

VILLAGE OF GRANTSBURG, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

VILLAGE OF GRANTSBURG
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Independent Auditor's Report

Village Board and Management
Village of Grantsburg
Grantsburg, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Village of Grantsburg's 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Grantsburg, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, and budgetary comparison information, required OPEB information, and required supplemental pension information on pages 58 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Grantsburg's basic financial statements. The general fund statement of revenues and other financing sources – budget and actual, the general fund statement of expenditures and other financing uses – budget and actual, the non-major governmental funds – budget to actual comparison, the proprietary funds – budget to actual comparison and the schedule of federal and state assistance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The general fund statement of revenues and other financing sources – budget and actual, the general fund statement of expenditures and other financing uses – budget and actual, the non-major governmental funds – budget to actual comparison, the proprietary funds – budget to actual comparison and the schedule of federal and state assistance are the responsibility of management and were 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 general fund statement of revenues and other financing sources – budget and actual, the general fund statement of expenditures and other financing uses – budget and actual, the non-major governmental funds – budget to actual comparison, the proprietary funds – budget to actual comparison and the schedule of federal and state assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Two Rivers Accounting, LLC

Two Rivers Accounting, LLC

Rice Lake, Wisconsin

September 10, 2020

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

As management of the Village of Grantsburg, we offer readers of the Village of Grantsburg's financial statements this narrative overview and analysis of the financial activities of the Village of Grantsburg for the fiscal year ended December 31, 2019. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the Village's financial statements, which immediately follow this section.

THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results. You can think of the Village's net position, as measured in the *Statement of Net Position*, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position, as measured in the *Statement of Activities*, are one indicator of whether its financial health is improving or deteriorating. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our Village.

- The assets of the Village of Grantsburg exceeded its liabilities and other obligations as of December 31, 2019, by \$8,453,874 (net position). Of this amount, \$92,364 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position includes all infrastructure of the governmental funds (\$3,956,522), net of related debt, as well as proprietary capital of the Village's enterprise funds (\$3,351,650).
- The Village of Grantsburg's total net position increased by \$336,455. The following factors contributed to the overall increase:
 - Total general fund operations increased net position by \$322,355
 - Other governmental operations decreased net position by \$18,535.
 - Business type activities (proprietary funds) increased net position by \$107,812.
- As of December 31, 2019, the Village of Grantsburg's governmental funds reported combined ending fund balances of \$729,037. Of this balance \$107,435 is available for spending at the government's discretion (unassigned fund balance), \$14,504 is assigned to the Library, \$87,000 for campground repairs to the roads and pads and for new campground engineering. \$131,051 is restricted for Tax Increment District #3, \$329,299 to Tax Increment District #5. Prepaid expenses and non-current special assessments of \$59,789 are recorded as nonspendable fund balance.
- As of December 31, 2019, the unassigned fund balance for the general fund was \$107,435 or 4.69 percent of total general fund expenditures before capital outlay.
- The Village of Grantsburg's total long-term debt increased by \$636,724 (net) during 2019. This increase was due to 2019 borrowing of \$908,716 that was greater than principal payments of \$271,992 (excluding accumulated sick and vacation leave).
- The Village adopted GASB #68 in 2015, relating to its defined benefit pension plan with the Wisconsin Retirement System (WRS). See Note F to the financial statements.
- The Village adopted GASB #75 in 2019, relating to its defined other postemployment benefit plan with the Local Retiree Life Insurance Fund (LRLIF). See Note G to the financial statements.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements. The government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the Village's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 15 through 17 of this report

- The ***Statement of Net Position*** presents information on all of the Village of Grantsburg's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Grantsburg is improving or deteriorating.
- The ***Statement of Activities*** presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Grantsburg that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Grantsburg include general government, public safety, public works, health and human services, leisure, and conservation and development. The Library Fund is also included in the governmental activities. The business-type activities of the Village of Grantsburg include the Grantsburg Water Utility, Grantsburg Storm Water Utility, and Grantsburg Sewer Utility.

