-
Total	<u>\$ 409,895</u>	<u>\$ 444,293</u>

\$73,800 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	Expense
2019	\$ 25,906
2020	(153)
2021	(76,066)
2022	(58,424)
2023	539
Total	<u>\$ (108,198)</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

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

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

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

	<u>Current Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>			
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8%	6.5%	3.6%
Private Equity/Debt	8%	9.4%	6.5%
Multi-asset	4%	6.5%	3.6%
Total Core Fund	110%	7.3%	4.4%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.5%	4.6%
International Equities	30%	7.8%	5.6%
Total Variable Fund	100%	7.9%	5.0%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (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 7.2 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 582,899	\$ (225,289)	\$ (839,537)

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, 2018, the Village reported a payable of \$0 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

G. OTHER POSTEMPLOYMENT BENEFITS

The Village has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by \$46,877 as follows:

Other postemployment liability		
OPEB asset balance previously reported	\$	-
Actuarially determined balance		46,877
Change in other postemployment liability		<u>\$ (46,877)</u>

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.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

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

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

Contribution rates as of December 31, 2018 are:

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

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

Life Insurance	
Employee Contribution Rates	
For the Year Ended December 31, 2017	
<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, 2018, the LRLIF recognized \$377 in contributions from the employer.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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

At December 31, 2018, the Village reported a liability of \$52,915 for its proportionate share of the net OPEB liability/. The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or 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, 2017, the Village's proportion was 0.017588%, which was a decrease of 0.00172% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized OPEB expense of \$5,044.

At December 31, 2018, 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	\$ -	\$ 746
Net differences between projected and actual earnings on OPEB plan investments	609	-
Changes in assumptions	5,114	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	3,620
Total	<u>\$ 5,723</u>	<u>\$ 4,366</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>
2019	\$ 266
2020	266
2021	266
2022	268
Thereafter	291
Total	<u>\$ 1,357</u>

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

Actuarial valuation date:	January 1, 2017
Measurement date of net OPEB liability (asset):	December 31, 2017
Actuarial cost method:	Entry age normal
20 year tax-exempt municipal bond yield:	3.44%
Long-term expected rate of return:	5.00%
Discount rate:	3.63%
Salary increases:	
Inflation	3.20%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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%	1.13%
U.S. Credit Bonds	Barclays Credit	65%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3%	3.08%
U.S. Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

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

Sensitivity of the Village's proportionate share of 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 3.63%, 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 (2.63%) or 1-percentage-point higher (4.63%) than the current rate:

	<u>1% Decrease to Discount Rate (2.63%)</u>	<u>Current Discount Rate (3.63%)</u>	<u>1% Increase to Discount Rate (4.63%)</u>
Village's proportionate share of the net OPEB liability (asset)	\$ 74,789	\$ 52,915	\$ 36,129

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://ef.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

At December 31, 2018, the Village reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended December 31, 2018.

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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, 2018, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Prepaid items	<u>\$ 9,799</u>
Special Revenue Funds	
Nonspendable	
Library	<u>1,193</u>
Capital Projects Funds	
Nonspendable	
Tax incremental district No. 4	<u>75</u>
Total Nonspendable Fund Balance	<u>\$ 11,067</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, 2018, restricted fund balance was as follows:

Debt Service Fund	
Restricted for	
Retirement of long-term debt	<u>\$ 97,984</u>
Capital Projects Fund	
Restricted for	
Tax incremental district no. 3	<u>600,824</u>
Total Restricted Fund Balance	<u>\$ 698,808</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Village Board action. At December 31, 2018, General Fund balance was committed as follows:

Special Revenue Funds	
Committed for	
Room tax	\$ 13,780
Revolving loan fund	<u>66,349</u>
Total Committed Fund Balance	<u>\$ 80,129</u>

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2018, fund balance was assigned as follows:

Special Revenue Funds

Assigned for

Library	\$	116,029
Chalet		2,261
Employee payout		82,300
Waste management		45,296
Subtotal		<u>245,886</u>

Capital Projects Funds

Assigned for

Capital projects		339,052
Sidewalk maintenance		20,377
Subtotal		<u>359,429</u>

Total \$ 605,315

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	\$	140,035
Working capital reserve		210,053
		<u>\$ 350,088</u>

The Village's unassigned general fund balance of \$980,793 is above the minimum fund balance amount.

