



VILLAGE OF PRAIRIE DU SAC, WISCONSIN

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

Year Ended December 31, 2019

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VILLAGE OF PRAIRIE DU SAC, WISCONSIN

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VILLAGE OF PRAIRIE DU SAC, WISCONSIN

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INDEPENDENT AUDITOR'S REPORT

President and Board of Trustees
Village of Prairie du Sac
Prairie du Sac, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Prairie du Sac, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 previously 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 Prairie du Sac, Wisconsin, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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, 2019, the Village of Prairie du Sac adopted the provisions of GASB Statement No. 84, Fiduciary Activities. 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 budgetary comparison information, the Local Retiree Life Insurance Fund schedules, the schedule of changes in the Village's total Health Insurance OPEB liability and related ratios, and Wisconsin Retirement System schedules on pages 63 - 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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



Other Matters (Continued)

Other Information (Continued)

The other 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 other 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.
August 17, 2020

BASIC FINANCIAL STATEMENTS

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
December 31, 2019**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,322,685	\$ 2,541,967	\$ 5,864,652
Restricted cash and cash equivalents	440,582	1,349,902	1,790,484
Receivables, net	1,900,481	729,199	2,629,680
Internal balances	598,426	(598,426)	-
Due from other governmental agencies	6,195	-	6,195
Inventories	-	138,471	138,471
Prepaid expenses	277,692	-	277,692
Investment in Sauk Prairie Sewer Commission	-	1,216,309	1,216,309
Capital assets:			
Land and construction work in progress	597,204	6,604	603,808
Capital assets, net of depreciation	12,386,052	13,073,410	25,459,462
Net capital assets	<u>12,983,256</u>	<u>13,080,014</u>	<u>26,063,270</u>
Total Assets	<u>19,529,317</u>	<u>18,457,436</u>	<u>37,986,753</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	348,581	390,263	738,844
Deferred life insurance OPEB outflows	11,370	8,755	20,125
Deferred health insurance OPEB outflows	1,861	-	1,861
Total Deferred Outflows of Resources	<u>361,812</u>	<u>399,018</u>	<u>760,830</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 19,891,129</u>	 <u>\$ 18,856,454</u>	 <u>\$ 38,747,583</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 177,171	\$ 337,482	\$ 514,653
Due to other governmental agencies	15,512	-	15,512
Accrued interest	94,981	25,708	120,689
Net pension liability	129,355	144,822	274,177
Net life insurance OPEB liability	71,176	54,793	125,969
Total health insurance OPEB liability	74,096	-	74,096
Long-term liabilities:			
Due within one year	966,042	468,399	1,434,441
Due in more than one year	7,496,135	3,415,895	10,912,030
Total Liabilities	<u>9,024,468</u>	<u>4,447,099</u>	<u>13,471,567</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>3,359,761</u>	 <u>220,584</u>	 <u>3,580,345</u>
NET POSITION			
Net investment in capital assets	4,636,166	9,317,308	13,953,474
Restricted for:			
Tax Incremental Financing Districts	280,177	-	280,177
Equipment replacement	-	665,801	665,801
Debt service	-	658,393	658,393
Unrestricted	<u>2,590,557</u>	<u>3,547,269</u>	<u>6,137,826</u>
Total Net Position	<u>7,506,900</u>	<u>14,188,771</u>	<u>21,695,671</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 19,891,129</u>	<u>\$ 18,856,454</u>	<u>\$ 38,747,583</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 529,176	\$ 204,166	\$ 63,322	\$ -	\$ (261,688)		\$ (261,688)
Public Safety	1,183,949	-	17,868	-	(1,166,081)		(1,166,081)
Public Works	2,030,020	422,526	317,490	67,248	(1,222,756)		(1,222,756)
Culture and Recreation	793,073	8,495	161,791	-	(622,787)		(622,787)
Conservation and Development	846,144	4,360	34,756	-	(807,028)		(807,028)
Interest on Long-Term Debt	264,051	-	-	-	(264,051)		(264,051)
Total governmental activities	<u>5,646,413</u>	<u>639,547</u>	<u>595,227</u>	<u>67,248</u>	<u>(4,344,391)</u>		<u>(4,344,391)</u>
Business-type Activities:							
Water	701,151	860,502	-	-	-	\$ 159,351	159,351
Sewer	414,887	411,703	-	-	-	(3,184)	(3,184)
Electric	4,852,077	4,996,800	-	-	-	144,723	144,723
Storm Water	219,812	122,043	-	31,144	-	(66,625)	(66,625)
Total business-type activities	<u>6,187,927</u>	<u>6,391,048</u>	<u>-</u>	<u>31,144</u>	<u>-</u>	<u>234,265</u>	<u>234,265</u>
Total	<u>\$ 11,834,340</u>	<u>\$ 7,030,595</u>	<u>\$ 595,227</u>	<u>\$ 98,392</u>	<u>(4,344,391)</u>	<u>234,265</u>	<u>(4,110,126)</u>
General revenues:							
Property taxes:							
Property taxes, levied for general purposes					2,160,093	-	2,160,093
Property taxes, levied for debt service					1,080,198	-	1,080,198
Other taxes					20,315	-	20,315
Grants and contributions not restricted to specific programs					149,473	-	149,473
Unrestricted investment earnings					58,644	51,784	110,428
Investment loss in Sauk Prairie Sewer Commission					-	(44,711)	(44,711)
Miscellaneous					127,678	583	128,261
Transfers					(261,951)	261,951	-
Total general revenues and transfers					<u>3,334,450</u>	<u>269,607</u>	<u>3,604,057</u>
Change in net position					<u>(1,009,941)</u>	<u>503,872</u>	<u>(506,069)</u>
Net position - beginning					<u>8,516,841</u>	<u>13,684,899</u>	<u>22,201,740</u>
Net position - ending					<u>\$ 7,506,900</u>	<u>\$ 14,188,771</u>	<u>\$ 21,695,671</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

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

	Major			Non-Major		Total Governmental Funds
	General Fund	TID	Capital Projects Fund	Debt Service Fund	Transit Fund	
ASSETS						
Cash and Cash Equivalents	\$ 3,322,685	\$ -	\$ -	\$ -	\$ -	\$ 3,322,685
Receivables:						
Taxes	1,388,109	176,088	-	-	-	1,564,197
Special Assessments	185,694	-	-	-	-	185,694
Accounts	45,231	-	-	-	-	45,231
Loans	101,743	-	-	-	-	101,743
Other	3,616	-	-	-	-	3,616
Due from Other Funds	563,236	-	-	-	-	563,236
Due from Other Governments	11,444	-	-	-	5,207	16,651
Prepaid Expenses	277,692	-	-	-	-	277,692
Restricted Cash	-	438,946	-	-	1,635	440,581
Advances Receivable	72,801	-	-	-	-	72,801
Total Assets	<u>\$ 5,972,251</u>	<u>\$ 615,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,842</u>	<u>\$ 6,594,127</u>
LIABILITIES						
Accounts Payable	\$ 176,538	\$ -	\$ -	\$ -	\$ -	\$ 176,538
Accrued Liabilities	629	-	-	-	-	629
Due to Other Funds	-	37,611	-	-	-	37,611
Due to Other Governments	968	-	-	-	25,000	25,968
Total Liabilities	<u>178,135</u>	<u>37,611</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>240,746</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,041,428</u>	<u>334,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,376,285</u>
FUND BALANCES						
Nonspendable	452,236	-	-	-	-	452,236
Restricted	-	280,177	-	-	-	280,177
Committed	5,570	-	-	-	-	5,570
Unassigned (Deficit)	2,294,882	(37,611)	-	-	(18,158)	2,239,113
Total Fund Balances (Deficit)	<u>2,752,688</u>	<u>242,566</u>	<u>-</u>	<u>-</u>	<u>(18,158)</u>	<u>2,977,096</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,972,251</u>	<u>\$ 615,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,842</u>	<u>\$ 6,594,127</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2019**

Total fund balance, governmental funds	\$	2,977,096
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Taxes from municipal utilities are recognized as revenues as they are received in the fund statements.