Fund Financial Statements. The Village also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Village, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the Village-wide statements and provide information that may be useful in evaluating a Village's short-term financing requirements. There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Changes in Fund Balance*.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Grantsburg maintains two (2) individual governmental funds. Information is presented separately in the governmental funds *Balance Sheet* and in the *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and Library Fund.

The Village of Grantsburg adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Grantsburg Water Utility, Grantsburg Storm Water Utility, and Grantsburg Sewer Utility, which are considered to be major funds of the Village of Grantsburg. The basic proprietary fund financial statements can be found on pages 22 through 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 58 of this report.

Other Supplementary Information. Budgetary information related to the individual funds is presented immediately following the required supplementary information.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1, below, provides a summary of the Village of Grantsburg's net position for the year ended December 31, 2019 and 2018.

Table 1
Condensed Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current and Other Assets	\$ 1,206,592	\$ 773,007	\$ 1,979,599
Capital Assets, Net	5,701,070	4,521,217	10,222,287
Total Assets	6,907,662	5,294,224	12,201,886
Deferred Outflows of Resources	350,428	66,798	417,226
Liabilities:			
Long-Term Liabilities	1,846,304	1,082,300	2,928,604
Other Liabilities	283,245	224,495	507,740
Total Liabilities	2,129,549	1,306,795	3,436,344
Deferred Inflow of Resources	578,636	150,258	728,894
Net Position:			
Net Investment in Capital Assets	3,956,522	3,351,650	7,308,172
Restricted	501,019	552,319	1,053,338
Unrestricted	92,364	-	92,364
Total Net Position	<u>\$ 4,549,905</u>	<u>\$ 3,903,969</u>	<u>\$ 8,453,874</u>

By far the largest portion of the Village's net position (84.6%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Village's net position (8.44%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$552,447) may be used to meet the Village's ongoing obligations to citizens and creditors.

Table 2, below, provides a summary of the Village's operating results and their impact on net position for the year ended December 31, 2019 and 2018. In 2019 the Village relied primarily on property taxes (45.8%) and state aids (27.5%) to fund its governmental activities. Combined, these account for 73.3% of governmental activity revenues or \$1,187,637. Program revenues, in the form of charges for services (14.6%) and grants and contributions (9.9%) accounted for \$398,548 of the total revenues of \$1,621,347.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Table 2
Condensed Statement of Changes in Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
Program Revenues:			
Charge for Services	\$ 237,489	\$ 596,132	\$ 833,621
Grants and Contributions	161,059	73,550	234,609
General Revenues:			
Property Taxes	597,020	-	597,020
Other Taxes	90,840	-	90,840
State and Federal Aids Not Restricted to Specific Programs	445,582	-	445,582
Other Revenues	35,162	36,254	71,416
Total Revenues	<u>1,567,152</u>	<u>705,936</u>	<u>2,273,088</u>
Expenses:			
General Government	233,266	-	233,266
Public Safety	468,120	-	468,120
Public Works	283,771	-	283,771
Health and Human Services	6,897	-	6,897
Culture and Recreation	332,599	-	332,599
Conservation and Development	31,498	-	31,498
Interest and Fiscal Charges	36,553	-	36,553
Water Utility	-	226,282	226,282
Storm Water Utility	-	66,951	66,951
Sewer Utility	-	250,696	250,696
Total Expenses	<u>1,392,704</u>	<u>543,929</u>	<u>1,936,633</u>
Net Change before Transfers	174,448	162,007	336,455
Transfers	54,195	(54,195)	-
Change in Net Position	<u>228,643</u>	<u>107,812</u>	<u>336,455</u>
Net Position - Beginning of the Year	4,346,106	3,812,216	8,158,322
Change in Accounting Principle	(24,844)	(16,059)	(40,903)
Net Position - Beginning of the Year, Restated	<u>4,321,262</u>	<u>3,796,157</u>	<u>8,117,419</u>
Net Position - End of Year	<u>\$ 4,549,905</u>	<u>\$ 3,903,969</u>	<u>\$ 8,453,874</u>