Net Position

The Village reports restricted net position at December 31, 2018 as follows:

Governmental Activities

Restricted for

Tax incremental district projects	\$	600,824
Debt service		34,060
Pension benefits		142,850
Total Governmental Activities Restricted Net Position		<u>777,734</u>

Business-type Activities

Restricted for

Debt service		293,122
Capital projects		726,932
Pension benefits		82,439
Total Business-type Activities Restricted Net Position		<u>1,102,493</u>

Total Restricted Net Position \$ 1,880,227

Village of New Glarus, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2018

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 District is 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, 2018, the Village can recover \$1,268,038 from future excess tax increment revenues of the following:

	<u>Recoverable Costs</u>
TID No. 3	\$ 954,177
TID No. 4	313,861

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:

	<u>Termination Year</u>
TID No. 3	2026
TID No. 4	2042

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 7% of operating revenues in 2018. The wastewater utility has one significant customer who was responsible for 12% of operating revenues in 2018. The electric utility has one significant customer who is responsible for 16% of operating revenues in 2018.

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 December 15, 2019. The Village is currently evaluating the impact this standard will have on the financial statements when adopted.

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%

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%

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%

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	\$ 377	\$ 377	-	\$ 871,706	0.04%

See notes to required supplementary information.

Village of New Glarus, Wisconsin

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

A. GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 75

The Village implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended December 31, 2018. Information for prior years is not available.

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

B. WISCONSIN RETIREMENT SYSTEM

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

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, 2018

	Special Revenue			
	Library	Chalet Museum	Room Tax	Revolving Loan
ASSETS				
Cash and investments	\$ 120,168	\$ 2,267	\$ 13,856	\$ 66,349
Receivables				
Property taxes	161,787	8,083	-	-
Loans	-	-	-	47,520
Prepaid items	1,193	-	-	-
Total assets	<u>\$ 283,148</u>	<u>\$ 10,350</u>	<u>\$ 13,856</u>	<u>\$ 113,869</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 6	\$ 76	\$ -
Accrued and other current liabilities	4,139	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>4,139</u>	<u>6</u>	<u>76</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	161,787	8,083	-	-
Loans receivable	-	-	-	47,520
Total deferred inflows of resources	<u>161,787</u>	<u>8,083</u>	<u>-</u>	<u>47,520</u>
Fund balances				
Nonspendable	1,193	-	-	-
Restricted	-	-	-	-
Committed	-	-	13,780	66,349
Assigned	116,029	2,261	-	-
Unassigned	-	-	-	-
Total fund balances	<u>117,222</u>	<u>2,261</u>	<u>13,780</u>	<u>66,349</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 283,148</u>	<u>\$ 10,350</u>	<u>\$ 13,856</u>	<u>\$ 113,869</u>

Capital Projects						
Employee Payout	Waste Management	General Capital Projects	Sidewalk Maintenance	Tax Incremental District No. 3	Tax Incremental District No. 4	Total
\$ 82,300	\$ 45,839	\$ 359,612	\$ 20,377	\$ 600,824	\$ -	\$ 1,311,592
7,500	124,650	91,045	-	346,705	69,308	809,078
-	-	-	-	-	200,049	247,569
-	-	-	-	-	75	1,268
<u>\$ 89,800</u>	<u>\$ 170,489</u>	<u>\$ 450,657</u>	<u>\$ 20,377</u>	<u>\$ 947,529</u>	<u>\$ 269,432</u>	<u>\$ 2,369,507</u>
\$ -	\$ 240	\$ 20,560	\$ -	\$ -	\$ 126	\$ 21,008
-	303	-	-	-	262	4,704
-	-	-	-	-	96,594	96,594
-	543	20,560	-	-	96,982	122,306
7,500	124,650	91,045	-	346,705	69,308	809,078
-	-	-	-	-	200,049	247,569
7,500	124,650	91,045	-	346,705	269,357	1,056,647
-	-	-	-	-	75	1,268
-	-	-	-	600,824	-	600,824
-	-	-	-	-	-	80,129
82,300	45,296	339,052	20,377	-	-	605,315
-	-	-	-	-	(96,982)	(96,982)
82,300	45,296	339,052	20,377	600,824	(96,907)	1,190,554
<u>\$ 89,800</u>	<u>\$ 170,489</u>	<u>\$ 450,657</u>	<u>\$ 20,377</u>	<u>\$ 947,529</u>	<u>\$ 269,432</u>	<u>\$ 2,369,507</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, 2018

