



VILLAGE OF CROSS PLAINS

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2018

VILLAGE OF CROSS PLAINS

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Cross Plains
Cross Plains, Wisconsin

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 Cross Plains, Wisconsin, 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.

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cross Plains, Wisconsin as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2018, the Village adopted the provisions of GASB 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, budgetary comparison information, Life Insurance schedules, and Wisconsin Retirement System schedules on pages iii through x and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, WI
July 22, 2019

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
December 31, 2018

As management of the Village of Cross Plains, we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2018 by \$10,282,092 (net position).
- The Village's total net position increased by \$1,782,769. The following factors contributed to the overall increase:
 - The Utility net position increased by \$235,190.
 - The Governmental net position increased by \$1,547,579. The increase was primarily due to reimbursements from the County for paving of County Highway P through the Village.
- The local property tax levy (including the TIF increment) for 2018 (2019 revenue) was \$3,424,282, an increase of 7.57% from the \$3,183,395 levy for 2017 (2018 revenue). The 2018 tax levy limit was adjusted for debt service on general obligation debt authorized after July 1, 2005. The assessed value of the Village for the 2018 roll was \$394,391,500 an increase of 13.6% over 2017.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Cross Plains' basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Cross Plains' finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets, deferred outflows, liabilities and deferred inflows, with the residual between the elements 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 of Cross Plains is improving or deteriorating.

The *statement of activities* presents information showing how the Village's position changed during the most recent year. All changes in 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., uncollected taxes and earned but unused vacation leave).

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
December 31, 2018

Both of the government-wide financial statements distinguish functions of the Village of Cross Plains that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government; public safety; public works; health and social services; education and recreation; and conservation and development. The business-type activities of the Village include the water and sewer utilities.

The government-wide financial statements include only the Village of Cross Plains itself (known as the *primary government*). No component units were identified that should be included in the reporting entity. The statements do not include the legally separate fire and EMS districts.

The government-wide financial statements can be found on pages 1 and 2 of this report.

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 or objectives. The Village of Cross Plains, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. The non-major governmental funds are reported together.

The Village adopts an annual appropriated budget for all of its governmental funds. Supplementary budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report.

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Proprietary funds There are two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Village of Cross Plains does not have any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utilities, each of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 7 to 9 of this report.

Notes to the basic financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 to 40 of this report.

Government-wide Financial Analysis

Net Position Net position may serve over time as a useful indicator of a government's financial position. The Village's net position was \$10,282,092 at the close of 2018.

Village of Cross Plains Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 3,920,802	\$ 4,255,239	\$ 3,166,141	\$ 2,986,397	\$ 7,086,943	\$ 7,241,636
Capital assets	14,149,000	11,630,489	13,266,619	12,241,578	27,415,619	23,872,067
Total Assets	\$ 18,069,802	\$ 15,885,728	\$ 16,432,760	\$ 15,227,975	\$ 34,502,562	\$ 31,113,703
Deferred outflows	\$ 469,644	\$ 503,916	\$ 68,805	\$ 77,102	\$ 538,449	\$ 581,018
Total Deferred Outflows of Resources	\$ 469,644	\$ 503,916	\$ 68,805	\$ 77,102	\$ 538,449	\$ 581,018
Long-term liabilities outstanding	\$ 11,054,398	\$ 12,164,040	\$ 7,051,352	\$ 6,847,023	\$ 18,105,750	\$ 19,011,063
Other liabilities	1,822,517	423,212	943,378	220,913	2,765,895	644,125
Total Liabilities	\$ 12,876,915	\$ 12,587,252	\$ 7,994,730	\$ 7,067,936	\$ 20,871,645	\$ 19,655,188
Deferred taxes and special assessments	\$ 3,424,282	\$ 3,285,687	\$ -	\$ -	\$ 3,424,282	\$ 3,285,687
Other deferred inflows of resources	402,403	177,384	60,589	26,085	462,992	203,469
Total Deferred Inflows of Resources	\$ 3,826,685	\$ 3,463,071	\$ 60,589	\$ 26,085	\$ 3,887,274	\$ 3,489,156
Net Position:						
Net investment in capital assets	\$ 6,141,055	\$ 4,757,918	\$ 5,496,209	\$ 5,427,517	\$ 11,637,264	\$ 10,185,435
Restricted	285,903	564,304	1,622,536	1,462,043	1,908,439	2,026,347
Unrestricted (deficit)	(4,591,112)	(4,982,901)	1,327,501	1,321,496	(3,263,611)	(3,661,405)
Total Net Position	\$ 1,835,846	\$ 339,321	\$ 8,446,246	\$ 8,211,056	\$ 10,282,092	\$ 8,550,377

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
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The largest portion of the Village's net position (\$11,637,264) 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 are 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 (\$1,908,439) represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted deficit net position* is (\$3,263,611). This deficit is a result of economic development incentives associated with the Village's TID #3.

At the end of the current fiscal year, the Village of Cross Plains is able to report positive balances for the business-type activities. The governmental-type activities had an unrestricted deficit of (\$4,591,112).

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Village of Cross Plains Change in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services and fees, fines and costs	\$ 476,849	\$ 370,630	\$ 1,829,650	\$ 1,919,115	\$ 2,306,499	\$ 2,289,745
Operating grants and contributions	559,397	455,667	-	-	559,397	455,667
Capital grants and contributions	1,251,364	1,196,554	64,311	362,276	1,315,675	1,558,830
General Revenues:						
Property taxes	3,183,395	2,801,747	-	-	3,183,395	2,801,747
Other taxes and special assessments	3,060	-	-	-	3,060	-
Grants and contributions not restricted to specific programs	117,011	157,141	-	-	117,011	157,141
Unrestricted Interest and Investment	49,079	34,623	3,338	2,393	52,417	37,016
Miscellaneous	71,466	219,477	22,859	18,174	94,325	237,651
Total Revenues	5,711,621	5,235,839	1,920,158	2,301,958	7,631,779	7,537,797
Expenses:						
General Government	415,295	393,443	-	-	415,295	393,443
Public Safety	916,161	870,906	-	-	916,161	870,906
Public Works	1,434,538	1,052,417	1,682,640	1,543,572	3,117,178	2,595,989
Health, Welfare and Sanitation	-	19,210	-	-	-	19,210
Culture and Recreation	1,031,813	1,057,419	-	-	1,031,813	1,057,419
Conservation and Development	85,886	132,850	-	-	85,886	132,850
Interest on Long-Term Debt	282,677	267,365	-	-	282,677	267,365
Total Expenses	4,166,370	3,793,610	1,682,640	1,543,572	5,849,010	5,337,182
Increase (Decrease) in net position before transfers	1,545,251	1,442,229	237,518	758,386	1,782,769	2,200,615
Transfers	2,328	(1,944)	(2,328)	1,944	-	-
Increase (Decrease) in Net Position	1,547,579	1,440,285	235,190	760,330	1,782,769	2,200,615
Net Position - January 1	339,321	(538,119)	8,211,056	7,450,726	8,550,377	6,912,607
Prior period adjustments	(51,058)	(562,845)	-	-	-	-
Net position - beginning, restated	288,263	(1,100,964)	8,211,056	7,450,726	8,550,377	6,912,607
Net Position - December 31	\$ 1,835,842	\$ 339,321	\$ 8,446,246	\$ 8,211,056	\$ 10,333,146	\$ 9,113,222

Governmental Activities: Governmental activities increased the Village's net position by \$1,547,579, accounting for 87 percent of the total increase in net position of the Village. Key elements of this increase are as follows:

- The Village recognized \$1,251,364 revenues from Dane County related to paving of County Highway P.

Business-type activities: Business-type activities increased the Village's net position by \$235,190, accounting for 13 percent of the change in the net position of the Village. Key elements of this increase are as follows:

- Sewer had operating income of \$206,411.
- Water had operating income of \$16,877.

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
December 31, 2018

Financial Analysis of the Village of Cross Plains' Funds

The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds The focus of the Village of Cross Plains' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the Village's governmental funds reported combined ending fund deficits of (\$129,541), a decrease of 122% from the prior year. This decrease was primarily due unexpected costs for road work and flood damage repairs in the capital projects fund and inadequate TIF tax increment revenue to cover required debt service and incentive payment requirements. The deficit in the capital projects fund is expected to be replenished by grant revenues from the state and federal governments. Of the combined ending fund balance, (\$675,975) is an *unassigned deficit* and \$240,864 is *committed* for specific purposes. The remainder of fund balance is *non-spendable* or *restricted* to indicate that it is not available for new spending because it has already been committed for the following: 1) for prepayments that benefit periods beyond the end of the current year (\$13,641), 2) for non-current receivables (\$5,507), 3) for inventories (\$519) 4) for library projects (\$173,222), and 5) for debt service (\$112,681).