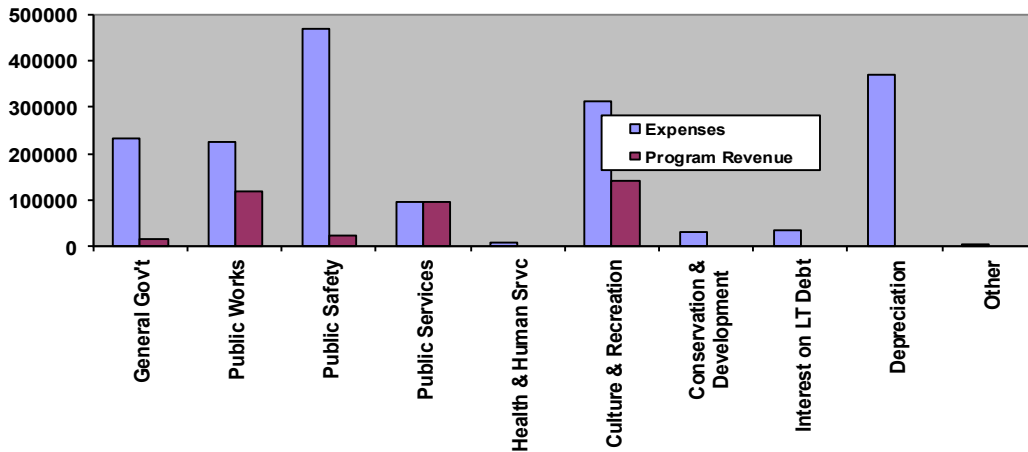
VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

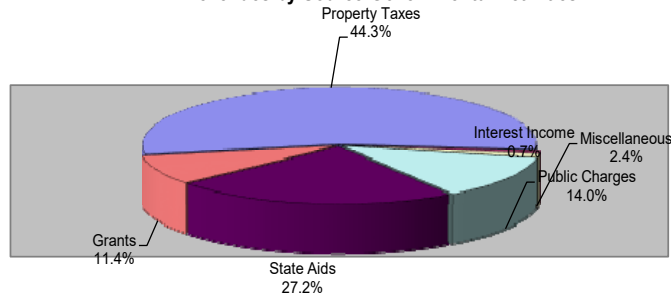
Governmental Activities: Governmental activities increased the Village's net position by \$228,643. Key elements of this increase are as follows:

- General Fund revenues exceeded expenditures by \$322,355.
- General Fund new debt exceeded debt repayments by \$593,728.
- General Fund actuarial calculations for the pension plan decreased by \$49,869.
- Library Fund expenditures exceeded revenues by \$18,494.

Expenses and Program Revenues - Governmental Activities



Revenues by Source-Governmental Activities



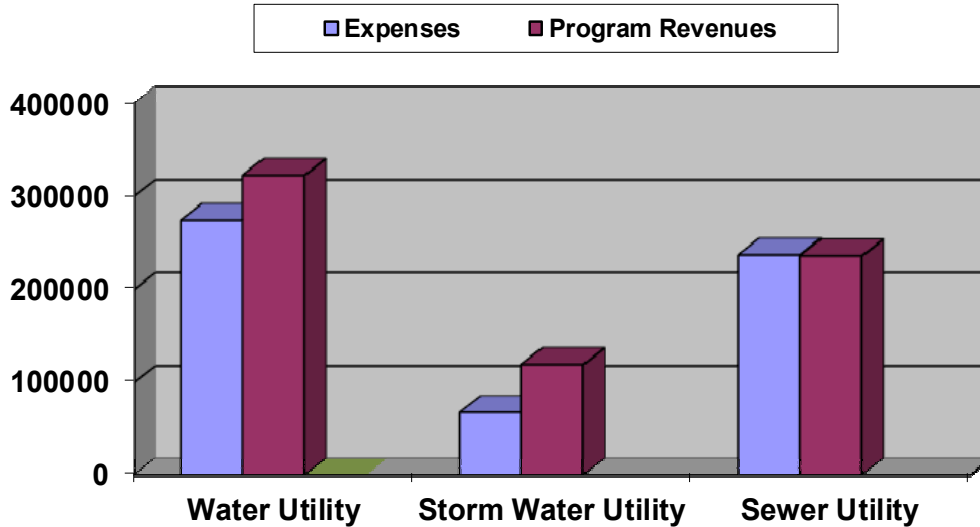
Business-Type Activities: Business-Type activities increased Village net position by \$107,812. Key elements of this increase are as follows:

- Water Utility Fund revenues exceeded expenditures by \$53,138.
- Storm Water Utility Fund revenues exceeded expenditures by \$52,121.
- Sewer Utility Fund expenditures exceeded revenues by \$2,553.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Expenses and Program Revenues – Business-Type Activities



FINANCIAL ANALYSIS OF THE VILLAGE OF GRANTSBURG'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

GASB #54-Fund Balance Reporting and Governmental Fund Type Definitions defines the categories that classify fund balances. There are five classifications for segregating fund balance; nonspendable, restricted, committed, assigned and unassigned.

As of December 31, 2019, the Village's governmental funds reported combined ending fund balances of \$729,037, an increase of \$303,820 from the prior year. Of the combined ending fund balance, \$107,435 constitutes *unassigned fund balance* that is available for spending at the Village's discretion, \$87,000 constitutes assigned fund balance, \$460,350 is restricted for TID related activities, and \$59,789 is nonspendable fund balance.

The general fund is the chief operating fund of the Village. At the end of the current year, unassigned fund balance of the general fund was \$107,435. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 4.69% of total general fund expenditures and transfers.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE VILLAGE OF GRANTSBURG'S FUNDS (Continued)

During the current year, the Village's general fund balance increased by \$322,355. Key factors in this increase as follows:

- Village property was sold for \$15,845.
- New general fund loans and federal assistance exceeded capital expenditures by approximately \$264,031.

The Library Fund has a total fund balance of \$14,504, representing 7.08% of fund expenditures.

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

Operating revenues decreased \$18,858 from 2018. Operating expenses increased \$19,280. Other income (expense) changed from a 2018 net loss of \$5,172 to a 2019 net increase of \$11,984.

Net position was \$3,903,969 as of December 31, 2019. The increase in net position for 2019 totaled \$107,812.

All outstanding proprietary fund debt at December 31, 2019 totaled \$1,169,567 an increase of \$42,996 over the balance at December 31, 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget amounted to a \$1,194,325 increase in revenues and an \$849,127 increase in expenditures. Differences can be briefly summarized as follows:

- Timber sales of \$13,800 were not budgeted.
- Federal grants received were \$7,736 more than budgeted.
- Capital Projects budget revenues of \$882,575 were transferred within the General Fund.
- Capital outlay items were transferred from Capital Projects budget in the amount of \$882,575.

During the year, actual revenues exceeded budgeted revenues by \$2,729. Actual expenditures exceeded budgeted expenditures by \$10,417.

Capital Asset and Debt Administration

The Village of Grantsburg's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$10,222,287 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The Village's net investment in capital assets increased for the current year by \$546,960 (a \$518,949 increase for governmental activities and a \$28,011 increase for business-type activities).