	Special Revenue			
	Library	Chalet Museum	Room Tax	Revolving Loan
REVENUES				
Taxes	\$ 158,668	\$ 7,415	\$ 81,175	\$ -
Intergovernmental	80,900	4,311	-	-
Public charges for services	4,158	2,541	-	400
Miscellaneous	50,759	36	-	5,003
Total revenues	<u>294,485</u>	<u>14,303</u>	<u>81,175</u>	<u>5,403</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	237,837	14,241	-	-
Conservation and development	-	-	73,460	5,500
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	3,829	-	-	-
Total expenditures	<u>241,666</u>	<u>14,241</u>	<u>73,460</u>	<u>5,500</u>
Excess of revenues over (under) expenditures	<u>52,819</u>	<u>62</u>	<u>7,715</u>	<u>(97)</u>
OTHER FINANCING SOURCES				
Long-term debt issued	-	-	-	-
Net change in fund balances	52,819	62	7,715	(97)
Fund balances - January 1	<u>64,403</u>	<u>2,199</u>	<u>6,065</u>	<u>66,446</u>
Fund balances - December 31	<u>\$ 117,222</u>	<u>\$ 2,261</u>	<u>\$ 13,780</u>	<u>\$ 66,349</u>

Capital Projects						
Employee Payout	Waste Management	General Capital Projects	Sidewalk Maintenance	Tax Incremental District No. 3	Tax Incremental District No. 4	Total
\$ 5,500	\$ 111,337	\$ 94,023	\$ -	\$ 325,319	\$ 24,940	\$ 808,377
-	2,964	-	-	7,138	63	95,376
-	1,299	-	-	-	-	8,398
-	-	14,298	-	3,620	13,302	87,018
5,500	115,600	108,321	-	336,077	38,305	999,169
12,222	-	2,662	-	158	4,898	19,940
-	-	-	-	-	-	-
-	152,539	-	-	-	-	152,539
-	-	-	-	-	-	252,078
-	-	1,918	-	3,363	39,868	124,109
-	-	-	-	150,000	17,260	167,260
-	-	-	-	65,743	15,066	80,809
-	-	236,776	-	-	-	240,605
12,222	152,539	241,356	-	219,264	77,092	1,037,340
(6,722)	(36,939)	(133,035)	-	116,813	(38,787)	(38,171)
-	-	125,000	-	-	-	125,000
(6,722)	(36,939)	(8,035)	-	116,813	(38,787)	86,829
89,022	82,235	347,087	20,377	484,011	(58,120)	1,103,725
<u>\$ 82,300</u>	<u>\$ 45,296</u>	<u>\$ 339,052</u>	<u>\$ 20,377</u>	<u>\$ 600,824</u>	<u>\$ (96,907)</u>	<u>\$ 1,190,554</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, 2018