The general fund is the chief operating fund of the Village. At the end of the current year, unassigned fund balance was at \$254,835.

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
December 31, 2018

During the current year, the Village's general fund balance increased by \$42,690.

Proprietary funds The Village of Cross Plains' proprietary fund financial statements provide the same type of information found in the Village's government-wide financial statements, but in more detail.

The Water Utility's operating income in 2018 was \$16,877, as compared to operating income of \$29,438 in 2017. In 2018, revenues increased 1.5% and expenses increased 4.53% from the prior year.

The Sewer Utility's operating income was \$206,411 in 2018 and \$314,212 in 2017. This decrease was due revenues remaining essentially unchanged and a 10.24% increase in expenses.

General Fund Budgetary Highlights

- Actual expenditures were over budget amounts by \$44,944, or 2.44% of the budgeted expenditures. Actual revenues were over budget by \$88,556.

Capital Asset and Debt Administration

Capital assets The Village of Cross Plains' investment in capital assets for its governmental and business-type activities as of December 31, 2018 amounts to \$27,415,619 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and public domain infrastructure (roads and storm sewers). The net increase in the Village's investment in capital assets for the current year was \$3,543,552. This is due to additions to capital assets exceeding depreciation expense.

Additional information on the Village of Cross Plains' capital assets can be found in Note 3 on pages 20 and 21 of this report.

Long-term debt At the end of the current fiscal year, the Village had total debt outstanding of \$19,161,696. General obligation debt which was backed by the full faith of the Village totaled \$10,995,000. The remainder of \$8,166,696 is secured by revenues of the Water Utility and Sewer Utility.

During the fiscal year, the net increase in the Village's debt was \$1,188,808.

Additional information on Village of Cross Plains' long-term debt can be found in Note 4 on pages 21 to 25 of this report.

VILLAGE OF CROSS PLAINS
Management's Discussion and Analysis
December 31, 2018

Economic Factors and Next Year's Budgets and Rates

- The 2018 tax levy (to be collected in 2019) was subject to tax levy limits imposed by the State of Wisconsin. The State has extended these limits for the 2017 property tax levies.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village of Cross Plains' finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Cross Plains Administrator, 2417 Brewery Road, Cross Plains, WI 53528.

FINANCIAL STATEMENTS

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Net Position
December 31, 2018**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 573,485	\$ 644,277	\$ 1,217,762
Receivables	78,701	366,384	445,085
Taxes Receivable	3,429,788	-	3,429,788
Internal Balances	(484,390)	484,390	-
Inventories	-	6,374	6,374
Prepaid Expenses	13,641	7,583	21,224
Other assets	111,206	-	111,206
Restricted assets:			
Cash and cash equivalents	-	1,622,536	1,622,536
Net pension asset	198,371	34,597	232,968
Capital assets:			
Land, improvements and construction in progress	2,248,112	169,615	2,417,727
Capital assets, net of depreciation	11,900,888	13,097,004	24,997,892
Net capital assets	<u>14,149,000</u>	<u>13,266,619</u>	<u>27,415,619</u>
 Total assets	 <u>18,069,802</u>	 <u>16,432,760</u>	 <u>34,502,562</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	390,557	61,917	452,474
Deferred OPEB outflows	17,365	3,534	20,899
Deferred charge on refunding	61,722	3,354	65,076
 Total deferred outflows of resources	 <u>469,644</u>	 <u>68,805</u>	 <u>538,449</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 18,539,446</u>	 <u>\$ 16,501,565</u>	 <u>\$ 35,041,011</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 427,690	\$ 209,437	\$ 637,127
Long-term liabilities:			
Due within one year			
Bonds, notes payable and contracts	1,335,592	664,155	1,999,747
Accrued interest	59,235	-	59,235
Due in more than one year			
Bonds, notes payable and contracts	10,647,353	7,036,469	17,683,822
Compensated absences	333,913	-	333,913
Net life insurance liability	73,132	14,883	88,015
Deferred credits	-	69,786	69,786
Total liabilities	<u>12,876,915</u>	<u>7,994,730</u>	<u>20,871,645</u>
 Total Liabilities	 <u>13,304,605</u>	 <u>8,204,167</u>	 <u>21,508,772</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred tax levy	3,424,282	-	3,424,282
Deferred pension inflows	401,373	60,379	461,752
Other deferred inflows	1,030	210	1,240
 Total deferred inflows of resources	 <u>3,826,685</u>	 <u>60,589</u>	 <u>3,887,274</u>
NET POSITION			
Net investment in capital assets	6,141,055	5,496,209	11,637,264
Restricted	285,903	1,622,536	1,908,439
Unrestricted (deficit)	(4,591,112)	1,327,501	(3,263,611)
 Total net position	 <u>1,835,846</u>	 <u>8,446,246</u>	 <u>10,282,092</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 18,539,446</u>	 <u>\$ 16,501,565</u>	 <u>\$ 35,041,011</u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Activities
For the Year Ended December 31, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 415,295	\$ 165,662	\$ -	\$ -	\$ (249,633)		\$ (249,633)
Public Safety	916,161	27,177	39,521	-	(849,463)		(849,463)
Public Works	1,434,538	7,566	270,185	1,251,364	94,577		94,577
Culture and Recreation	1,031,813	276,444	249,691	-	(505,678)		(505,678)
Conservation and Development	85,886	-	-	-	(85,886)		(85,886)
Interest on Long-term Debt	282,677	-	-	-	(282,677)		(282,677)
Total governmental activities	<u>4,166,370</u>	<u>476,849</u>	<u>559,397</u>	<u>1,251,364</u>	<u>(1,878,760)</u>		<u>(1,878,760)</u>
Business-type Activities:							
Water	406,201	469,674	-	-	-	\$ 63,473	63,473
Sewer	1,276,439	1,359,976	-	64,311	-	147,848	147,848
Total business-type activities	<u>1,682,640</u>	<u>1,829,650</u>	<u>-</u>	<u>64,311</u>	<u>-</u>	<u>211,321</u>	<u>211,321</u>
Total	<u>\$ 5,849,010</u>	<u>\$ 2,306,499</u>	<u>\$ 559,397</u>	<u>\$ 1,315,675</u>	<u>(1,878,760)</u>	<u>211,321</u>	<u>(1,667,439)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,661,050	-	1,661,050
Property taxes, levied for debt service					1,014,000	-	1,014,000
Property taxes, tax increment					508,345		508,345
Payments in lieu of taxes					3,060	-	3,060
Grants and contributions not restricted to specific programs					117,011	-	117,011
Unrestricted investment earnings					49,079	3,338	52,417
Miscellaneous					71,466	22,859	94,325
Transfers					2,328	(2,328)	-
Total general revenues and transfers					<u>3,426,339</u>	<u>23,869</u>	<u>3,450,208</u>
Change in net position					<u>1,547,579</u>	<u>235,190</u>	<u>1,782,769</u>
Net Position - Beginning					339,325	8,211,056	8,550,381
Prior period adjustments					(51,058)	-	(51,058)
Net position - beginning, restated					<u>288,267</u>	<u>8,211,056</u>	<u>8,499,323</u>
Net Position - Ending					<u>\$ 1,835,846</u>	<u>\$ 8,446,246</u>	<u>\$ 10,282,092</u>

The accompanying notes to financial statements are in integral part of this statement.