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

Major capital assets events during the current fiscal year included the following:

Governmental Activities:

- Police vehicle \$37,002
- Used plow for snowplow truck \$1,500
- Pool robotic cleaner \$2,200
- Portable skating rink \$5,670
- Curb, gutter, sidewalk, streetlights and street replacement on Madison Avenue from Olson Drive to Robert Street \$869,845

Business-Type Activities:

- New meters were purchased \$6,120 (net)
- New street sweeper \$30,000
- Water and sewer main and services on Madison Avenue Project \$54,744
- Storm Water replacement on Madison Avenue Project \$100,791

Village of Grantsburg's Capital Assets (Net of accumulated depreciation)						
	Governmental activities		Business-type activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$681,124	\$681,124	\$11,217	\$11,217	\$692,341	\$692,341
Buildings & Improvements	2,255,682	2,255,682	142,999	142,999	2,398,681	\$3,398,681
Land Imprv.	730,436	730,436			730,436	\$30,436
Mach& equip.	1,342,737	1,301,962			1,342,737	\$3,301,962
Utility Plant			7,840,926	7,649,270	7,840,926	\$6,649,270
Infrastructure	8,604,368	7,814,230			8,604,368	\$8,814,230
Const. Work in Progress	0	31,325	0	0	0	\$1,325
Accum depr	(7,913,277)	(7,632,638)	(3,473,925)	(3,310,280)	(11,387,202)	(\$0,942,918)
Total	\$5,701,070	\$5,182,121	\$4,521,217	\$4,493,206	\$10,222,287	\$9,675,327

Additional information on the Village of Grantsburg's capital assets can be found in Note C on page 35 of this report.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

Long-Term Debt. At the end of the current fiscal year, the Village of Grantsburg had total debt outstanding of \$2,277,390 all of which was backed by the full faith of the Village.

Village of Grantsburg Outstanding Debt						
General Obligation Debt						
Revenue Bond Debt						
Capital Leases						
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Debt	\$1,365,573	\$784,710	\$229,190	\$115,799	\$1,594,763	\$900,509
General Revenue Bond	375,861	361,128			375,861	361,128
Water Revenue Bond			410,806	438,448	410,806	438,448
Storm Water Revenue Bond			147,118	160,934	147,118	160,934
Sewer Revenue Bond			382,453	411,390	382,453	411,390
Capital Leases	3,113	4,981			3,113	4,981
Total	\$1,744,547	\$1,150,819	\$1,169,567	\$1,236,251	\$2,914,114	\$2,490,467

The Village is not rated by Moody's Investors Service or any other rating agency for its general obligation debt.

Additional information on the Village's long-term debt can be found in Notes D and E on pages 36 through 42 of this report.

Economic Factors and Next Year's Budgets and Rates

Governor Evers signed the 2019-2020 state budget bill into law as Assembly Bill 56, 2019 Wisconsin Act 9 on July 3, 2019. The budget makes no major changes to shared revenue, expenditure restraint and payments for municipal services. Strict levy limits, which were imposed in 2011, continue with this budget. Levy limits also remain unchanged and are among the most restrictive in the country. A municipality may increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction. The 2018 levy, collected in 2019, was increased to \$423,190 or \$2,314 over the 2017 levy, collected in 2018. This was possible due to an increase in net new construction.

VILLAGE OF GRANTSBURG
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

The Village's 2019 shared revenue payment decreased \$775 over the 2018 payment and transportation aid decreased \$4,967 from the 2018 amount.

The Water Utility, Storm Water Utility and Sewer Utility rates are reviewed annually. The Water Utility and the Storm Water Utility funds reported a net income in 2019. The Sewer Utility Fund had a net loss of \$1,076 in 2019.

All these factors were considered in preparing the Village budgets for the 2019 and 2020 fiscal years.

Contacting the Village of Grantsburg's Financial Management

This financial report is designed to provide a general overview of the Village of Grantsburg's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Grantsburg, 316 South Brad Street, Grantsburg, WI 54840 or by calling the Village Office at 715/463-2405.

General information relating to the Village of Grantsburg, Grantsburg, Wisconsin, can be found at the Village's website, <http://www.grantsburgwi.com>.