	<u>Light Utility</u>	<u>Water Utility</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 2,500,264	\$ 568,715	\$ 3,068,979
Other	26,837	10,344	37,181
Total operating revenues	<u>2,527,101</u>	<u>579,059</u>	<u>3,106,160</u>
OPERATING EXPENSES			
Operation and maintenance	2,173,527	231,274	2,404,801
Depreciation	176,776	100,073	276,849
Taxes	17,489	7,157	24,646
Total operating expenses	<u>2,367,792</u>	<u>338,504</u>	<u>2,706,296</u>
Operating income	<u>159,309</u>	<u>240,555</u>	<u>399,864</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income			27,005
Gain (loss) on disposal of capital assets			26,436
Interest and fiscal charges			(30,947)
Amortization of debt discount/premium			(2,852)
Total nonoperating revenues (expenses)			<u>19,642</u>
Income before contributions and transfers			419,506
Capital contributions			5,376
Transfers out			(196,068)
Change in net position			228,814
Net position - January 1, as originally reported			<u>5,429,504</u>
Cumulative effect of change in accounting principle			<u>(11,814)</u>
Net position - January 1			<u>5,417,690</u>
Net position - December 31			<u>\$ 5,646,504</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF LIGHT UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services		
Sales of electricity		
Residential	\$ 949,624	\$ 937,501
Rural	38,507	39,903
Small commercial and industrial	480,607	491,764
Large commercial and industrial	984,251	1,043,508
Public street and highway lighting	37,633	38,735
Interdepartmental	9,642	22,357
Total charges for services	<u>2,500,264</u>	<u>2,573,768</u>
Other operating revenues		
Forfeited discounts	10,326	8,714
Miscellaneous service revenues	821	890
Rent from electric property	10,845	10,547
Contract work	-	10,146
Other	4,845	43
Total other operating revenues	<u>26,837</u>	<u>30,340</u>
 Total operating revenues	 <u>2,527,101</u>	 <u>2,604,108</u>
OPERATING EXPENSES		
Operation and maintenance		
Other power supply expenses		
Purchased power	1,882,767	1,921,344
Distribution expenses		
Operation supervision	17,647	16,754
Line and station labor	1,561	409
Line and station supplies	6,959	7,252
Meter	11,453	13,431
Customer installations	239	3,426
Miscellaneous distribution	66	-
Maintenance of structures and equipment	6,864	235
Maintenance of lines	31,630	36,520
Maintenance of line transformers	545	62
Maintenance of street lighting and signal systems	6,045	3,237
Maintenance of meters	1,071	904
Total distribution expenses	<u>84,080</u>	<u>82,230</u>
Customer accounts expenses		
Meter reading labor	4,908	6,087
Accounting and collecting labor	20,470	19,967
Supplies and expenses	3,785	3,522
Uncollectible accounts	120	153
Total customer accounts expenses	<u>29,283</u>	<u>29,729</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF LIGHT UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
Administrative and general expenses		
Administrative and general salaries	29,712	28,934
Office supplies	3,199	2,764
Outside services employed	7,014	8,128
Property insurance	3,006	2,379
Injuries and damages	11,691	13,117
Employee pensions and benefits	87,826	105,417
Regulatory commission	-	10
Miscellaneous general expenses	17,742	16,530
Transportation expenses	12,521	8,082
Maintenance of general plant	3,915	2,134
Appropriations of income to village	771	154
Total administrative and general expenses	<u>177,397</u>	<u>187,649</u>
Total operation and maintenance	2,173,527	2,220,952
Depreciation	176,776	165,946
Taxes	17,489	18,048
Total operating expenses	<u>2,367,792</u>	<u>2,404,946</u>
Operating income	<u>\$ 159,309</u>	<u>\$ 199,162</u>
Reconciliation of operating income to PSC operating income		
Operating income (as reported above)	\$ 159,309	\$ 199,162
Add: Depreciation on contributed plant	12,612	11,868
Add: Appropriations on income to Village	769	154
Less: GASB 68 conversion	7,556	21,459
Less: GASB 75 conversion	758	-
Less: Property tax equivalent	(95,688)	(83,674)
PSC operating income	<u>\$ 85,316</u>	<u>\$ 148,969</u>
Rate of return	<u>4.22%</u>	<u>7.87%</u>