Property tax equivalent receivable		187,278
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The net pension liability is not a current financial usage and is, therefore, not reported in the fund statements.		(129,355)
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The OPEB liabilities are not current financial usages and are, therefore, not reported in the fund statements.		(145,272)
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Pension and OPEB deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension and OPEB plans. These items are reflected in the Statement of Net Position and are being amortized with pension and OPEB expense in the Statement of Activities. The deferred outflows of resources and the deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.

Deferred outflows of resources		361,812
Deferred inflows of resources		(206,592)

Deferred inflows of resources reported in the fund financial statements, but recognized as earned on the Statement of Net Position		35,835
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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	\$ 25,462,120		
Governmental accumulated depreciation	(12,478,864)		12,983,256

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	(8,204,392)		
Unamortized debt premium, net	(142,698)		
Vested employee benefits	(115,087)		
Accrued interest	(94,981)		(8,557,158)

Net Position of Governmental Activities in the Statement of Net Position	\$	7,506,900
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The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019**

	Major			Non-Major	Total Governmental Funds	
	General Fund	TID	Capital Projects Fund	Debt Service Fund		Transit Fund
REVENUES						
Property Taxes	\$ 1,536,962	\$ 623,131	\$ -	\$ 1,080,198	\$ -	\$ 3,240,291
Other Taxes	307,315	-	-	-	-	307,315
Special Assessment Revenue	60,000	-	-	-	-	60,000
Intergovernmental	656,622	34,756	-	-	63,322	754,700
License and Permits	187,748	-	-	-	-	187,748
Public Charges for Services	438,730	-	-	-	-	438,730
Interest Income	58,644	-	-	-	-	58,644
Miscellaneous Income	117,394	-	-	15,004	39,420	171,818
Total Revenues	<u>3,363,415</u>	<u>657,887</u>	<u>-</u>	<u>1,095,202</u>	<u>102,742</u>	<u>5,219,246</u>
EXPENDITURES						
Current:						
General Government	369,160	-	-	-	95,616	464,776
Public Safety	1,046,993	-	-	-	-	1,046,993
Public Works	1,086,026	-	-	-	-	1,086,026
Culture and Recreation	612,711	-	-	-	-	612,711
Conservation and Development	7,831	824,519	-	-	-	832,350
Capital Outlay	4,046	-	1,230,656	-	-	1,234,702
Debt Service:						
Principal Repayment	-	20,000	-	908,863	-	928,863
Interest and Fiscal Charges	-	3,300	-	266,614	-	269,914
Total Expenditures	<u>3,126,767</u>	<u>847,819</u>	<u>1,230,656</u>	<u>1,175,477</u>	<u>95,616</u>	<u>6,476,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>236,648</u>	<u>(189,932)</u>	<u>(1,230,656)</u>	<u>(80,275)</u>	<u>7,126</u>	<u>(1,257,089)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from Long-Term Debt	-	-	910,000	-	-	910,000
Premium on Long-Term Debt	-	-	-	76,792	-	76,792
Transfers In	156,223	-	148,131	-	-	304,354
Transfers Out	(681,571)	(156,223)	-	-	-	(837,794)
Total Other Financing Sources (Uses)	<u>(525,348)</u>	<u>(156,223)</u>	<u>1,058,131</u>	<u>76,792</u>	<u>-</u>	<u>453,352</u>
Net Change in Fund Balances	(288,700)	(346,155)	(172,525)	(3,483)	7,126	(803,737)
Fund Balances (Deficit) - Beginning	3,041,388	588,721	172,525	3,483	(25,284)	3,780,833
Fund Balances (Deficit) - Ending	<u>\$ 2,752,688</u>	<u>\$ 242,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,158)</u>	<u>\$ 2,977,096</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, 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, 2019**

Net change in fund balances - total governmental funds:		\$ (803,737)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Property taxes on assets of the municipally owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities, those revenues are recorded as they are earned.		
Property taxes from municipally owned utilities received during the year	\$ (287,000)	
Property taxes from municipally owned utilities earned during the year	271,489	
Amount by which property taxes earned are greater (less) than that which was received:		(15,511)
In governmental funds, special assessments and grant revenues are reported as revenue when measurable and available. In the Statement of Activities, revenue is reported when earned.		
		(33,823)
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Capital outlay reported in governmental fund statements	1,234,702	
Capital outlay not included in capital asset additions	(134,830)	
Depreciation expense reported in the Statement of Activities	(1,085,364)	14,508
Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Amounts paid are greater (less) than amounts earned by:		(17,489)
Debt incurred in governmental funds are reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		
The amount of debt incurred in the current year is:		(910,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt principal payments in the current year is:		928,863
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.		
The amount of interest paid during the current period	269,914	
The amount of interest accrued during the current period	(281,875)	(11,961)
In governmental funds, discounts/premiums on outstanding long-term debt are reported as an expenditure/revenue when paid/received. In the Statement of Activities, discounts/premiums are amortized and recognized over the life of the issue.		
The amount of debt premium received during the current period is:		(76,792)
The amount of debt discounts recognized during the current period is:		17,824
Pension and OPEB expenses reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expenses in the Statement of Activities are actuarially determined by the defined benefit pension and OPEB plans as the difference between the net pension asset/liability and net OPEB liability from the prior year to the current year, with some adjustments.		
		(101,823)
Change in net position of governmental activities		\$ (1,009,941)

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,746,285	\$ 18,812	\$ 491,834	\$ 285,036	\$ 2,541,967
Receivables					
Accounts (net of allowance)	720,946	-	-	-	720,946
Other	7,107	715	350	81	8,253
Due from Other Funds	-	-	-	2,955	2,955
Inventories	131,894	5,450	1,127	-	138,471
Total Current Assets	<u>2,606,232</u>	<u>24,977</u>	<u>493,311</u>	<u>288,072</u>	<u>3,412,592</u>
Restricted Assets:					
Restricted Cash and Cash Equivalents	557,596	735,295	57,011	-	1,349,902
Total Restricted Assets	<u>557,596</u>	<u>735,295</u>	<u>57,011</u>	<u>-</u>	<u>1,349,902</u>
Capital Assets:					
Land	1,178	5,426	-	-	6,604
Capital Assets	8,919,885	8,763,577	2,322,466	2,080,673	22,086,601
Less Accumulated Depreciation	<u>(5,692,629)</u>	<u>(2,041,079)</u>	<u>(725,044)</u>	<u>(554,439)</u>	<u>(9,013,191)</u>
Net Capital Assets	<u>3,228,434</u>	<u>6,727,924</u>	<u>1,597,422</u>	<u>1,526,234</u>	<u>13,080,014</u>
Noncurrent Assets:					
Investment in Sauk Prairie Sewer Commission	-	-	1,216,309	-	1,216,309
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,216,309</u>	<u>-</u>	<u>1,216,309</u>
Total Assets	<u>6,392,262</u>	<u>7,488,196</u>	<u>3,364,053</u>	<u>1,814,306</u>	<u>19,058,817</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Outflows	248,394	86,317	32,273	23,279	390,263
Deferred Life Insurance OPEB Outflows	5,953	2,802	-	-	8,755
Total Deferred Outflows of Resources	<u>254,347</u>	<u>89,119</u>	<u>32,273</u>	<u>23,279</u>	<u>399,018</u>
Total Assets and Deferred Outflows of Resources					
	<u>\$ 6,646,609</u>	<u>\$ 7,577,315</u>	<u>\$ 3,396,326</u>	<u>\$ 1,837,585</u>	<u>\$ 19,457,835</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019**