**Village of Cross Plains
Cross Plains, Wisconsin**

**Balance Sheet
Governmental Funds
December 31, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>TID #3 Fund</u>	<u>Parks Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 139,651	\$ 112,681	\$ -	\$ -	\$ 229,564	\$ 91,589	\$ 573,485
Receivables:							
Taxes	1,326,100	1,004,250	7,000	517,563	278,575	290,794	3,424,282
Delinquent Personal Property Taxes	167	-	-	-	-	-	167
Special Assessments	5,340	-	-	-	-	-	5,340
Accounts	31,603	-	47,098	-	-	-	78,701
Advances due from Other Funds	197,791	-	-	-	-	-	197,791
Inventories	519	-	-	-	-	-	519
Prepaid Expenses	13,641	-	-	-	-	-	13,641
Other Restricted Assets	-	-	-	-	-	110,687	110,687
Total Assets	<u>\$ 1,714,812</u>	<u>\$ 1,116,931</u>	<u>\$ 54,098</u>	<u>\$ 517,563</u>	<u>\$ 508,139</u>	<u>\$ 493,070</u>	<u>\$ 4,404,613</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 59,952	\$ -	\$ 295,727	\$ -	\$ 9,476	\$ 8,278	\$ 373,433
Accrued Liabilities	36,738	-	-	-	-	-	36,738
Due to Other Funds	-	-	197,791	484,390	-	-	682,181
Other Payables	17,520	-	-	-	-	-	17,520
Total Liabilities	<u>114,210</u>	<u>-</u>	<u>493,518</u>	<u>484,390</u>	<u>9,476</u>	<u>8,278</u>	<u>1,109,872</u>
Deferred Inflows of Resources:							
Subsequent Year Tax Levy	<u>1,326,100</u>	<u>1,004,250</u>	<u>7,000</u>	<u>517,563</u>	<u>278,575</u>	<u>290,794</u>	<u>3,424,282</u>
Total Deferred Inflows of Resources	<u>1,326,100</u>	<u>1,004,250</u>	<u>7,000</u>	<u>517,563</u>	<u>278,575</u>	<u>290,794</u>	<u>3,424,282</u>
Fund Balances:							
Nonspendable	19,667	-	-	-	-	-	19,667
Restricted	-	112,681	-	-	-	173,222	285,903
Committed	-	-	-	-	220,088	20,776	240,864
Unassigned (Deficit)	254,835	-	(446,420)	(484,390)	-	-	(675,975)
Total Fund Balances	<u>274,502</u>	<u>112,681</u>	<u>(446,420)</u>	<u>(484,390)</u>	<u>220,088</u>	<u>193,998</u>	<u>(129,541)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,714,812</u>	<u>\$ 1,116,931</u>	<u>\$ 54,098</u>	<u>\$ 517,563</u>	<u>\$ 508,139</u>	<u>\$ 493,070</u>	<u>\$ 4,404,613</u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018**

Total fund balance, governmental funds	\$	(129,541)
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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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Governmental capital assets (net of accumulated depreciation)		14,149,000
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Pension assets liabilities and deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Net pension asset	198,371	
Net life insurance liability	(73,132)	
Deferred outflows of resources	407,922	
Deferred inflows of resources	<u>(402,403)</u>	130,758

Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

General obligation debt	(11,982,945)	
Unamortized loss on advanced refunding	61,722	
Accrued vacation and sick	(333,913)	
Accrued interest	<u>(59,235)</u>	(12,314,371)

Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>1,835,846</u></u>
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**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>TID #3 Fund</u>	<u>Parks Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
Property Taxes	\$ 1,139,446	\$ 1,014,000	\$ -	\$ 508,345	\$ 248,450	\$ 273,175	\$ 3,183,416
Other Taxes	3,039	-	-	-	-	-	3,039
Intergovernmental	395,029	-	1,311,853	6,751	-	105,673	1,819,306
License and Permits	124,192	-	-	-	-	-	124,192
Fines, Forfeits and Penalties	20,639	-	-	-	-	3,299	23,938
Public Charges for Services	36,749	-	-	-	271,010	-	307,759
Investment Income (Loss)	50,011	-	-	-	-	(932)	49,079
Miscellaneous Income	66,376	-	13,330	-	17,956	20,705	118,367
Total Revenues	<u>1,835,481</u>	<u>1,014,000</u>	<u>1,325,183</u>	<u>515,096</u>	<u>537,416</u>	<u>401,920</u>	<u>5,629,096</u>
EXPENDITURES							
Current:							
General Government	386,047	-	-	-	-	-	386,047
Public Safety	803,222	-	-	-	-	-	803,222
Public Works	653,289	-	-	-	-	-	653,289
Culture, Recreation and Education	-	-	-	-	461,517	397,890	859,407
Conservation and Development	40,811	-	-	66,063	-	-	106,874
Capital Outlay	-	-	3,504,823	-	-	-	3,504,823
Debt Service:							
Principal Repayment	-	1,386,039	-	395,000	-	-	1,781,039
Interest and Fiscal Charges	-	156,008	24,300	86,138	-	-	266,446
Total Expenditures	<u>1,883,369</u>	<u>1,542,047</u>	<u>3,529,123</u>	<u>547,201</u>	<u>461,517</u>	<u>397,890</u>	<u>8,361,147</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47,888)</u>	<u>(528,047)</u>	<u>(2,203,940)</u>	<u>(32,105)</u>	<u>75,899</u>	<u>4,030</u>	<u>(2,732,051)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from Long-Term Debt	-	506,000	1,493,549	-	-	-	1,999,549
Transfers In	90,578	10,000	-	-	-	-	100,578
Transfers Out	-	-	-	(88,250)	(10,000)	-	(98,250)
Total Other Financing Sources and Uses	<u>90,578</u>	<u>516,000</u>	<u>1,493,549</u>	<u>(88,250)</u>	<u>(10,000)</u>	<u>-</u>	<u>2,001,877</u>
Net Change in Fund Balances	42,690	(12,047)	(710,391)	(120,355)	65,899	4,030	(730,174)
Fund Balances (Deficit) - Beginning	231,812	124,728	263,971	(364,035)	154,189	189,968	600,633
Fund Balances - Ending	<u>\$ 274,502</u>	<u>\$ 112,681</u>	<u>\$ (446,420)</u>	<u>\$ (484,390)</u>	<u>\$ 220,088</u>	<u>\$ 193,998</u>	<u>\$ (129,541)</u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended December 31, 2018**

Net change in fund balances - total governmental funds:	\$	(730,174)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
This is the amount by which capital outlays, \$3,132,268, were greater than depreciation, \$696,942, in the current period.		2,435,326
<p>Capital contributions from developers increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>		
		104,171
<p>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.</p>		
Special assessments previously accrued		(655)
<p>Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.</p>		
The amount of long-term debt principal payments in the current year	1,781,039	
The amount of long-term debt acquired in the current year	<u>(1,999,549)</u>	
		(218,510)
<p>Some expenses reported in the Statement of Activities follow the full accrual basis of accounting. The modified accrual basis is used in the fund statements so there is a perspective difference.</p>		
Accrued interest not reflected on Governmental funds		(7,406)
Compensated absences recorded when paid in Governmental funds		(7,125)
Amortization of loss on refunding		(8,817)
<p>The Government-wide statements reflect assets and liabilities, deferred inflows and outflows for the WRS and life insurance liability. The fund statements do not reflect these accounts. This amount reflects the net change in the pension asset and life insurance liability that is reflected in the Statement of Activities but not in the fund statements.</p>		
		<u>(19,231)</u>
Change in net position of governmental activities	\$	<u><u>1,547,579</u></u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 363,990	\$ 280,287	\$ 644,277
Accounts	88,309	278,075	366,384
Advances Receivable	-	484,390	484,390
Inventories	5,686	688	6,374
Prepaid Expenses	3,250	4,333	7,583
Total Current Assets	461,235	1,047,773	1,509,008
Restricted Assets:			
Net Pension Asset	15,945	18,652	34,597
Restricted Cash and Cash Equivalents	48,569	1,573,967	1,622,536
Total Restricted Assets	64,514	1,592,619	1,657,133
Capital Assets:			
Land and Construction Work in Progress	61,174	108,441	169,615
Capital Assets	6,434,644	13,502,205	19,936,849
Less Accumulated Depreciation	(1,649,084)	(5,190,761)	(6,839,845)
Net Capital Assets	4,846,734	8,419,885	13,266,619
Total Assets	5,372,483	11,060,277	16,432,760
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	25,843	36,074	61,917
Deferred OPEB Outflows	1,365	2,169	3,534
Other Deferred Debits	-	3,354	3,354
Total Deferred Outflows of Resources	27,208	41,597	68,805
Total Assets and Deferred Outflows of Resources			
	\$ 5,399,691	\$ 11,101,874	\$ 16,501,565
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 69,622	\$ 112,407	\$ 182,029
Accrued Liabilities	7,854	19,554	27,408
Current Portion of Long-Term Debt:			
Bonds and Loans Payable	146,005	518,150	664,155
Total Current Liabilities	223,481	650,111	873,592
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Loans Payable	2,482,375	4,554,094	7,036,469
Total Long-Term Debt	2,482,375	4,554,094	7,036,469
Other Liabilities			
Net OPEB Liability	5,747	9,136	14,883
Deferred Credits	69,786	-	69,786
Total Other Liabilities	75,533	9,136	84,669
Total Non-Current Liabilities	2,557,908	4,563,230	7,121,138
Total Liabilities	2,781,389	5,213,341	7,994,730
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	29,717	30,662	60,379
Deferred OPEB inflows	81	129	210
Total Deferred Inflows of Resources	29,798	30,791	60,589
NET POSITION			
Net Investment in Capital Assets	2,148,568	3,347,641	5,496,209
Restricted	48,569	1,573,967	1,622,536
Unrestricted	391,367	936,134	1,327,501
Total Net Position	2,588,504	5,857,742	8,446,246
Total Liabilities, Deferred Inflows of Resources, and Net Position			
	\$ 5,399,691	\$ 11,101,874	\$ 16,501,565