VILLAGE OF GRANTSBURG
STATEMENT OF NET POSITION
Year Ended December 31, 2019

<u>ASSETS and DEFERRED OUTFLOWS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Assets:			
Cash and Equivalents	\$ 922,676	\$ 361,335	\$ 1,284,011
Cash Restricted	-	91,119	91,119
Reserved Funds	-	95,000	95,000
Due from Other Governments	116,118	-	116,118
Receivables:			
Customer Accounts	39,762	169,152	208,914
Street Special Assessments	66,565	1,277	67,842
Other	-	20,939	20,939
Materials and Supplies	-	17,010	17,010
Prepaid Insurance	9,773	3,462	13,235
Total Current Assets	<u>1,154,894</u>	<u>759,294</u>	<u>1,914,188</u>
Non-Current Assets			
Delinquent Special Assessments	51,698	13,713	65,411
Capital Assets			
Land and Land Improvements	1,411,560	11,217	1,422,777
Utility Plant in Service	-	7,983,925	7,983,925
Other Capital Assets	12,202,787	-	12,202,787
Accumulated Depreciation	<u>(7,913,277)</u>	<u>(3,473,925)</u>	<u>(11,387,202)</u>
Total Non-Current Assets	<u>5,752,768</u>	<u>4,534,930</u>	<u>10,287,698</u>
Total Assets	<u>6,907,662</u>	<u>5,294,224</u>	<u>12,201,886</u>
Deferred Outflows			
WRS Pension Plan	342,189	65,227	407,416
Other Postemployment Benefits	8,239	1,571	9,810
Total Deferred Outflows	<u>350,428</u>	<u>66,798</u>	<u>417,226</u>
Total Assets and Deferred Outflows	<u>\$ 7,258,090</u>	<u>\$ 5,361,022</u>	<u>\$ 12,619,112</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
STATEMENT OF NET POSITION (CONTINUED)
Year Ended December 31, 2019