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Utility	Storm Water Utility	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 294,869	\$ -	\$ 17,323	\$ -	\$ 312,192
Accrued Liabilities	25,290	-	-	-	25,290
Accrued Interest Payable	1,241	21,472	2,995	-	25,708
Due to Other Funds	206,377	296,148	26,055	-	528,580
Current Portion of Long-Term Liabilities	137,885	265,413	64,610	491	468,399
Total Current Liabilities	665,662	583,033	110,983	491	1,360,169
Non-Current Liabilities:					
Long-Term Liabilities	627,673	2,406,256	380,819	1,147	3,415,895
Total Long-Term Liabilities	627,673	2,406,256	380,819	1,147	3,415,895
Other Liabilities					
Advances Payable	-	72,801	-	-	72,801
Net Pension Liability	92,176	32,031	11,976	8,639	144,822
Net Life Insurance OPEB Liability	37,264	17,529	-	-	54,793
Total Other Liabilities	129,440	122,361	11,976	8,639	272,416
Total Non-Current Liabilities	757,113	2,528,617	392,795	9,786	3,688,311
Total Liabilities	1,422,775	3,111,650	503,778	10,277	5,048,480
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Inflows	129,619	45,043	16,841	12,148	203,651
Deferred Life Insurance OPEB Inflows	11,516	5,417	-	-	16,933
Total Deferred Inflows of Resources	141,135	50,460	16,841	12,148	220,584
NET POSITION					
Net Investment in Capital Assets	2,543,539	4,082,800	1,164,735	1,526,234	9,317,308
Restricted for:					
Equipment Replacement	50,000	599,983	15,818	-	665,801
Debt Service	506,355	113,840	38,198	-	658,393
Unrestricted (Deficit)	1,982,805	(381,418)	1,656,956	288,926	3,547,269
Total Net Position	5,082,699	4,415,205	2,875,707	1,815,160	14,188,771
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,646,609	\$ 7,577,315	\$ 3,396,326	\$ 1,837,585	\$ 19,457,835

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

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

For the Year Ended December 31, 2019

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	
OPERATING REVENUES					
Charges for Services	\$ 4,940,065	\$ 811,854	\$ 407,204	\$ 121,950	\$ 6,281,073
Other Operating Revenues	56,735	48,648	4,498	93	109,974
Total Operating Revenues	<u>4,996,800</u>	<u>860,502</u>	<u>411,702</u>	<u>122,043</u>	<u>6,391,047</u>
OPERATING EXPENSES					
Operation and Maintenance	4,482,249	415,709	337,183	176,668	5,411,809
Depreciation	315,754	212,754	61,833	43,144	633,485
Taxes	36,309	6,286	4,921	-	47,516
Total Operating Expenses	<u>4,834,312</u>	<u>634,749</u>	<u>403,937</u>	<u>219,812</u>	<u>6,092,810</u>
Operating Income (Loss)	<u>162,488</u>	<u>225,753</u>	<u>7,765</u>	<u>(97,769)</u>	<u>298,237</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and Investment Revenue	26,633	11,247	11,900	2,003	51,783
Miscellaneous Non-Operating Revenue	583	-	-	-	583
Interest Expense and Fiscal Charges	(16,731)	(66,401)	(10,950)	-	(94,082)
Investment Loss in Sauk Prairie Sewer Commission	-	-	(44,711)	-	(44,711)
Amortization Expense	(1,033)	-	-	-	(1,033)
Total Non-Operating Revenues (Expenses)	<u>9,452</u>	<u>(55,154)</u>	<u>(43,761)</u>	<u>2,003</u>	<u>(87,460)</u>
Income (Loss) Before Capital Contributions and Transfers	171,940	170,599	(35,996)	(95,766)	210,777
Capital Contributions	-	-	-	31,144	31,144
Transfers In	-	-	-	533,440	533,440
Transfers Out - Tax Equivalent	(137,880)	(133,609)	-	-	(271,489)
Change in Net Position	34,060	36,990	(35,996)	468,818	503,872
Total Net Position - Beginning	5,048,639	4,378,215	2,911,703	1,346,342	13,684,899
Total Net Position - Ending	<u>\$ 5,082,699</u>	<u>\$ 4,415,205</u>	<u>\$ 2,875,707</u>	<u>\$ 1,815,160</u>	<u>\$ 14,188,771</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019**

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Utility	Storm Water Utility	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 5,023,576	\$ 860,353	\$ 411,602	\$ 122,021	\$ 6,417,552
Cash received from (paid to) other funds for services	61,437	(74,186)	(123,871)	(609)	(137,229)
Payments to suppliers	(4,097,346)	(306,285)	(272,454)	(141,532)	(4,817,617)
Payments to employees	(371,292)	(105,286)	(43,447)	(31,740)	(551,765)
Payments to other governments	(36,309)	(11,207)	-	-	(47,516)
Net cash provided (used) by operating activities	580,066	363,389	(28,170)	(51,860)	863,425
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of plant assets	(177,682)	(240,815)	(11,426)	-	(429,923)
Long-term debt proceeds	-	280,000	15,000	-	295,000
Contributed capital	-	-	-	31,144	31,144
Principal payments on long-term debt	(98,068)	(234,831)	(56,976)	(2,819)	(392,694)
Interest paid	(16,898)	(62,830)	(10,913)	-	(90,641)
Net cash provided (used) by capital and related financing activities	(292,648)	(258,476)	(64,315)	28,325	(587,114)
Cash Flows from Noncapital Financing Activities:					
Cash paid for property tax equivalent	(147,250)	(139,750)	-	-	(287,000)
Net cash provided (used) by noncapital financing activities	(147,250)	(139,750)	-	-	(287,000)
Cash Flows from Investing Activities:					
Miscellaneous non-operating income	583	-	-	-	583
Investment in Sauk Prairie Sewer Commission	-	-	(200,000)	-	(200,000)
Interest income	26,633	11,247	11,900	2,003	51,783
Net cash provided (used) by investing activities	27,216	11,247	(188,100)	2,003	(147,634)
Net increase (decrease) in cash and equivalents	167,384	(23,590)	(280,585)	(21,532)	(158,323)
<u>Cash and Equivalents, Beginning of year</u>	2,136,497	777,697	829,430	306,568	4,050,192
<u>Cash and Equivalents, End of year</u>	\$ 2,303,881	\$ 754,107	\$ 548,845	\$ 285,036	\$ 3,891,869
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents - Statement of Net Position	\$ 1,746,285	\$ 18,812	\$ 491,834	\$ 285,036	\$ 2,541,967
Restricted cash and cash equivalents - Statement of Net Position	557,596	735,295	57,011	-	1,349,902
Cash and cash equivalents - end of year	\$ 2,303,881	\$ 754,107	\$ 548,845	\$ 285,036	\$ 3,891,869

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2019**

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Utility	Storm Water Utility	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (Loss)	\$ 162,488	\$ 225,753	\$ 7,765	\$ (97,769)	\$ 298,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Joint meter allocation	-	17,556	(17,556)	-	-
Depreciation	315,754	212,754	61,833	43,144	633,485
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:					
Customer accounts receivable	32,883	-	-	-	32,883
Other receivables	(6,107)	(149)	(100)	(22)	(6,378)
Due to/from other funds	61,437	(96,663)	(101,394)	(609)	(137,229)
Inventories	13,856	22	-	-	13,878
Pension related deferrals and liabilities	35,948	11,096	3,959	1,758	52,761
OPEB related deferrals and liabilities	(26,464)	(6,980)	-	-	(33,444)
Accounts payable	(13,174)	-	17,323	-	4,149
Accrued liabilities	3,445	-	-	1,638	5,083
Net cash provided (used) by operating activities	\$ 580,066	\$ 363,389	\$ (28,170)	\$ (51,860)	\$ 863,425
Noncash capital and related financing activities:					
Investment in Sauk Prairie Sewer Commission	\$ -	\$ -	\$ (44,711)	\$ -	\$ (44,711)
Investment earnings from Sauk Prairie Sewer Commission	-	-	44,711	-	44,711
Advances payable	-	-	-	(403,488)	(403,488)
Interfund balance payable	-	-	-	(129,952)	(129,952)
Total non-cash activity	\$ -	\$ -	\$ -	\$ (533,440)	\$ (533,440)

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
December 31, 2019**

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,019,218
Receivables:	
Taxes Receivable	3,345,585
Total Assets	<u>\$ 6,364,803</u>
LIABILITIES	
Due to Other Governments	\$ 6,364,803
Total Liabilities	<u>6,364,803</u>
NET POSITION	
Total Net Position	<u>-</u>
Total Liabilities and Net Position	<u>\$ 6,364,803</u>

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

For the Year Ended December 31, 2019

	<u>Custodial Fund</u>
ADDITIONS	
Property Tax Collections for Other Governments	\$ 4,407,264
Total Additions	<u>4,407,264</u>
DEDUCTIONS	
Payments of Taxes to Other Governments	4,407,264
Total Deductions	<u>4,407,264</u>
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
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December 31, 2019**

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**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Prairie du Sac conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Prairie du Sac. 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 does not have any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. 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 of that individual governmental 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 of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following governmental funds:

General Fund – The General Fund is the Village’s primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund’s resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds).