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018**

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 453,944	\$ 1,359,976	\$ 1,813,920
Other Operating Revenues	15,730	-	15,730
Total Operating Revenues	<u>469,674</u>	<u>1,359,976</u>	<u>1,829,650</u>
OPERATING EXPENSES			
Operation and Maintenance	228,263	735,342	963,605
Depreciation and Amortization	130,315	418,223	548,538
Taxes	94,219	-	94,219
Total Operating Expenses	<u>452,797</u>	<u>1,153,565</u>	<u>1,606,362</u>
Operating Income (Loss)	<u>16,877</u>	<u>206,411</u>	<u>223,288</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	1,327	2,011	3,338
Miscellaneous Non-Operating Revenue	13,957	8,902	22,859
Hook Up Fees	-	64,311	64,311
Interest Expense	(43,982)	(122,874)	(166,856)
Total Non-Operating Revenues (Expenses)	<u>(28,698)</u>	<u>(47,650)</u>	<u>(76,348)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(11,821)</u>	<u>158,761</u>	<u>146,940</u>
Transfers In	<u>33,500</u>	<u>54,750</u>	<u>88,250</u>
Change in Net Position	<u>21,679</u>	<u>213,511</u>	<u>235,190</u>
Total Net Position - Beginning	<u>2,566,825</u>	<u>5,644,231</u>	<u>8,211,056</u>
Total Net Position - Ending	<u>\$ 2,588,504</u>	<u>\$ 5,857,742</u>	<u>\$ 8,446,246</u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 529,307	\$ 1,543,319	\$ 2,072,626
Payments to suppliers	(107,043)	(587,681)	(694,724)
Payments to employees	(122,605)	(154,528)	(277,133)
Internal activity - payments from (to) other funds	-	(120,356)	(120,356)
Taxes paid	(94,219)	(8,107)	(102,326)
Net cash provided (used) by operating activities	<u>205,440</u>	<u>672,647</u>	<u>878,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	1,178,333	374,589	1,552,922
Purchase or construction of capital assets	(1,194,039)	(374,735)	(1,568,774)
Transfers from (to) other funds	33,500	54,750	88,250
Hook up fees	-	64,311	64,311
Principal paid on capital debt	(90,704)	(491,911)	(582,615)
Interest paid on capital debt	(42,029)	(125,725)	(167,754)
Net cash provided (used) by capital and related financing activities	<u>(114,939)</u>	<u>(498,721)</u>	<u>(613,660)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	1,328	2,011	3,339
Net cash provided (used) by investing activities	<u>1,328</u>	<u>2,011</u>	<u>3,339</u>
Net increase (decrease) in cash and cash equivalents	91,829	175,937	267,766
Cash at beginning of year	320,730	1,678,317	1,999,047
Cash at end of year	<u>\$ 412,559</u>	<u>\$ 1,854,254</u>	<u>\$ 2,266,813</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 16,877	\$ 206,411	\$ 223,288
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Joint Meter	12,805	(12,765)	40
Depreciation expense	130,315	413,377	543,692
Amortization expense	-	13,708	13,708
Pension expense	5,401	8,223	13,624
Changes in assets, deferred outflows, liabilities and deferred inflows:			
Receivables, net	59,633	183,343	242,976
Due from other funds	-	(120,356)	(120,356)
Accounts and other payables	(19,591)	(19,294)	(38,885)
Net cash provided (used) by operating activities	<u>\$ 205,440</u>	<u>\$ 672,647</u>	<u>\$ 878,087</u>
Reconciliation of cash and cash equivalents to statement of net position			
Cash and cash equivalents	\$ 363,990	\$ 280,287	\$ 644,277
Restricted cash and cash equivalents	48,569	1,573,967	1,622,536
	<u>\$ 412,559</u>	<u>\$ 1,854,254</u>	<u>\$ 2,266,813</u>

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

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Net Position
Fiduciary Fund
December 31, 2018**

	<u>Tax Agency</u>
ASSETS	
Cash and Investments	\$ 4,311,938
Property Taxes Receivable	<u>4,199,990</u>
Total Assets	<u><u>\$ 8,511,928</u></u>
LIABILITIES	
Due to Other Funds	\$ 3,534,345
Due to Other Governments	<u>4,977,583</u>
Total Liabilities	<u><u>\$ 8,511,928</u></u>

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

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies

The accounting policies of the Village of Cross Plains, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units.

A. Reporting Entity

The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village has no component units which must be included in the reporting entity because of the significance of their operational or financial relationships with the Village.

See Note 6 regarding joint ventures.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the Village. The effect of most interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 for services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the requirements of a particular function. Taxes and other items not included in program revenues are reported as general revenues.

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

Fund Financial Statements

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

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

- 1. Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Fund Financial Statements (Continued)

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

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

The Village reports the following major governmental funds:

The General Fund is the general operating fund of the municipality. It is used to account for all financial resources except those required to be accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Tax Increment District #3 Fund (“TID #3”) is used to account for financial resources to be used for improvements in the Village’s TIF district.

Parks Fund is used to account for the operations of the parks and recreation programs of the Village.

The Village reports the following major proprietary funds:

Enterprise Funds - The enterprise funds are the water utility and the sewer utility.

The nonmajor governmental funds of the Village are the Library Operations Fund and the Library Endowment Fund.

In addition, the Village reports the following fund type:

Agency Funds - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village reports its tax collection activity as an agency fund.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies (Continued)
C. 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 recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized when all eligibility requirements have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Resources not available to finance expenditures and commitments of the current period are recorded as deferred inflows of resources or nonspendable fund equity. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

D. Budgets

Annual budgets, as required by state statutes, are approved by the Village Board. Budgets were adopted for the general fund, debt service fund and capital projects fund. Appropriations lapse at year-end unless specifically carried over. Expenditures are controlled at the department level. See notes to required supplementary information for additional information.

E. Cash and Cash Equivalents

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

F. Taxes Receivable

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for other state and local governmental units collected in the current year for the succeeding year are reported as payable to other governments. Taxes are levied in December on the assessed value as of the prior January 1.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies (Continued)

F. Taxes Receivable (continued)

Property tax calendar - 2017 tax roll

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

G. Allowance for Uncollectible Accounts

Delinquent real estate taxes are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made in the accompanying utility financial statements because the water and sewer utilities have the right by law to place delinquent bills on the tax roll.

H. Capital Assets

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, overhead, and interest incurred during construction. Contributed capital assets are recorded at fair market value at the time received. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and accumulated depreciation.

The cost of streets and curb and gutter acquired prior to 2001 was estimated. The cost of storm water drainage systems and sidewalks acquired prior to 2001 has not been capitalized.

Capital assets acquired for governmental purposes are recorded as expenditures in the governmental fund financial statements.

Depreciation is recorded using the straight line method over the estimated useful lives. The rate used in the sewer utility varies between 1.11% to 20%. The rate used in the water utility varies between 1.3% to 26.7%.

I. Inventories

Proprietary fund inventories are generally used for construction or maintenance - not for resale. They are valued at cost based on first in - first out and charged to construction or maintenance when used.

J. Long Term Debt

In the government-wide and proprietary fund financial statements, long-term liabilities are reported as liabilities.

Long term liabilities are not reported in the governmental fund financial statements. Proceeds of long-term debt issues are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies (Continued)

K. Deferred Regulatory Credit

In 2004, the Public Service Commission of Wisconsin required regulated utilities (the water utility) to create a deferred regulatory credit account. The amount of the credit was equal to the estimated accumulated depreciation on contributed utility plant as of December 31, 2003. The credit has the effect of reducing the rate base used by the Commission in approving user rates charged by the utilities. The credit is being amortized to non-operating income over a period of 20 years.

L. Compensated Absences

The governmental funds have not recorded liabilities for accrued employee vacations and sick leave since these will not be liquidated from current revenues. The actual expenditure will be recorded at the time the benefits are used by the employee, and will be paid at the rate of pay then in effect. Under terms of employment, municipal employees are granted vacations and sick leave in varying amounts. To the extent that sick leave and vacation must be paid by the municipality when an employee leaves employment, such amounts are considered to be a long-term liability and are reported in the government-wide and proprietary fund financial statements.

M. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The related expenditure is recognized when the liability is liquidated. Claims and judgments are reported in the government-wide and proprietary fund financial statements as expenses when the related liabilities are incurred.

N. Pensions

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

O. Other Post-Employment Benefit

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 post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs 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.

P. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies (Continued)

Q. Equity

Equity is classified as net position in the government-wide and proprietary fund financial statements and displayed in three components. 1) Net investment in capital assets – the amount of capital assets less accumulated depreciation and outstanding debt related to the purchase, construction or improvement of capital assets. 2) Restricted net position – amount of net position subject to restrictions that are imposed by external groups or law. 3) Unrestricted net position – net position that is classified as neither of the above.

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

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the Village Board or through the Village Board delegating this responsibility to the Village Administrator/Clerk-Treasurer through the budgetary process.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

The Village would typically use Restricted fund balances first, followed by Committed resources and then Assigned resources, but reserves the right to selectively spend Unassigned resources first and to defer the use of these other classified funds.

R. Revenues and Expenses

Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the municipality is entitled to the aids.

Special assessments are recorded as revenues when collected. Annual installments due in future years are reflected as receivables and deferred inflows.

Proprietary fund revenues are recorded when services are billed. Unbilled receivables are not recorded since the amount is not material. Rates charged by the water utility are regulated by the Public Service Commission (PSC) of Wisconsin. Rates charged by the sewer utility are approved by the Village Board.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

1. Significant Accounting Policies (Continued)
R. Revenues and Expenses (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are user charges for water consumption and for wastewater disposal and treatment. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Contributions and contributed capital to the water and sewer utilities are reflected as non-operating revenue.

S. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

T. Change in Accounting Principle

Effective January 1, 2018, the Village adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Implementation of GASB 75 required net position in the governmental activities to be decreased by \$51,058.

2. Cash and Investments

Investment of Village funds is restricted by State statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (6) Agreements in which a public depository agrees to repay funds advanced to it by the Board, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government;
- (7) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options;
- (8) Bonds issued by the University of Wisconsin Hospital and Clinics Authority and the Wisconsin Aerospace Authority.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

2. Cash and Investments (Continued)

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

	Bank Balance	Carrying Value Balance	Associated Risk
Deposits	\$ 7,279,177	\$ 7,152,236	Custodial credit risk
Total Cash and Investments	\$ 7,279,177	\$ 7,152,236	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,217,762		
Restricted cash and investments	1,622,536		
Per statement of net position -			
Fiduciary Funds			
Tax Agency	4,311,938		
Total Cash and Investments	\$ 7,152,236		

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would 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 risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

2. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

As of December 31, 2018, all of the Village's deposits with financial institutions were covered by federal depository insurance limits, collateralized by securities held by the pledging financial institution or were held in an Insured Cash Sweep (ICS) account. Funds held in the ICS account that exceed FDIC limits are deposited into separate accounts at different financial institutions to ensure that their balances never exceed the FDIC limits. A summary follows:

Deposits covered by FDIC, State Deposit Guarantee and Insured Cash Sweep	\$ 4,752,263
Uninsured deposits covered by collateral	\$ 2,526,914

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. No Village investment represents 5% or more of the total investments.

Connection Fees

The Sewer Utility collects connection fees which are available to use for purposes as directed by the Village Board. Through December 31, 2018, the Sewer Utility has collected \$642,889 in connection fees, which have not been held in a separate designated account. However, unrestricted cash balances in the Utility were only \$280,287 as of the end of the year.

Restricted Cash

The use of certain cash accounts is restricted by loan and grant agreements. The restricted accounts are as follows:

Enterprise Funds:	1/1/2018	Increases	Decreases	12/31/2018
Sewerage System Depreciation Fund - includes annual deposits, and will be used for the sewer collection system.	\$ 148,931	\$ 77,833	\$ -	\$ 226,764
Sewerage System Bond Fund - includes annual deposits and is used to pay off Clean Water Fund loan.	\$ 311,765	\$ 10,713		\$ 322,478
Water System Bond Fund - includes annual deposits and is used to pay off Safe Drinking Water loan.	\$ 41,999	\$ 6,570	\$ -	\$ 48,569
Equipment Replacement Fund - required by the DNR, includes annual deposits and is restricted for treatment plant equipment.	\$ 959,349	\$ 65,376	\$ -	\$ 1,024,725
Total	<u>\$ 1,462,044</u>	<u>\$ 160,492</u>	<u>\$ -</u>	<u>\$ 1,622,536</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

3. Capital Assets

Capital asset activity for the year ended December 31, 2018 is shown below:

Governmental Activities	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<i>Capital assets, not being depreciated</i>				
Land and right of ways	\$ 2,153,845	\$ 76,577	\$ -	\$ 2,230,422
Construction work in progress	113,492	-	95,802	17,690
Subtotals	<u>2,267,337</u>	<u>76,577</u>	<u>95,802</u>	<u>2,248,112</u>
<i>Capital assets, being depreciated</i>				
Infrastructure	8,011,887	2,549,375	-	10,561,262
Buildings and improvements	7,749,470	666,596	-	8,416,066
Equipment and vehicles	2,160,009	18,707	20,924	2,157,792
Subtotals	<u>17,921,366</u>	<u>3,234,678</u>	<u>20,924</u>	<u>21,135,120</u>
<i>Accumulated depreciation</i>				
Infrastructure	3,608,855	361,763	-	3,970,618
Buildings and improvements	3,558,457	191,521	-	3,749,978
Equipment and vehicles	1,390,902	143,658	20,924	1,513,636
Subtotals	<u>8,558,214</u>	<u>696,942</u>	<u>20,924</u>	<u>9,234,232</u>
<i>Net capital assets, being depreciated</i>	<u>9,363,152</u>	<u>2,537,736</u>	<u>-</u>	<u>11,900,888</u>
Capital Assets, net	<u>\$11,630,489</u>	<u>\$ 2,614,313</u>	<u>\$ 95,802</u>	<u>\$ 14,149,000</u>
Business-type Activities	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<i>Capital assets, not being depreciated</i>				
Land	\$ 30,317	\$ -	\$ -	\$ 30,317
Construction work in progress	139,298	-	-	139,298
Subtotals	<u>30,317</u>	<u>-</u>	<u>-</u>	<u>169,615</u>
<i>Capital assets, being depreciated</i>				
Sewer utility plant				
Buildings and Infrastructure	12,073,374	374,590	47,310	12,400,654
Equipment and Vehicles	1,101,571	6,522	6,542	1,101,551
Water utility plant				
Buildings and Infrastructure	4,594,604	15,707	17,300	4,593,011
Equipment and Vehicles	733,490	1,178,333	70,190	1,841,633
Subtotals	<u>18,503,039</u>	<u>1,575,152</u>	<u>141,342</u>	<u>19,936,849</u>
<i>Accumulated depreciation</i>				
Sewer utility plant	4,837,623	400,612	47,474	5,190,761
Water utility plant	1,593,453	143,121	87,490	1,649,084
Subtotals	<u>6,431,076</u>	<u>543,733</u>	<u>134,964</u>	<u>6,839,845</u>
<i>Net capital assets, being depreciated</i>	<u>12,071,963</u>	<u>1,031,419</u>	<u>6,378</u>	<u>13,097,004</u>
Capital Assets, net	<u>\$ 12,102,280</u>	<u>\$ 1,031,419</u>	<u>\$ 6,378</u>	<u>\$ 13,266,619</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

3. Capital Assets (Continued)

Depreciation expense was charged to functions on the Statement of Activities as follows:

Governmental activities:	
General government	\$ 22,351
Public safety	98,395
Public works	406,854
Recreation and education	169,341
Total	<u>\$ 696,942</u>
Business-type activities:	
Sewer Utility	\$ 400,612
Water Utility	143,121
Total	<u>\$ 543,733</u>

4. Long Term Obligations

The following is a summary of the long-term debt transactions for the year ended December 31, 2018:

	<u>Balance</u> <u>1/1/2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due Within</u> <u>One Year</u>
<u>General Obligation Debt</u>					
Governmental	\$ 11,242,571	\$ 1,076,000	\$1,781,048	\$ 10,537,523	\$ 1,275,048
Proprietary	527,429	-	69,952	457,477	74,952
Total	<u>\$ 11,770,000</u>	<u>\$ 1,076,000</u>	<u>\$1,851,000</u>	<u>\$ 10,995,000</u>	<u>\$ 1,350,000</u>
<u>Developer Incentives</u>					
Governmental	<u>\$ 542,860</u>	<u>\$ -</u>	<u>\$ 20,987</u>	<u>\$ 521,873</u>	<u>\$ 22,039</u>
<u>Mortgage Revenue Debt</u>					
Governmental	\$ -	\$ 923,549	\$ -	\$ 923,549	\$ 38,505
Proprietary	6,202,888	1,552,922	512,663	7,243,147	589,203
Total	<u>\$ 6,202,888</u>	<u>\$ 2,476,471</u>	<u>\$ 512,663</u>	<u>\$ 8,166,696</u>	<u>\$ 627,708</u>

A. General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. General obligation notes and bonds will be retired by future property tax levies accumulated by the debt service funds. Tax increment district debt is payable from annual tax increments collected on the tax roll. If the tax increments are not sufficient, the debt will be paid by future tax levies. Proprietary fund debt is payable by revenues from user fees of those funds.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

4. Long Term Obligations (Continued)
A. General Obligation Debt (Continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the municipality may not exceed five percent of the equalized value of taxable property within the municipality's jurisdiction. The debt limit as of December 31, 2018 was \$19,701,315. The total of general obligation debt at December 31, 2018 was \$10,995,000.