<u>LIABILITIES AND DEFERRED INFLOWS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current Liabilities:			
Cash Overdraft	\$ -	\$ 34,743	\$ 34,743
Vouchers Payable	52,410	471	52,881
Accrued Payroll	22,447	4,409	26,856
Accrued Interest	20,031	5,654	25,685
Accrued Taxes	6,890	54,195	61,085
Current Portion of Long-Term Debt	181,467	125,023	306,490
Total Current Liabilities	<u>283,245</u>	<u>224,495</u>	<u>507,740</u>
Non-Current Liabilities:			
Notes Payable	1,206,591	192,443	1,399,034
Capital Leases	3,113	-	3,113
WRS Pension Plan Liability	126,839	24,178	151,017
Other Postemployment Benefits Liability	21,006	13,578	34,584
Accrued Employee Benefits	135,378	-	135,378
Bonds Payable	353,377	852,101	1,205,478
Total Non-Current Liabilities	<u>1,846,304</u>	<u>1,082,300</u>	<u>2,928,604</u>
Total Liabilities	<u>2,129,549</u>	<u>1,306,795</u>	<u>3,436,344</u>
Deferred Inflows of Resources:			
WRS Pension Plan	174,681	33,298	207,979
Other Postemployment Benefits	8,147	1,553	9,700
Deferred Revenues	395,808	-	395,808
Deferred Regulatory Liability	-	115,407	115,407
Total Deferred Inflows	<u>578,636</u>	<u>150,258</u>	<u>728,894</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,956,522	3,351,650	7,308,172
Restricted:			
WRS Pension Plan Items	40,669	7,751	48,420
TID #3	131,051	-	131,051
TID #5	329,299	-	329,299
Utility Operations	-	544,568	544,568
Unrestricted	92,364	-	92,364
Total Net Position	<u>4,549,905</u>	<u>3,903,969</u>	<u>8,453,874</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 7,258,090</u>	<u>\$ 5,361,022</u>	<u>\$ 12,619,112</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$ 233,266	\$ 8,764	\$ 7,354	\$ (217,148)	-	\$ (217,148)
Public Safety:						
Police	339,407	13,319	7,381	(318,707)	-	(318,707)
Fire	56,907	-	3,010	(53,897)	-	(53,897)
Other	71,806	-	-	(71,806)	-	(71,806)
Public Works	224,582	23,876	94,994	(105,712)	-	(105,712)
Public Services:						
Recycling	1,158	37	2,845	1,724	-	1,724
Refuse and garbage collection	94,241	94,675	-	434	-	434
Health and Human Services:						
Cemetery	6,897	-	-	(6,897)	-	(6,897)
Culture and Recreation:						
Library	204,974	4,329	17,925	(182,720)	-	(182,720)
Parks	16,551	-	-	(16,551)	-	(16,551)
Campground	32,407	64,386	-	31,979	-	31,979
Swimming pool	48,040	22,216	25,050	(774)	-	(774)
Golf Course	330	-	-	(330)	-	(330)
Community center	13,888	5,887	-	(8,001)	-	(8,001)
Skating Rink	1,367	-	2,500	1,133	-	1,133
Other	15,042	-	-	(15,042)	-	(15,042)
Conservation and Development:						
Economic development	31,498	-	-	(31,498)	-	(31,498)
Accrued employee benefits	(11,230)	-	-	11,230	-	11,230
Capital Grant - Wisconsin Ave	(7,736)	-	-	7,736	-	7,736
Capital Grant - Downtown Project	(424,750)	-	-	424,750	-	424,750
Pension	14,168	-	-	(14,168)	-	(14,168)
Other Postemployment Benefits	(3,930)	-	-	3,930	-	3,930
Depreciation Expense-Unallocated	369,500	-	-	(369,500)	-	(369,500)
Loss on Disposal of Assets	59,093	-	-	(59,093)	-	(59,093)
Construction Work in Progress Adj	(31,325)	-	-	31,325	-	31,325
Interest on Long-Term Debt	36,114	-	-	(36,114)	-	(36,114)
Debt Costs	439	-	-	(439)	-	(439)
Total Governmental Activities	<u>1,392,704</u>	<u>237,489</u>	<u>161,059</u>	<u>(994,156)</u>	<u>-</u>	<u>(994,156)</u>
Business-Type Activities						
Water Utility	226,282	294,611	26,000	-	\$ 94,329	\$ 94,329
Storm Water Utility	66,951	71,446	47,550	-	52,045	52,045
Sewer Utility	250,696	230,075	-	-	(20,621)	(20,621)
Total Business-Type Activities	<u>543,929</u>	<u>596,132</u>	<u>73,550</u>	<u>-</u>	<u>125,753</u>	<u>125,753</u>
Total Primary Government	<u>\$ 1,936,633</u>	<u>\$ 833,621</u>	<u>\$ 234,609</u>			
General Revenues:						
Tax Collections:						
General Property Taxes				423,190	-	423,190
Tax Increments				173,830	-	173,830
Taxes from Other Exempt Entities				13,962	-	13,962
Other Taxes				76,878	-	76,878
State Aids				445,582	-	445,582
Fines and Penalties				103	-	103
Interest Income				14,873	3,202	14,873
Sale of Village Property				15,845	-	15,845
Miscellaneous Revenues				4,341	33,052	4,341
Transfers				54,195	(54,195)	-
Total General Revenues				<u>1,222,799</u>	<u>(17,941)</u>	<u>1,168,604</u>
Change in Net Position				228,643	107,812	336,455
Net Position - Beginning				4,346,106	3,812,216	8,158,322
Prior Period Adjustment - Other Postemployment Benefits				(24,844)	(16,059)	(40,903)
Net Position - Beginning Restated				<u>4,321,262</u>	<u>3,796,157</u>	<u>8,117,419</u>
Net Position - Ending				<u>\$ 4,549,905</u>	<u>\$ 3,903,969</u>	<u>\$ 8,453,874</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2019