The Village reports the following major governmental funds:

General Fund
Tax Incremental Financing Districts Fund
Debt Service Fund
Capital Projects Fund

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

The Village reports the following non-major governmental fund:

Transit Fund – The Transit Fund is used to account for the revenues and expenses associated with the taxi service provided for Prairie du Sac and Sauk City.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

The Village reports the following business-type activities:

Major Enterprise Funds

Electric Utility – Accounts for providing electric service.

Water Utility – Accounts for providing water service.

Sewer Utility – Accounts for providing sewer service.

Non-major Enterprise Fund

Storm Water Utility – Accounts for providing storm water services.

Fiduciary Funds (Not included in Government-Wide Statements)

Fiduciary funds consist of pension (and other employee benefit) trust funds, private purpose trust funds, investment trust funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government's own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government's delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government's reporting entity.

The Village reports the following fiduciary fund:

Custodial Fund – The Custodial Fund is 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's Tax Custodial Fund accounts for tax collections payable to overlying taxing jurisdictions.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The government-wide financial statements and fund financial statements for the proprietary funds are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Utility, Water Utility, Sewer Utility, and Storm Water Utility are charges to customers for providing service to the Village's residents and businesses. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Property taxes are levied in December on the assessed valuation as of the prior January 1 for all general property located in the Village. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services.

In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying custodial fund statement of fiduciary net position.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The aggregate amount of property taxes to be levied for Village purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the Village are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar – 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full or first installment due	January 31, 2020
Second installment due	July 31, 2020
Tax sale – 2019 delinquent real estate	October 2022

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. Provision for uncollectible accounts receivable has been made for the Electric Utility. All the utilities also have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

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

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, deferred inflows are removed from the balance sheet and revenue is recognized.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS

On the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments and compensated absences which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

Restricted Assets

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

F. INVENTORIES AND PREPAID ITEMS

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

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets and \$2,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged, but not required. The Village has elected to retroactively report all major general infrastructure assets.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant.

For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	30 years
Buildings and building improvements	25 - 75 years
Furniture and equipment	7 - 10 years
Vehicles	7 - 20 years
Utility plant	4 - 135 years

Fund Financial Statements

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Electric Utility has an allowance for uncollectible accounts of \$3,936 in 2019.

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019 are determined on the basis of current salary rates and include salary related payments.

K. LONG-TERM OBLIGATIONS

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position. The Village does not engage in conduit debt transactions.

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

N. OTHER POSTEMPLOYMENT BENEFITS

Group life insurance plan

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to / deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Village health insurance plan

For purposes of measuring the OPEB liability and deferred outflows of resources related to OPEB, and OPEB expense, information of the Village's OPEB plan has been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with benefit terms.

O. PENSIONS

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The deferred outflows of resources are for the WRS pension system, Wisconsin local retiree life insurance fund, and the Village health insurance plan.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources are for the WRS pension system, Wisconsin local retiree life insurance fund, special assessments, and property tax levy for the subsequent year.

Q. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. EQUITY CLASSIFICATIONS (Continued)

Fund Statements

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Village Board. A formal resolution by the Village Board is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are 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 through the budgetary process.
- e. Unassigned – amounts not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific purposes.

The Village's fund balance policy states the Village shall endeavor to maintain a fund balance of 25% of the annual General Fund operating budget expenditures. If the fund balance drops below 20%, appropriate steps shall be taken to restore it to 25% in the subsequent year's budget.

When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

R. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin (PSCW) on December 5, 2013 and placed into effect by the Electric Utility on December 15, 2013.

Water Utility

Current water rates were approved by the PSCW on June 22, 2016 and placed into effect by the Water Utility on July 15, 2016.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS (Continued)

Sewer Utility

Current sewer rates were approved by the Village Board and placed into effect by the Sewer Utility on January 15, 2016.

Storm Water Utility

Current Storm Water rates were approved by the Village Board and placed into effect on January 16, 2007.

S. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2019, the Village adopted provisions of GASB Statement No. 84, Fiduciary Activities. GASB No. 84 on Fiduciary Activities establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. Implementation of GASB No. 84, Fiduciary Activities, replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside the government’s reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of, or to, other governments.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BOND COVENANT DISCLOSURE

As part of the Electric and Water Bond resolutions, certain information is required to be disclosed.

Compliance with Funding Requirements

The utilities are in compliance with combined bond funding requirements.

Number of Customers

The utilities served the following number of customers at December 31, 2019:

	Electric	Water
Residential	1,881	1,783
Commercial	286	162
Industrial	1	8
Public authority	-	16
Multifamily	-	24
Public street lighting	9	-
Totals	2,177	1,993

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. BOND COVENANT DISCLOSURE (Continued)

Insurance Coverage

The utilities are in compliance with combined insurance requirements.

Debt Coverage

2019 required and actual coverage factors are as follows:

	<u>Electric</u>	<u>Water</u>
Change in net position	\$ 34,060	\$ 36,990
Plus:		
Interest and fiscal charges	16,731	66,401
Depreciation	315,754	212,754
Amortization	1,033	-
Investment loss in Sauk- Prairie Sewer Commission	-	-
Tax equivalent	137,880	133,609
Income available for debt service	<u>\$ 505,458</u>	<u>\$ 449,754</u>
Annual debt service	\$ 128,689	\$ 325,503
Calculated coverage ratio	3.93	1.38
Required coverage ratio	1.25	1.10

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual non-major funds that have deficit balances at year end. As of December 31, 2019, the following funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
Transit Fund	\$ 18,158
Tax Incremental Financing District No. 5	20,868
Tax Incremental Financing District No. 6	16,743

Fund balances will be recovered through collection of future revenues.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the Village's cash and investments totaled \$10,674,354 on December 31, 2019 and is summarized below:

Petty cash and cash on hand	\$	469,135
Deposits with financial institutions		7,454,198
Deposits with external investment pools		2,751,021
		\$ 10,674,354
 Reconciliation to the basic financial statements:		
Government-Wide Statement of Net Position:		
Cash and cash equivalents	\$	5,864,652
Restricted cash and cash equivalents		1,790,484
Fiduciary fund:		
Custodial Fund		3,019,218
		\$ 10,674,354

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits and investments of the Village are subject to various risks. Following is a discussion of the specific risks and the Village's policy related to the risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the Village's deposits may not be returned to it. The Village evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the Village. As of December 31, 2019, \$6,949,970 of the Village's deposits with financial institutions totaling \$7,545,256 was exposed to custodial credit risks as follows. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Uninsured and uncollateralized	\$	5,949,970
Uninsured and collateralized with securities held by pledging financial institutions		1,000,000
Total		\$ 6,949,970

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Deposits and the Local Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

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 to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2019, the LGIP had an average maturity of 18 days and a fair value of \$2,751,021.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

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. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village. The LGIP was not rated as of December 31, 2019.

Investment allocation in the LGIP as of December 31, 2019 was: 88.05% in U.S. Government Securities, 2.70% in Certificates of Deposit and Bankers' Acceptances and 9.25% in Commercial Paper and Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk – The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer. The Village had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES

Receivables as of year-end for the governmental funds' individual major funds, and fiduciary funds in the aggregate, are as follows:

	General Fund	Tax Incremental Financing Districts Funds	Fiduciary Fund	Total
Total receivables	\$ 1,724,393	\$ 176,088	\$ 3,345,585	\$ 5,246,066
Amounts not expected to be collected within one year	\$ 287,437	\$ -	\$ -	\$ 287,437

Special assessments and economic development loan receivables are not expected to be collected within one year.

C. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources on the governmental funds balance sheet of \$3,376,285 at December 31, 2019, consist of the following:

	General Fund	Tax Incremental Financing Districts	Total
2019 tax apportionment	\$ 2,667,956	\$ 334,857	\$ 3,002,813
Deferred special assessments	185,694	-	185,694
Property tax equivalent	187,278	-	187,278
Other deferred inflows	500	-	500
Total	\$ 3,041,428	\$ 334,857	\$ 3,376,285

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. RESTRICTED CASH

Governmental funds have restricted cash in the amount of \$440,581 which consists of:

Tax Incremental Financing Districts Fund	\$	438,946
Transit Fund		1,635
	<u>\$</u>	<u>440,581</u>

In the Electric, Water and Sewer Enterprise Funds, restricted assets represent cash reserved in accordance with utility revenue bond ordinances and can only be used in the following ways:

Bond Principal and Interest Accounts – Payments from these accounts can be made only for interest and principal and paying agent’s fees as such become due.

Bond Reserve Accounts – Payments from the accounts may be made only to prevent default in the event the monies in the bond principal and interest accounts are insufficient to make payments when due.

Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the Village’s utility systems if other funds are not available.

At December 31, 2019, enterprise fund restricted cash and equivalents consisted of the following:

	Electric	Water	Sewer	Storm Water	Total
Bond principal and interest	\$ 305,331	\$ -	\$ -	\$ -	\$ 305,331
Bond reserve accounts	202,265	135,312	41,193	-	378,770
Depreciation and equipment	50,000	55,000	15,818	-	120,818
Equipment replacement fund	-	544,983	-	-	544,983
Special deposits	-	-	-	-	-
Total restricted cash and cash equivalents	<u>\$ 557,596</u>	<u>\$ 735,295</u>	<u>\$ 57,011</u>	<u>\$ -</u>	<u>\$ 1,349,902</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

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

Governmental Activities

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Capital assets not being depreciated:				
Land	\$ 541,577	\$ -	\$ -	\$ 541,577
Construction work in progress	-	55,627	-	55,627
Total capital assets not being depreciated	541,577	55,627	-	597,204
Capital assets being depreciated:				
Buildings and building improvements	7,287,835	10,864	-	7,298,699
Furniture and equipment	335,141	-	-	335,141
Vehicles	1,647,208	202,042	-	1,849,250
Infrastructure	14,575,977	831,339	25,490	15,381,826
Total capital assets being depreciated	23,846,161	1,044,245	25,490	24,864,916
Less: Accumulated depreciation:				
Buildings and building improvements	(1,860,799)	(224,543)	-	(2,085,342)
Furniture and equipment	(173,333)	(23,366)	-	(196,699)
Vehicles	(1,293,974)	(105,288)	-	(1,399,262)
Infrastructure	(8,090,884)	(732,167)	(25,490)	(8,797,561)
Total accumulated depreciation	(11,418,990)	(1,085,364)	(25,490)	(12,478,864)
Net capital assets - governmental activities	\$ 12,968,748	\$ 14,508	\$ -	\$ 12,983,256

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 8,719
Public safety	57,214
Public works	839,113
Culture and recreation	166,524
Conservation and development	13,794
Total governmental activities depreciation expense	<u>\$ 1,085,364</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Proprietary Funds

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
Electric Utility:				
Transmission and distribution plant	\$ 8,089,369	\$ 159,488	\$ 38,567	\$ 8,210,290
General plant	704,928	23,847	18,002	710,773
Total electric plant	<u>\$ 8,794,297</u>	<u>\$ 183,335</u>	<u>\$ 56,569</u>	<u>\$ 8,921,063</u>
Water Utility:				
Source of supply plant	\$ 676,040	-	-	\$ 676,040
Pumping plant	911,806	-	-	911,806
Water treatment plant	807,371	-	-	807,371
Transmission and distribution plant	6,178,808	240,815	129,500	6,290,123
General plant	83,663	-	-	83,663
Total water plant	<u>\$ 8,657,688</u>	<u>\$ 240,815</u>	<u>\$ 129,500</u>	<u>\$ 8,769,003</u>
Sewer Fund:				
Collecting system plant	\$ 2,209,466	\$ 11,426	\$ 10,500	\$ 2,210,392
General plant	112,074	-	-	112,074
Total sewer plant	<u>\$ 2,321,540</u>	<u>\$ 11,426</u>	<u>\$ 10,500</u>	<u>\$ 2,322,466</u>
Storm Water Fund:				
Mains	\$ 1,777,706	-	-	\$ 1,777,706
Ponds	182,058	-	-	182,058
General equipment	81,314	-	-	81,314
Vehicles	39,595	-	-	39,595
Total storm water fund	<u>\$ 2,080,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,080,673</u>

A summary of depreciation rates and accumulated depreciation for the utilities follows:

Fund	Balance 1/1/2019	2019			Balance 12/31/2019
		Depreciation Expense	2019 Meter Reading Allocation	Retirements and Removals (Net of Salvage)	
Electric	\$ 5,427,791	\$ 315,754	\$ -	\$ 50,916	\$ 5,692,629
Water	1,940,269	212,754	17,556	129,500	2,041,079
Sewer	691,267	61,833	(17,556)	10,500	725,044
Storm Water	511,295	43,144	-	-	554,439
	<u>\$ 8,570,622</u>	<u>\$ 633,485</u>	<u>\$ -</u>	<u>\$ 190,916</u>	<u>\$ 9,013,191</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables:

	Due From Other Funds	Due To Other Funds	Purpose
General Fund	\$ 563,236	\$ -	Operating expenses
TID	-	37,611	Operating expenses
Enterprise Funds:			
Electric	-	206,377	Operating expenses
Water	-	296,148	Operating expenses
Sewer	-	26,055	Operating expenses
Storm Water	2,955	-	Operating expenses
Totals	<u>\$ 566,191</u>	<u>\$ 566,191</u>	

The following is a schedule of interfund advances:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 72,801	\$ -
Enterprise Fund:		
Water	-	72,801
Totals	<u>\$ 72,801</u>	<u>\$ 72,801</u>

The following is a schedule of interfund transfers:

Transfer from:	Transfer to:	Purpose:	Amount
TIF District No. 3	General Fund	Closing distribution	\$ 156,223
General Fund	Capital Projects Fund	Capital costs	148,131
General Fund	Storm Water Utility	Advance forgiven	533,440

The following is a schedule of transfers in the Government-Wide Statement of Activities:

Transfer from:	Transfer to:	Purpose:	Amount
Business-type Activities	Governmental Activities	Tax equivalent	\$ 271,489
Governmental Activities	Business-type Activities	Advance forgiven	(533,440)
			<u>\$ (261,951)</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	1/1/2019			12/31/2019	Amounts Due Within One Year
Governmental Activities	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	
Bonds and notes from direct borrowings and placements	\$ 370,704	\$ -	\$ 84,891	\$ 285,813	\$ 69,116
Bonds and notes payable:					
General obligation debt	7,852,551	910,000	843,972	7,918,579	872,535
Add/Subtract Amounts For:					
Premiums/Discount on debt	83,730	76,792	17,824	142,698	-
Total	<u>8,306,985</u>	<u>986,792</u>	<u>946,687</u>	<u>8,347,090</u>	<u>941,651</u>
Other liabilities:					
Vested compensated absences	97,598	17,489	-	115,087	24,391
Total other liabilities	<u>97,598</u>	<u>17,489</u>	<u>-</u>	<u>115,087</u>	<u>24,391</u>
Total governmental activities - long-term liabilities	<u>\$8,404,583</u>	<u>\$ 1,004,281</u>	<u>\$ 946,687</u>	<u>\$8,462,177</u>	<u>\$ 966,042</u>
Business-Type Activities					
Bonds and notes from direct borrowings and placements	\$1,254,185	\$ 6,851	\$ 96,918	\$1,164,118	\$ 99,387
Bonds and notes payable:					
General obligation debt	1,902,451	295,000	211,028	1,986,423	232,464
Revenue bonds	715,000	-	100,000	615,000	100,000
Add/Subtract Amounts For:					
Premiums/Discount on debt	(3,266)	-	(433)	(2,833)	-
Total	<u>3,868,370</u>	<u>301,851</u>	<u>407,514</u>	<u>3,762,707</u>	<u>431,851</u>
Other liabilities:					
Vested compensated absences	110,947	10,838	198	121,587	36,548
Total other liabilities	<u>110,947</u>	<u>10,838</u>	<u>198</u>	<u>121,587</u>	<u>36,548</u>
Total business-type activities - long-term liabilities	<u>\$3,979,317</u>	<u>\$ 312,689</u>	<u>\$ 407,712</u>	<u>\$3,884,294</u>	<u>\$ 468,399</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the Debt Service Fund. Enterprise funds general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2019 was \$22,492,860. Total general obligation debt outstanding at year end was \$10,223,182.