The following debt issues comprise the outstanding balance as of December 31, 2018.

<u>Issue Description</u>	<u>Balance</u>
Bonds dated December 2, 2010 for refinancing of existing debt and capital improvements, with semi-annual interest payments and annual principal payments with final payment due on March 1, 2022. Interest varies from .70% to 3.00%.	\$930,000
Note dated August 31, 2011 for refinancing of existing debt and capital improvements, with semi-annual interest payments and annual principal payments with final payment due on April 1, 2021. Interest at 1.99%.	50,000
Bonds dated May 15, 2012 for refinancing of existing debt and capital improvements, with semi-annual interest payments and annual principal payments with final payment due on May 1, 2025. Interest varies at .70% to 2.80%. 1,155,000	
Bonds dated May 15, 2012 for sewerage system improvements, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2025. Interest varies at .70% to 2.80%.	60,000
Bonds dated May 15, 2012 for water system improvements, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2025. Interest varies at .70% to 2.80%.	40,000
Bonds dated April 17, 2013 for refinancing of existing debt and capital improvements, with semi-annual interest payments and annual principal payments with final payment due on April 1, 2023. Interest varies at .45% to 1.85%. 282,523	
Bonds dated April 17, 2013 for sewerage system improvements, payable in annual installments of principal and semi-annual payments of interest. Final maturity April 1, 2023. Interest varies at .45% to 1.85%.	22,477
Bonds dated June 11, 2014 for refinancing of existing debt and capital improvements, with semi-annual interest payments and annual principal payments with final payment due on June 1, 2033. Interest varies from .80% to 3.80%.	1,725,000
Note dated April 7, 2015 for capital improvements, with semi-annual interest payments and annual principal payments with final payment due on April 1, 2025. Interest varies from .8%-2.4%.	925,000
Note dated July 21, 2016 for capital improvements, with semi-annual interest payments and annual principal payments with final payment due on June 1, 2036. Interest varies from 1.1%-3.0%	1,605,000

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

4. Long Term Obligations (Continued)
A. General Obligation Debt (Continued)

Note dated October 20, 2016 for TID #3 refinancing existing debt and development incentives, with annual interest payments and annual principal payments with final payment due on March 1, 2026. Interest varies from 1.1%-2.4%	2,840,000
Note dated September 14, 2017 for capital improvements, with semi-annual interest payments and annual principal payments with final payment due on September 1, 2027. Interest varies from 1.35%-2.3%.	790,000
Note dated August 9, 2018 for capital improvements, with semi-annual interest payments with final payment due on April 1, 2028. Interest varies 2.0%-3.15% <u>570,000</u>	
Total General Obligation Debt	<u>\$10,995,000</u>

B. Mortgage Revenue Debt

<u>Issue Description</u>	<u>Balance</u>
Bonds dated June 22, 2005 for treatment plant upgrade, secured by sewer utility revenues, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2025. Interest at 2.365%.	\$2,908,278
Bonds dated September 23, 2015 for distribution infrastructure upgrades, secured by water utility revenues, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2035. Interest at 1.788%.	1,315,048
Bonds dated September 23, 2015 for collection infrastructure upgrades, secured by sewer utility revenues, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2035. Interest at 2.438%.	1,466,900
Bonds dated May 23, 2018 for distribution infrastructure upgrades, secured by water utility revenues, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2038. Interest at 1.87%.	1,534,030
Bonds dated May 23, 2018 for collection infrastructure upgrades, secured by sewer utility revenues, payable in annual installments of principal and semi-annual payments of interest. Final maturity May 1, 2038. Interest at 1.87%.	<u>942,440</u>
Total Mortgage Revenue Debt	<u>\$8,166,696</u>

C. Developer Obligations

The Village has an obligation to pay a developer as an incentive for development. The loan is paid off over 20 years at 4.8% interest through 2024. After that the interest rate is adjusted to an interest rate of 300 basis points over the ten year United States Treasury Rate, as of January 1, 2025, fixed for an additional ten-year period. As of December 31, 2018, the Village had \$521,873 in outstanding developer obligations. The repayment schedule is outlined in note 13.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

4. Long Term Obligations (Continued)
D. Debt Service Requirements

Debt service requirements to maturity on General Obligation debt are as follows:

2019	\$ 1,275,048	\$ 215,981	\$ 74,952	\$ 8,774	\$ 1,574,755
2020	1,274,429	193,539	74,571	8,599	1,551,138
2021	1,294,429	170,010	69,571	7,213	1,541,223
2022	1,299,429	143,288	74,571	6,056	1,523,344
2023	1,129,188	120,129	48,812	2,992	1,301,121
2024-2028	3,110,000	304,570	95,000	5,290	3,514,860
2029-2033	900,000	110,050	-	3,000	1,013,050
2034-2036	<u>255,000</u>	<u>10,000</u>	<u>20,000</u>	<u>1,500</u>	<u>286,500</u>
Totals	<u>\$ 10,537,523</u>	<u>\$ 1,267,567</u>	<u>\$ 457,477</u>	<u>\$ 43,424</u>	<u>\$ 12,305,991</u>

Debt service requirements to maturity on Mortgage Revenue Debt are as follows:

Years	<u>Governmental Activities</u>		<u>Proprietary Funds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 38,505	\$ 16,869	\$ 589,203	\$ 150,397	\$ 739,601
2020	39,225	16,184	602,483	137,026	739,508
2021	39,958	15,443	616,065	123,289	739,354
2022	40,706	14,689	629,958	109,239	739,196
2023	41,467	13,921	644,166	94,868	739,034
2024-2028	219,259	57,566	2,045,890	296,099	2,341,989
2029-2033	240,541	36,086	1,290,286	149,529	1,439,815
2034-2038	<u>263,889</u>	<u>12,520</u>	<u>825,098</u>	<u>29,249</u>	<u>854,347</u>
Totals	<u>\$ 923,549</u>	<u>\$ 183,277</u>	<u>\$ 7,243,148</u>	<u>\$ 1,089,695</u>	<u>\$ 8,332,844</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

4. Long Term Obligations (Continued)
D. Other Long-Term Obligations

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

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Compensated Absences:				
Vacation	\$ 14,763	\$ 2,110	\$ -	\$ 16,873
Sick Leave	312,025	5,015	-	317,040
Total Compensated Absences	\$ 326,788	\$ 7,125	\$ -	\$ 333,913

Compensated Absences

A retiring employee may apply the accumulated sick leave balance to future health insurance premiums. The Village finances these benefits on a pay-as-you-go basis. The obligations for compensated absences will be paid out of the general fund.

E. Commitments – Proprietary Fund

To secure access to a biosolids facility to treat and store biosolids, the Village has signed a biosolids treatment agreement with the Dane-Iowa Wastewater Commission allowing the Village to submit all of their biosolids until 2020. Under the terms of the agreement, the Village pays for their determined share of the operation, maintenance and replacement cost associated with the facility, interest and principal payments made for the year on the facility, cost for treatment to filtrate from the de-watered biosolids based on the total number of pounds hauled to the facility, administrative costs, testing costs and transportation costs. Costs for the year ended December 31, 2018 were \$213,058. The facility began operating in July 2000. Payments prior to start up were capitalized and are being amortized over the term of the agreement.

F. Utility Revenue Requirements

The Sewer and Water Utilities are required by bond ordinances to produce net revenues sufficient to provide 110% of the annual principal and interest requirements on the mortgage revenue bonds.