Village of New Glarus, Wisconsin

**SCHEDULE OF WATER UTILITY
OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services		
Unmetered	\$ 1,850	\$ 2,151
Residential	246,470	197,488
Commercial	66,025	52,069
Industrial	89,863	61,549
Public authority	16,376	14,819
Private fire protection	4,980	4,176
Public fire protection	143,151	125,899
Total charges for services	<u>568,715</u>	<u>458,151</u>
Other revenues		
Forfeited discounts	2,200	1,402
Other	8,144	6,160
Total other revenues	<u>10,344</u>	<u>7,562</u>
Total operating revenues	<u>579,059</u>	<u>465,713</u>
OPERATING EXPENSES		
Operation and maintenance		
Source of supply expenses		
Operation labor	383	-
Operation supplies	109	531
Maintenance of water source plant	10,326	4,666
Total source of supply expenses	<u>10,818</u>	<u>5,197</u>
Pumping expenses		
Operation labor	15,156	15,226
Fuel or power purchased for pumping	19,385	23,602
Operation supplies	5,677	512
Maintenance of pumping plant	576	1,624
Total pumping expenses	<u>40,794</u>	<u>40,964</u>
Water treatment expenses		
Operation labor	11,697	11,468
Chemicals	4,104	13,859
Operation supplies and expenses	9,467	937
Maintenance of water treatment plant	1,449	894
Total water treatment expenses	<u>26,717</u>	<u>27,158</u>
Transmission and distribution expenses		
Operation labor	19,965	14,691
Operation supplies and expenses	42	881
Maintenance of distribution reservoirs and standpipes	5,042	1,233
Maintenance of mains	4,598	3,282
Maintenance of services	10,565	9,928
Maintenance of meters	772	1,277
Maintenance of hydrants	1,306	188
Maintenance of other plant	5,449	1,162
Total transmission and distribution expenses	<u>47,739</u>	<u>32,642</u>
Customer accounts expenses		
Meter reading labor	2,747	3,119
Accounting and collecting labor	5,401	5,377
Supplies	3,305	3,572
Uncollectible accounts	5	-
Total customer accounts expenses	<u>11,458</u>	<u>12,068</u>

Village of New Glarus, Wisconsin

SCHEDULE OF WATER UTILITY OPERATING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2018</u>	<u>2017</u>
Administrative and general expenses		
Administrative and general salaries	12,233	12,031
Office supplies and expenses	1,541	1,570
Outside services employed	6,710	10,238
Property insurance	1,570	692
Injuries and damages	5,066	4,695
Employee pensions and benefits	45,908	50,202
Regulatory commission	2,063	2,453
Miscellaneous general	7,665	5,246
Transportation	3,984	3,605
Maintenance of general plant	6,881	1,700
Appropriations of income to village	127	41
Total administrative and general expenses	<u>93,748</u>	<u>92,473</u>
Total operation and maintenance	231,274	210,502
Depreciation	100,073	98,029
Taxes	7,157	6,849
Total operating expenses	<u>338,504</u>	<u>315,380</u>
Operating income	<u>\$ 240,555</u>	<u>\$ 150,333</u>
Reconciliation of operating income to PSC operating income		
Operating income (as reported above)	\$ 240,555	\$ 150,333
Add: Depreciation on contributed plant	6,019	6,007
Add: Appropriations on income to Village	127	41
Less: GASB 75 conversion	422	-
Less: Property tax equivalent	(100,380)	(90,882)
PSC operating income	<u>\$ 146,743</u>	<u>\$ 65,499</u>
Rate of return	<u>4.30%</u>	<u>1.92%</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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated June 12, 2019.

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 2018-001 and 2018-002 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
June 12, 2019

Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

FINDING NO.	CONTROL DEFICIENCIES
2018-001	Segregation of Duties Repeat of Finding 2017-001
Condition:	Essentially one employee performs the majority of the accounting functions for the general Village and the Village's light and water utility.
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, 2018

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

FINDING NO.	CONTROL DEFICIENCIES
2018-002	Preparation of Annual Financial Report Repeat of Finding 2017-002
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.
Criteria:	The preparation and review of the annual financial report, Municipal Financial Report, and Public Service Commission Report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.
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.
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, 2018

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, 2018.

Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

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Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

SECTION I. INTERNAL CONTROL OVER FINANCIAL REPORTING

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Village of New Glarus, Wisconsin

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018.