Governmental activities long-term debt at December 31, 2019 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
Governmental Activities					
General Obligation Debt					
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	\$ 1,170,780	\$ 492,960
Promissory notes	4/1/2013	4/1/2023	2.65%	536,110	230,796
Corporate purpose bonds	4/15/2014	2/1/2034	0.35% - 4.10%	3,010,000	2,365,000
Corporate purpose bonds	5/19/2015	4/1/2030	1.00% - 3.00%	1,760,000	1,315,000
Promissory notes	3/17/2016	3/17/2026	1.50% - 2.50%	1,400,000	990,000
Promissory notes	9/1/2016	9/1/2026	2.50%	100,000	20,334
Promissory notes	3/23/2017	3/1/2027	1.50% - 2.75%	925,451	730,619
Promissory notes	3/20/2018	3/1/2033	1.80% - 3.40%	1,265,000	1,115,000
Promissory notes	8/22/2018	8/22/2028	0.00%	39,263	34,683
Corporate purpose bonds	2/27/2019	2/1/2029	3.00% - 4.00%	910,000	910,000
Total governmental activities - general obligation debt					<u>\$ 8,204,392</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity for governmental activities are as follows:

Years	Governmental Activities					
	Notes from Direct Borrowings and Placements		General Obligation Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 69,116	\$ 7,989	\$ 872,535	\$ 218,716	\$ 941,651	\$ 226,706
2021	70,860	6,246	783,802	186,852	854,661	193,097
2022	63,393	4,493	782,653	169,676	846,046	174,169
2023	63,467	1,594	818,802	152,444	882,269	154,037
2024	3,926	-	817,248	130,118	821,174	130,118
2025-2029	15,051	-	2,933,540	368,835	2,948,591	368,835
2030-2034	-	-	910,000	59,610	910,000	59,610
Totals	\$ 285,813	\$ 20,321	\$ 7,918,579	\$ 1,286,252	\$ 8,204,392	\$ 1,306,573

Business-type activities long-term debt at December 31, 2019 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2019
Business-Type Activities					
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	\$ 349,220	\$ 147,040
Electric revenue bonds	5/17/2012	12/1/2025	1.00% - 2.80%	1,225,000	615,000
Safe drinking water loan	4/25/2012	5/1/2031	2.20%	1,554,314	1,056,685
Promissory notes	4/1/2013	4/1/2023	2.65%	75,190	32,369
Corporate purpose bonds	4/15/2014	2/1/2034	0.35% - 4.10%	820,000	645,000
Corporate purpose bonds	5/19/2015	4/1/2030	1.00% - 3.00%	290,000	175,000
Member energy efficiency and renewable energy loan	7/22/2015	8/1/2025	0.00%	123,505	68,957
Corporate purpose notes	3/17/2016	3/17/2026	1.50% - 2.50%	175,000	105,000
Corporate purpose bonds	3/23/2017	3/1/2027	1.50% - 2.75%	310,000	244,381
Corporate purpose bonds	3/20/2018	3/1/2033	1.80% - 3.40%	420,000	375,000
Corporate purpose bonds	2/27/2019	2/1/2029	3.00% - 4.00%	295,000	295,000
Promissory note	4/10/2019	3/10/2024	2.00%	6,851	6,109
Total business-type activities - long-term debt					<u>\$ 3,765,541</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity for business-type activities are as follows:

Years	Business-Type Activities							
	Notes from Direct		General Obligation Debt		Mortgage Revenue		Total	
	Borrowings and Placements		Principal	Interest	Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 99,387	\$ 23,357	\$ 232,464	\$ 56,404	\$ 100,000	\$ 14,898	\$ 431,850	\$ 94,659
2021	101,337	21,388	226,199	46,523	100,000	12,848	427,536	80,758
2022	103,327	19,378	232,347	41,186	100,000	10,698	435,674	71,262
2023	105,279	17,323	226,198	35,610	105,000	8,348	436,477	61,280
2024	97,939	17,099	222,754	29,885	105,000	5,723	425,693	52,707
2025-2029	461,032	46,935	646,460	80,589	105,000	2,940	1,212,493	130,464
2030-2034	195,817	4,331	200,000	18,205	-	-	395,817	22,536
Totals	<u>\$ 1,164,118</u>	<u>\$ 149,811</u>	<u>\$ 1,986,423</u>	<u>\$ 308,403</u>	<u>\$ 615,000</u>	<u>\$ 55,453</u>	<u>\$ 3,765,541</u>	<u>\$ 513,667</u>

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The liability attributable to governmental activities will be liquidated primarily by General Fund. See Note 1.J. for disclosure of the Village's policy.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2019 include the following:

Nonspendable

Major Fund:

Prepaid expenses	\$ 277,692
Loans receivable	101,743
Advances to other funds	72,801
Total nonspendable fund balance	452,236

Restricted

Major Fund:

Tax Incremental Financing Districts	280,177
Total restricted fund balance	280,177

Committed

Major Fund:

Great Sauk Trail Project	5,570
Total committed fund balance	5,570

Unassigned

Major Funds:

General Fund	2,294,882
Tax Incremental Financing Districts (deficit)	(37,611)

Non-Major Fund:

Transit Fund (deficit)	(18,158)
Total unassigned fund balance	2,239,113
Total governmental fund balance	\$ 2,977,096

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS

Multiple-Employer Life Insurance Plan

General Information about the Other Postemployment Benefits

Plan description. The Local Retiree Life Insurance Fund (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.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contribution rates as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

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

*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$940 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, 2019, the LRLIF Employer reported a liability (asset) of \$125,969 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net 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, 2018, the Village's proportion was 0.048819%, which was an increase of 0.00174% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$12,232.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At December 31, 2019, 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	\$ -	\$ (6,391)
Changes of assumptions	12,019	(27,305)
Net differences between projected and actual earnings on OPEB plan investments	3,010	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,079	(5,233)
Employer contributions subsequent to the measurement date	1,017	-
Totals	<u>\$ 20,125</u>	<u>\$ (38,929)</u>

\$1,017 reported as deferred outflows related to OPEB resulting from the Village's employer'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, 2020. 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 Outflows (Inflows) of Resources
2020	\$ (2,762)
2021	(2,762)
2022	(2,762)
2023	(3,185)
2024	(3,621)
Thereafter	(4,729)
Total	<u>\$ (19,821)</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rated of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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

Sensitivity of the Village's proportionate share of 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 4.22 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 (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Village's proportionate share of the net OPEB liability (asset)	\$ 179,200	\$ 125,969	\$ 84,914

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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>.

Single-Employer Health Insurance Plan

Plan description. The Village operates a single-employer retiree benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. There are 17 active members and one retired member in the plan. Benefits and eligibility are established and amended by the governing body. The plan does not issue stand-alone financial statements.

Benefits. Upon retirement, those retirees eligible for the Wisconsin Retirement System may choose to remain on the Village’s group medical plan indefinitely provided that they self-pay the full premiums. This is typically done with the use of accumulated sick and vacation pay.

Funding policy. The Village will fund the OPEB on a pay-as-you-go basis.

Employees covered by benefit terms. At December 31, 2018, 17 active employees were eligible for the benefit terms, while one retiree was eligible.

Total OPEB Liability. The Village’s total OPEB liability of \$74,096 was measured at December 31, 2018, and was determined by an actuarial valuation as of December 31, 2017.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.5 percent
Salary increases:	3.0 percent, average, including inflation
Discount rate	3.5 percent
Healthcare cost trend rates	Actual first year increase, then 7.00% decreasing by 0.50% down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter
Retirees’ share of benefit-related costs	Retirees are responsible for the full (100%) amount of premiums

The discount rate is based on the Bond Buyer GO 20-Year AA Bond Index published by the Federal Reserve as of the week of the measurement date.