	Sewer	Water
Net revenues required	\$ 614,535	\$ 105,843
2018 net revenues	\$ 699,858	\$ 249,139

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan

Defined Benefit Pension Plan

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school City educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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:

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan (Continued)

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	30%	100%
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	4

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 reporting period, the WRS recognized \$83,375 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan (Continued)

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

At December 31, 2018, the Village reported a liability (asset) of (\$232,968) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (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 liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.00784638%, which was an increase of .00025807% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Village recognized pension expense of \$99,693.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 295,990	\$ (138,455)
Changes of assumptions	46,030	-
Net difference between projected and actual earnings on pension plan investments	-	(320,193)
Changes in proportion and difference between Employer contributions and proportionate share of contributions	-	(3,104)
Employer contributions subsequent to the measurement date	110,454	-
Total	<u>\$ 452,474</u>	<u>\$ (461,752)</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan (Continued)

\$110,454 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 23,845
2020	(3,141)
2021	(80,356)
2022	(60,638)
2023	557

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.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan (Continued)

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 summarized in the following table:

Asset Allocation Targets and Expected Returns

As of December 31, 2017

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	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	<u>110</u>	<u>7.3</u>	<u>4.4</u>
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	<u>100</u>	<u>7.9</u>	<u>5.0</u>

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

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

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

Sensitivity of the Village's proportionate share of the net pension liability (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 7.20 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:

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

5. Employee Retirement Plan (Continued)

	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)	\$ 602,768	\$ (232,968)	\$ (868,154)

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>

Allocation of Pension Plan

Pension amounts are allocated between the Governmental Activities and Business-Type Activities based on the percentage of required contributions of each opinion unit.

6. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan

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 post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

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

Benefits provided

The 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:

Coverage Type	Employer Contribution
25% Post Retirement Coverage	20% of employee contribution

VILLAGE OF CROSS PLAINS
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December 31, 2018

6. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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 as listed below:

Life Insurance	
Employee Contribution Rates	
For the year ended December 31, 2017	
Attained Age	Basic
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 reporting period, the LRLIF recognized \$555 in contributions from the employer.

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

At December 31, 2018, the Village reported a liability of \$88,016 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (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 OPEB liability (asset) 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 .02925500%, which was an increase of 0.0039455% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018 the Village recognized OPEB expense of \$10,585.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

6. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,240)
Changes of assumptions	8,505	-
Net differences between projected and actual earnings on OPEB plan investments	1,013	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,306	-
Employer contributions subsequent to the measurement date	3,075	-
Totals	<u>\$ 20,899</u>	<u>\$ (1,240)</u>

\$3,075 reported as deferred outflows related to OPEB resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2019	\$ 2,638
2020	2,638
2021	2,638
2022	2,638
2023	2,385
Thereafter	3,647

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Notes to Financial Statements
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6. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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:

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 Rated of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
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6. Other Postemployment Benefits – Multiple-Employer Life Insurance Plan (Continued)

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 the 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 percent, 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 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
Village's proportionate share of the net pension liability (asset)	\$ 124,400	\$ 88,016	\$ 60,095

OPEB plan fiduciary net position

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

7. Joint Venture

The Village of Cross Plains and the Towns of Berry and Cross Plains, jointly operate a fire district and the local emergency medical service district. The communities share in the annual operation of each district based on population. The Village’s share of both districts’ operation is about 50%. Financial information of the districts as of December 31, 2018 is available directly from the districts’ office.

The governing bodies are made up of board members from each community. The local board appoints local representatives. The governing bodies have authority to adopt their own budgets and control the financial affairs of the districts. The Village’s expenditures for services totaled \$80,213 paid to the fire district and \$61,139 paid to the emergency medical service district for 2018. The Village believes that the districts will continue to provide services in the future at similar rates.

The statement of net position includes half of the cost of the districts’ station buildings.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

8. Net Position and Fund Balances

The following are net investments in capital assets at December 31, 2018:

	Governmental	Water	Sewer
Capital assets, net	\$ 14,149,000	\$ 4,846,734	\$ 8,419,885
Less long-term debt	(11,982,945)	(2,628,380)	(5,072,244)
Less deferred credit	-	(69,786)	-
Debt not related to capital	3,975,000	-	-
	<u>\$ 6,141,055</u>	<u>\$ 2,148,568</u>	<u>\$ 3,347,641</u>

The following is restricted net position at December 31, 2018:

	Governmental	Water	Sewer
Library	\$ 173,222	\$ -	\$ -
Debt service	112,681	48,569	322,478
Plant replacement fund	-	-	1,251,489
	<u>\$ 285,903</u>	<u>\$ 48,569</u>	<u>\$ 1,573,967</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

8. Net Position and Fund Balances (Continued)

Fund balances as of December 31, 2018 include the following:

Nonspendable:

General Fund:

Prepaid Expenses	\$ 13,641
Inventories	519
Non-current receivables	5,507
Total	<u>\$ 19,667</u>

Restricted:

Debt Service Fund	\$ 112,681
Library Endowment Fund	173,222
Total	<u>\$ 285,903</u>

Committed:

Parks Fund:	\$ 220,088
Library Operations	20,776
Total	<u>\$ 240,864</u>

Unassigned:

General Fund	\$ 254,835
Capital projects fund	(446,420)
TIF #3 (Deficit)	(484,390)
Total	<u>\$ (675,975)</u>

The deficit for TIF #3 is expected to be repaid through future tax increment. The deficit for the capital projects fund is expected to be repaid through a combination of federal and state grants and, if necessary, future borrowing.

9. Net Position Restatement

A prior period adjustment has been recorded as follows:

	Governmental Activities
Net Position December 31, 2017 as Previously Reported	\$ 339,325
Adjustment for implementation of GASB 75	(51,058)
Net Position January 1, 2018, as Restated	<u>\$ 288,267</u>

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

10. Advances

Interfund loans were used to transfer monies as a result of a cash shortfall. The composition of interfund balances as of December 31, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer	TID #3	\$ 484,390
General	Capital Projects	\$ 197,791

There are no repayment terms established.

11. Transfers

Interfund transfers are generally used to cover debt payments, to pay the Water fund's tax equivalent and to move payments and receipts to the correct fund.

The following is a schedule of interfund transfers made during 2018

<u>Fund Transferred To:</u>	<u>Fund Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
General	Water	\$ 90,578	tax equivalent
Debt Service	Parks/Recreation	10,000	Parks fund pays for a portion of one of the debt issuances
Amount per governmental fund statement		\$ 100,578	
Water	TIF 3	33,500	TIF pays a portion of the 2015 safe drinking water fund loan
Sewer	TIF3	54,750	TIF pays a portion of the 2015 Clean Water Fund loan
Amount per proprietary fund statements		\$ 88,250	
Transfers per government-wide statements		\$ 88,250	

12. Contingencies and Commitments

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

13. Tax Abatements

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

12. Tax Abatements (Continued)

The Village of Cross Plains, through its TID #3, has entered into tax abatement agreement with a developer in the form of tax incremental financing incentives to stimulate economic development. The abatement is authorized through the TID #3 project plan. The agreement requires the Village to make annual repayments of property taxes collected with the TID to the developer based on the terms of the agreement.

As of December 31, 2018, the Village provides tax abatements for the following programs:

<u>Tax Abatement Program</u>	<u>Amount in Taxes Abated:</u>
Milestone Senior Living	\$ 47,120

Repayment of the developer obligation through tax abatements is as follows:

Years	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 22,039	\$ 25,081	\$ 47,120
2020	23,143	23,977	47,120
2021	24,303	22,817	47,120
2022	25,521	21,599	47,120
2023	26,800	20,320	47,120
2024-2028	155,545	80,055	235,600
2029-2033	198,629	36,971	235,600
2034	45,893	1,227	47,120
Totals	<u>\$ 521,873</u>	<u>\$ 232,047</u>	<u>\$ 753,920</u>

13. Fair Value Measurement

Financial assets required to be measured on a recurring basis are classified under a three-tier hierarchy for fair value investments. Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurements date.

The Village uses the following hierarchical disclosure framework.

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Village’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Village uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities. When available, the Village measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

VILLAGE OF CROSS PLAINS
Notes to Financial Statements
December 31, 2018

13. Fair Value Measurement (Continued)

	Assets at Fair Value as of June 30, 2018			
	Fair Value	Level 1	Level 2	Level 3
Beneficial Interest in Assets held by the University of Wisconsin Foundation	\$ 110,687	\$ -	\$ -	\$ 110,687
Totals	\$ 110,687	\$ -	\$ -	\$ 110,687

The Village's beneficial interest in assets held by the Madison Community Foundation (the "Foundation") represents an agreement between the Village and the Foundation in which the Village transfers assets to the Foundation in exchange for future distributions. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value of the beneficial interest is measured at the proportional share of the underlying assets as reported to the Village from the Foundation (level 3 inputs). Little information about those assets is released publicly. The estimated value does not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined.

14. Subsequent Events

Borrowing

Subsequent to year end the Village borrowed \$1,625,0000 in general obligation promissory notes.