Mortality rates were based on the Wisconsin 2012 Mortality Table.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the December 31, 2017 valuation were based on a study conducted in 2015 using the Wisconsin Retirement System (WRS) experience from 2012-2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2017	\$ 70,214
Changes for the year:	
Service cost	6,173
Interest	2,533
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,963)
Benefit payments	(1,861)
Net Changes	3,882
Balance at 12/31/2018	\$ 74,096

There were no changes of benefit terms nor in assumptions.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

		1% Decrease 3.00%	Current Discount Rate 4.00%	1% Increase 5.00%
Total OPEB Liability	12/31/2018	\$ 80,116	\$ 74,096	\$ 68,461

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following represents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (actual first year increase, then 6.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (actual first year increase, then 8.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. OTHER POSTEMPLOYMENT BENEFITS (Continued)

		1% Decrease (Actual first year increase, then 6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (Actual first year increase, then 7.0% decreasing to 5.0%)	1% Increase (Actual first year increase, then 8.0% decreasing to 6.0%)
Total OPEB Liability	12/31/2018	\$ 67,782	\$ 74,096	\$ 81,525

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2019, the Village recognized OPEB expense of \$8,706.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other input	\$ -	\$ 2,694
Employer contributions subsequent to the measurement date	1,861	-
Totals	<u>\$ 1,861</u>	<u>\$ 2,694</u>

\$1,861 is reported as deferred outflows related to OPEB resulting from Village contributions subsequent to the measurement date and will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources or deferred inflows of resources related to OPEB that will be recognized in OPEB expense in future years are as follows.

Year ended December 31:	Net Outflows (Inflows) of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ (269)	\$ -	\$ 269
2021	(269)	-	269
2022	(269)	-	269
2023	(269)	-	269
2024	(269)	-	269
Thereafter	(1,349)	-	1,349
Total	<u>\$ (2,694)</u>	<u>\$ -</u>	<u>\$ 2,694</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN

General Information about the 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 district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and 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 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.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

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

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. 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 \$78,670 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

At December 31, 2019, the Village reported a liability (asset) of \$274,177 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on a projection of the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.00770662%, which was an increase of 0.00021215% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$181,205.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 213,542	\$ (377,466)
Changes of assumptions	46,215	-
Net difference between projected and actual earnings on pension plan investments	400,417	-
Changes in proportion and difference between Village contributions and proportionate share of contributions	-	(8,085)
Village contributions subsequent to the measurement date	78,670	-
Total	\$ 738,844	\$ (385,551)

\$78,670 reported as deferred outflows of resources related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2020	\$ 98,918
2021	23,464
2022	43,300
2023	108,941
2024	-
	\$ 274,623

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION 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 are summarized in the following table:

Asset Allocation Targets and Expected Returns

As of December 31, 2018

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

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long-term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 7.00%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 1,089,609	\$ 274,177	\$ (332,159)

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

Allocation of Pension Plan

Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

Summary Description

The Village has created Tax Incremental Financing Districts (TIF District or TID) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The District is allowed to collect tax increments until its termination date. Any over-collections are returned to the various taxing entities of the District. The Village becomes liable for any cost not recovered by the termination date.

The Village created TID No. 3 in 1996 and TID No. 4 in 2008. TID No. 5 and TID No. 6 were created May 22, 2019 and September 25, 2019, respectively. TID No. 3 was terminated in 2019. A summary of cumulative status is as follows:

TID No. 3	Cumulative To Date
Revenues:	
Taxes	\$ 4,340,346
Intergovernmental	66,202
Interest income	34,827
Long-term debt proceeds	378,698
Total revenue	4,820,073
Expenditures:	
Project costs	4,820,073
Fund balance, December 31	\$ -
TID No. 4	
Revenues:	
Taxes	\$ 2,831,168
Intergovernmental	206,771
Total revenue	3,037,939
Expenditures:	
Project costs	2,757,762
Fund balance, December 31	\$ 280,177
TID No. 5	
Revenues:	
Taxes	\$ -
Intergovernmental	-
Total revenue	-
Expenditures:	
Project costs	20,868
Fund balance, December 31	\$ (20,868)

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

TID No. 6	Cumulative To Date
Revenues:	
Taxes	\$ -
Intergovernmental	-
Total revenue	-
Expenditures:	
Project costs	16,743
Fund balance, December 31	\$ (16,743)

Current valuations of TID No. 4, No. 5 and No. 6 are as follows:

	TID No. 4	TID No. 5	TID No. 6
Current value	\$ 15,907,000	\$ 794,100	\$ 10,297,100
Base	483,300	142,200	10,871,000
Increment	\$ 15,423,700	\$ 651,900	\$ (573,900)

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

	Termination Date
TID No. 4	8/26/2028
TID No. 5	5/22/2038
TID No. 6	9/25/2038

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 4. OTHER INFORMATION

A. JOINT VENTURES

In 1981, the Villages of Prairie du Sac and Sauk City joined in an agreement with the Sauk-Prairie Joint Sewerage Commission to finance the portion of construction cost of a new waste water treatment plant not funded by grants. Prairie du Sac agreed to finance 50% of the non-funded (local) share of the plant cost. The Village's equity interest is reported on the government-wide and proprietary fund statements of net position. Changes in the equity interest are recorded on the government-wide statement of activities and statement of revenues, expenses, and changes in net position for proprietary funds.

The Villages of Prairie du Sac and Sauk City jointly formed the Sauk Prairie Police Commission to provide law enforcement services to each of the Villages. Under the agreement, costs are jointly shared and are apportioned annually based upon several criteria. The Village paid \$839,709 to the Commission in 2019 for its share of expenditures. The investment in the Commission has not been reflected in the statement of net position.

Separate financial statements are issued for Sauk-Prairie Joint Sewerage Commission and Sauk Prairie Police Department.

SAUK PRAIRIE TRANSIT FUND

The Village of Prairie du Sac is in a joint venture with Sauk City to provide transportation services to each of the Villages.

B. COMMITMENTS AND CONTINGENCIES

Electric Utility Power Purchase Agreement

The Electric Utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa and Michigan. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the electric utility payable from any operating and maintenance fund established for that system.

In 2015, all WPPI Energy members ratified an extension to their original contracts. The new contract expires at midnight on December 31, 2055.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 4. OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases

From time to time, the Village enters into operating leases for equipment and vehicle transactions. Such leases are considered operating in nature because they are subject to annual appropriation and are thus cancelable.

Lawsuits

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

Grants

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

State Funding

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.

C. RISK MANAGEMENT

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

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, Leases, and GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. When these become effective, application of these standards may restate portions of these financial statements.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 4. OTHER INFORMATION (Continued)

E. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that result 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 its citizens.

The Village of Prairie du Sac, through its TID No. 3 and TID No. 4, has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the project plans. The agreements require the Village to make annual repayments of property taxes collected within the TID to the developer based upon the terms of the agreement.

For the year ended December 31, 2019, the Village abated property taxes totaling \$387,014 related to the TID No. 4 developer agreements.

F. SUBSEQUENT EVENTS

Subsequent to year end but prior to the issuance of this report, the Village issued \$3,640,000 of general obligation bonds. The bonds were issued to finance 2020 public works improvement contracts for street, parking lot, water, sewer, and storm infrastructure projects as well as fire equipment. The Village also approved approximately \$2,259,000 of construction contracts and \$1,067,000 of equipment purchases.

In February 2020, the Village purchased 67 acres of land for \$2.1 million for the development of a community park and sports complex. The Village will make monthly payments of \$32,000 over a five-year period. Total project costs are estimated at \$12 million and are anticipated to be covered by fundraising by Friends of Sauk Prairie Parks and Recreation.

The recent spread of the COVID-19 coronavirus has created economic uncertainty internationally. The potential of COVID-19 having a financial and economic impact on the Village is a possibility, although no such impact can be determined at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (WITH VARIANCES)**

GENERAL FUND

For the Year Ended December 31, 2019

	<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	\$ 1,518,734	\$ 1,518,734	\$ 1,536,962	\$ 18,228
Other Taxes	298,000	313,175	307,315	(5,860)
Special Assessment Revenue	-	-	60,000	60,000
Intergovernmental	639,082	639,082	656,622	17,540
License and Permits	170,370	170,370	187,748	17,378
Public Charges for Services	428,960	428,960	438,730	9,770
Interest Income	12,601	12,601	58,644	46,043
Miscellaneous Income	84,196	84,196	117,394	33,198
Total Revenues	<u>3,151,943</u>	<u>3,167,118</u>	<u>3,363,415</u>	<u>196,297</u>
EXPENDITURES				
Current:				
General Government	333,815	333,815	369,160	(35,345)
Public Safety	1,063,625	1,063,625	1,046,993	16,632
Public Works	1,064,764	1,064,764	1,086,026	(21,262)
Culture and Recreation	613,624	628,799	612,711	16,088
Conservation and Development	14,420	14,420	7,831	6,589
Capital Outlay	60,000	60,000	4,046	55,954
Total Expenditures	<u>3,150,248</u>	<u>3,165,423</u>	<u>3,126,767</u>	<u>38,656</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,695</u>	<u>1,695</u>	<u>236,648</u>	<u>234,953</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	156,223	156,223
Transfers Out	-	-	(681,571)	(681,571)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(525,348)</u>	<u>(525,348)</u>
Net Change in Fund Balances	1,695	1,695	(288,700)	(290,395)
Fund Balances - Beginning	3,041,388	3,041,388	3,041,388	-
Fund Balances - Ending	<u>\$ 3,043,083</u>	<u>\$ 3,043,083</u>	<u>\$ 2,752,688</u>	<u>\$ (290,395)</u>

See notes to required supplementary information.

**VILLAGE OF PRAIRIE DU SAC
LOCAL RETIREE LIFE INSURANCE SCHEDULES
December 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

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)
2018	0.04881900%	\$ 125,969	\$ 1,042,000	12.09%	48.69%
2017	0.04707900%	141,641	1,979,807	7.15%	44.81%

**SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED**

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
2019	\$ 1,017	\$ (1,017)	-	\$ 1,170,000	0.09%
2018	1,860	(1,860)	-	1,042,000	0.18%

See notes to required supplementary information.

VILLAGE OF PRAIRIE DU SAC
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL HEALTH INSURANCE
OPEB LIABILITY AND RELATED RATIOS
December 31, 2019

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 6,173	\$ 6,173
Interest	2,533	2,270
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	(2,963)	-
Benefit payments	<u>(1,861)</u>	<u>-</u>
Net change in total OPEB	3,882	8,443
Total OPEB Liability - Beginning	70,214	61,771
Total OPEB Liability - Ending	<u>\$ 74,096</u>	<u>\$ 70,214</u>
 Covered Employee Payroll	 \$ 986,546	 \$ 986,546
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 7.51%	 7.12%

See notes to required supplementary information.

**VILLAGE OF PRAIRIE DU SAC
WISCONSIN RETIREMENT SYSTEM SCHEDULES
December 31, 2019**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AS OF THE MEASUREMENT DATE**

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)
2018	0.00770662%	\$ 274,177	\$ 1,169,781	23.44%	96.45%
2017	0.00749447%	(222,519)	1,159,749	(19.19%)	102.93%
2016	0.00714162%	58,864	1,114,427	5.28%	99.12%
2015	0.00685019%	111,314	987,825	11.27%	98.20%
2014	0.00673569%	(165,401)	948,208	(17.44%)	102.74%

**SCHEDULE OF VILLAGE'S CONTRIBUTIONS
FOR THE YEAR ENDED**

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
2019	\$ 78,670	\$ 78,670	\$ -	\$ 1,201,073	6.55%
2018	78,375	78,375	-	1,169,781	6.70%
2017	78,822	78,822	-	1,159,749	6.80%
2016	73,552	73,552	-	1,114,427	6.60%
2015	67,172	67,172	-	987,825	6.80%

See notes to required supplementary information.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019**

NOTE 1. BUDGETARY INFORMATION

A. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 to the financial statements.

The budgeted amounts presented include any amendments made during the year. The Village Board may authorize transfers of budgeted amounts within functions. Transfers between functions and changes to the overall budget must be approved by two-thirds of the Village Board. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village controls expenditures at the function level. During 2019, the Village experienced expenditures which exceeded appropriations in the following functions: General Government - \$35,345 and Public Works - \$21,262.

NOTE 2. LOCAL RETIREE LIFE INSURANCE SCHEDULES

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

NOTE 3. SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL HEALTH INSURANCE OPEB LIABILITY AND RELATED RATIOS

Governmental Accounting Standards Board Statement No. 75 requirements have been implemented prospectively; therefore, the illustrations do not present similar information for the 8 preceding years.

Changes of benefit terms. There were no changes of benefit terms during the year.

Changes of assumptions. There were no changes in assumptions.

Assets. There were no assets accumulated in a trust that meet the criteria in governmental accounting standards to pay related benefits.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019**

NOTE 4. WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 5 preceding years.

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015-2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop total pension liability changed including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**COMBINING BALANCE SHEET
TAX INCREMENTAL FINANCING DISTRICTS
December 31, 2019**

	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	Tax Incremental Financing District No. 5	Tax Incremental Financing District No. 6	Total Tax Incremental Financing Districts
ASSETS					
Receivables:					
Taxes	\$ -	\$ 168,947	\$ 7,141	\$ -	\$ 176,088
Restricted Cash	-	432,508	6,438	-	438,946
Total Assets	<u>\$ -</u>	<u>\$ 601,455</u>	<u>\$ 13,579</u>	<u>\$ -</u>	<u>\$ 615,034</u>
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ 20,868	\$ 16,743	\$ 37,611
Total Liabilities	<u>-</u>	<u>-</u>	<u>20,868</u>	<u>16,743</u>	<u>37,611</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year Tax Levy	-	321,278	13,579	-	334,857
Total Deferred Inflows of Resources	<u>-</u>	<u>321,278</u>	<u>13,579</u>	<u>-</u>	<u>334,857</u>
FUND BALANCES					
Restricted	-	280,177	-	-	280,177
Unassigned (Deficit)	-	-	(20,868)	(16,743)	(37,611)
Total Fund Balances (Deficit)	<u>-</u>	<u>280,177</u>	<u>(20,868)</u>	<u>(16,743)</u>	<u>242,566</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 601,455</u>	<u>\$ 13,579</u>	<u>\$ -</u>	<u>\$ 615,034</u>

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - TAX INCREMENTAL FINANCING DISTRICTS
For the Year Ended December 31, 2019**

	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	Tax Incremental Financing District No. 5	Tax Incremental Financing District No. 6	Total Tax Incremental Financing Districts
REVENUES					
Property Taxes	\$ 282,246	\$ 340,885	\$ -	\$ -	\$ 623,131
Intergovernmental	-	34,756	-	-	34,756
Total Revenues	<u>282,246</u>	<u>375,641</u>	<u>-</u>	<u>-</u>	<u>657,887</u>
EXPENDITURES					
Current:					
Conservation and Development	431,795	392,724	-	-	824,519
Debt Service:					
Principal Repayment	20,000	-	-	-	20,000
Interest and Fiscal Charges	3,300	-	-	-	3,300
Total Expenditures	<u>455,095</u>	<u>392,724</u>	<u>-</u>	<u>-</u>	<u>847,819</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(172,849)</u>	<u>(17,083)</u>	<u>-</u>	<u>-</u>	<u>(189,932)</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>(156,223)</u>	-	-	-	<u>(156,223)</u>
Total Other Financing Sources and Uses	<u>(156,223)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,223)</u>
Net Change in Fund Balances	(329,072)	(17,083)	-	-	(346,155)
Fund Balances (Deficit) - Beginning	329,072	297,260	(20,868)	(16,743)	588,721
Fund Balances (Deficit) - Ending	<u>\$ -</u>	<u>\$ 280,177</u>	<u>\$ (20,868)</u>	<u>\$ (16,743)</u>	<u>\$ 242,566</u>