REQUIRED SUPPLEMENTARY INFORMATION

**Village of Cross Plains
Cross Plains, Wisconsin**

**Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 1,139,675	\$ 1,139,675	\$ 1,139,446	\$ (229)
Other Taxes	3,500	3,500	3,039	(461)
Special Assessment Revenue	1,000	1,000	-	(1,000)
Intergovernmental	396,000	396,000	395,029	(971)
License and Permits	91,250	91,250	124,192	32,942
Fines, Forfeits and Penalties	25,000	25,000	20,639	(4,361)
Public Charges for Services	33,000	33,000	36,749	3,749
Interest Income	5,000	5,000	50,011	45,011
Miscellaneous Income	52,500	52,500	66,376	13,876
Total Revenues	<u>1,746,925</u>	<u>1,746,925</u>	<u>1,835,481</u>	<u>88,556</u>
EXPENDITURES				
Current:				
General Government	402,750	402,750	386,047	16,703
Public Safety	784,675	784,675	803,222	(18,547)
Public Works	621,000	621,000	653,289	(32,289)
Conservation and Development	30,000	30,000	40,811	(10,811)
Total Expenditures	<u>1,838,425</u>	<u>1,838,425</u>	<u>1,883,369</u>	<u>(44,944)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(91,500)</u>	<u>(91,500)</u>	<u>(47,888)</u>	<u>43,612</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	1,500	1,500	-	1,500
Transfers In	90,000	90,000	90,578	578
Total Other Financing Sources and Uses	<u>91,500</u>	<u>91,500</u>	<u>90,578</u>	<u>2,078</u>
Net Change in Fund Balances	-	-	42,690	42,690
Fund Balances - Beginning	231,812	231,812	231,812	-
Fund Balances - Ending	<u>\$ 231,812</u>	<u>\$ 231,812</u>	<u>\$ 274,502</u>	<u>\$ 42,690</u>

**Village of Cross Plains
Cross Plains, Wisconsin**

**Budget and Actual (with Variances)
Parks Fund
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 248,450	\$ 248,450	\$ 248,450	\$ -
Public Charges for Services	221,050	221,050	271,010	49,960
Miscellaneous Income	20,000	20,000	17,956	(2,044)
Total Revenues	<u>489,500</u>	<u>489,500</u>	<u>537,416</u>	<u>47,916</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	479,500	479,500	461,517	17,983
Total Expenditures	<u>479,500</u>	<u>479,500</u>	<u>461,517</u>	<u>17,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,000</u>	<u>10,000</u>	<u>75,899</u>	<u>65,899</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(10,000)	(10,000)	(10,000)	-
Total Other Financing Sources and Uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	65,899	65,899
Fund Balances - Beginning	154,189	154,189	154,189	-
Fund Balances - Ending	<u>\$ 154,189</u>	<u>\$ 154,189</u>	<u>\$ 220,088</u>	<u>\$ 65,899</u>

**VILLAGE OF CROSS PLAINS
WISCONSIN RETIREMENT SYSTEM
December 31, 2018**

**Schedule of Village's Proportionate Share of the Net Pension Liability (Asset)
As of the Measurement Date
Last 10 Fiscal Years**

Year ended December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2017	0.00784638%	\$ (232,968)	\$ 1,064,651	(21.88%)	102.93%
2016	0.00759631%	62,612	984,885	6.36%	99.12%
2015	0.00756469%	122,925	984,583	12.48%	98.20%
2014	0.00747317%	(183,511)	932,557	(19.68%)	102.74%

**Schedule of Village's Contributions for Pension
For the Year Ended
Last 10 Fiscal Years**

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 110,454	(110,454)	\$ -	\$ 1,154,843	9.56%
2017	101,322	(101,322)	-	1,064,651	9.52%
2016	89,239	(89,239)	-	991,801	9.00%
2015	93,746	(93,746)	-	981,258	9.55%

Required Supplementary Information
Village of Cross Plains
Local Retiree Life Insurance Fund
December 31, 2018

Schedule of Village's Proportionate Share of the Net OPEB Liability (Asset)
As of the Measurement Date
Last 10 Calendar Years

Year ended December 31,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered- employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability (asset)
2017	0.02925500%	\$ 88,016	\$ 1,230,256	7.15%	44.81%

Schedule of Village's Contributions for Life Insurance
Last 10 Fiscal Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
2018	\$ 6,621	\$ (6,621)	\$ -	\$ 1,105,793	0.60%

VILLAGE OF CROSS PLAINS
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

1. Excess Expenditures over Appropriations

The Village controls expenditures at the department level. Some General Fund individual line items experienced expenditures which exceeded appropriations as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety	\$784,675	\$803,222	\$(18,547)
Public Works	621,000	653,289	(32,289)
Conservation and Development	30,000	40,811	(10,811)

2. Employee Retirement Plan

Changes of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of Assumptions. Rates used in mortality tables were updated based on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

SUPPLEMENTARY INFORMATION

**Village of Cross Plains
Cross Plains, Wisconsin**

**Income Statements
Water and Sewer Utilities
For the Years Ended December 31, 2018 and 2017**

	Water Utility	Sewer Utility	Totals	
			2018	2017
Operating Revenues:				
Sales/Service				
Residential	\$ 238,770	\$ 1,158,523	\$ 1,397,293	\$ 1,380,023
Commercial	21,947	108,319	130,266	126,813
Industrial	5,873	42,496	48,369	40,099
Irrigation	20,119	-	20,119	21,693
Multi-family	19,191	-	19,191	20,807
Fire Protection	11,071	-	11,071	11,301
Public Authorities	136,973	50,638	187,611	204,444
Other operating revenues	15,730	-	15,730	18,022
Total operating revenues	469,674	1,359,976	1,829,650	1,823,202
Operating Expenses:				
Plant operation and maintenance	122,670	553,654	676,324	614,715
General	105,593	181,688	287,281	246,737
Depreciation	130,315	413,417	543,732	524,038
Amortization	-	4,806	4,806	4,806
Taxes	94,219	-	94,219	89,256
Total operating expenses	452,797	1,153,565	1,606,362	1,479,552
Operating Income (Loss)	16,877	206,411	223,288	343,650
Other Income (Expense)				
Interest income	1,327	2,011	3,338	2,392
Interest expense	(43,982)	(122,874)	(166,856)	(150,324)
Hook up fees	-	64,311	64,311	95,914
Misc. non-operating income	-	8,902	8,902	366,491
Amortization	13,957	-	13,957	13,957
Transfer in	33,500	54,750	88,250	88,250
Net Income (Loss)	\$ 21,679	\$ 213,511	\$ 235,190	\$ 760,330

**Village of Cross Plains
Cross Plains, Wisconsin**

**Balance Sheet
Non-Major Governmental Funds
December 31, 2018**

	<u>Library Operations</u>	<u>Library Endowment Fund</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 29,054	\$ 62,535	\$ 91,589
Receivables:			
Taxes	290,794	-	290,794
Other Restricted Assets	-	110,687	110,687
Total Assets	<u>\$ 319,848</u>	<u>\$ 173,222</u>	<u>\$ 493,070</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	<u>\$ 8,278</u>	<u>\$ -</u>	<u>\$ 8,278</u>
Total Liabilities	<u>8,278</u>	<u>-</u>	<u>8,278</u>
Deferred Inflows of Resources:			
Subsequent Year Tax Levy	<u>290,794</u>	<u>-</u>	<u>290,794</u>
Total Deferred Inflows of Resources	<u>290,794</u>	<u>-</u>	<u>290,794</u>
Fund Balances:			
Restricted	-	173,222	173,222
Committed	<u>20,776</u>	<u>-</u>	<u>20,776</u>
Total Fund Balances	<u>20,776</u>	<u>173,222</u>	<u>193,998</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 319,848</u>	<u>\$ 173,222</u>	<u>\$ 493,070</u>

**Village of Cross Plains
Cross Plains, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2018**

	<u>Library Operations</u>	<u>Library Endowment Fund</u>	<u>Total Non- Major Governmental Funds</u>
REVENUES			
Property Taxes	\$ 273,175	\$ -	\$ 273,175
Intergovernmental	105,673	-	105,673
Fines, Forfeits and Penalties	3,299	-	3,299
Investment Income (Loss)	-	(932)	(932)
Miscellaneous Income	8,284	12,421	20,705
Total Revenues	<u>390,431</u>	<u>11,489</u>	<u>401,920</u>
EXPENDITURES			
Current:			
Culture, Recreation and Education	<u>384,028</u>	<u>13,862</u>	<u>397,890</u>
Total Expenditures	<u>384,028</u>	<u>13,862</u>	<u>397,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,403</u>	<u>(2,373)</u>	<u>4,030</u>
Net Change in Fund Balances	6,403	(2,373)	4,030
Fund Balances - Beginning	14,373	175,595	189,968
Fund Balances - Ending	<u>\$ 20,776</u>	<u>\$ 173,222</u>	<u>\$ 193,998</u>