	General Fund	Non-Major Library Fund	Total Governmental Funds
ASSETS			
Cash and Equivalents	\$ 904,634	\$ 18,042	\$ 922,676
Due from Other Governments	116,118	-	116,118
Receivables:			
Customer Accounts	39,762	-	39,762
Street Special Assessments	66,565	-	66,565
Prepaid Expenses	8,075	1,698	9,773
Delinquent Special Assessments	51,698	-	51,698
Total Assets	\$ 1,186,852	\$ 19,740	\$ 1,206,592
LIABILITIES			
Vouchers Payable	\$ 50,938	\$ 1,472	\$ 52,410
Accrued Payroll	18,642	3,805	22,447
Accrued Taxes and Benefits	6,890	-	6,890
Total Liabilities	76,470	5,277	81,747
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year's Property Taxes	395,808	-	395,808
FUND BALANCES			
Nonspendable	59,789	-	59,789
Restricted for:			
Tax Incremental District #3	131,051	-	131,051
Tax Incremental District #5	329,299	-	329,299
Assigned for Library	-	14,463	14,463
Assigned for Campground	87,000	-	87,000
Unassigned	107,435	-	107,435
Total Fund Balances	714,574	14,463	729,037
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,186,852	\$ 19,740	\$ 1,206,592

See accompanying Notes to the Basic Financial Statements.

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

Total Fund Balance - Governmental Funds		\$ 729,037
<p>Amounts reported as governmental activities in the statement of net position are different because:</p>		
<p>Capital assets of \$13,614,347 net of accumulated depreciation (\$7,913,277), are not financial resources, and therefore are not reported in the governmental funds. See Note C for additional details.</p>		
		5,701,070
<p>Items related to the Village defined benefit pension plan (see Note F) are not financial resources and are not reported in the governmental funds:</p>		
Pension Deferred Outflows	\$ 534,467	
Pension Liability	(126,839)	
Pension Deferred Inflows	<u>(402,660)</u>	4,968
<p>Items related to the Village defined benefit OPEB plan (see Note G) are not financial resources and are not reported in the governmental funds:</p>		
OPEB Deferred Outflows	6,552	
OPEB Liability	(21,006)	
OPEB Deferred Inflows	<u>(6,642)</u>	(21,096)
<p>Long-term liabilities of (\$1,744,548) are not due and payable in the current period and are not reported in the funds. See Note E for details. Other related amounts include accrued interest payable (\$20,031) and accrued employee benefits of (\$135,378).</p>		
		<u>(1,899,957)</u>
Net Position of Government Activities		<u><u>\$ 4,514,022</u></u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	<u>General Fund</u>	<u>Non-Major Library Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local Sources	\$ 905,497	\$ 103,480	\$ 1,008,977
Federal Sources	432,486	-	432,486
State Sources	542,328	-	542,328
	<u>1,880,311</u>	<u>103,480</u>	<u>1,983,791</u>
EXPENDITURES			
General Government	233,222	205,015	438,237
Public Safety	468,120	-	468,120
Public Works	319,982	-	319,982
Health and Human Services	6,897	-	6,897
Recreation and Education	127,624	-	127,624
Conservation and Development	31,498	-	31,498
Capital Outlay	916,217	-	916,217
Debt Service	189,198	-	189,198
	<u>2,292,758</u>	<u>205,015</u>	<u>2,497,773</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(412,447)	(101,535)	(513,982)
OTHER FINANCING SOURCES (USES)			
Sale of Village Property	15,845	-	15,845
Operating Transfer	(83,000)	83,000	-
Transfer In - In Lieu of Taxes - Utility Funds	54,195	-	54,195
Issuance of Long-Term Debt	747,762	-	747,762
Total Other Financing Sources (Uses)	<u>734,802</u>	<u>83,000</u>	<u>817,802</u>
NET CHANGE IN FUND BALANCES	322,355	(18,535)	303,820
FUND BALANCES, Beginning of Year	<u>392,219</u>	<u>32,998</u>	<u>425,217</u>
FUND BALANCES, End of Year	<u>\$ 714,574</u>	<u>\$ 14,463</u>	<u>\$ 729,037</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Net Change in Fund Balances - Total Governmental Activities \$ 324,078

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference between capital outlays of \$916,217 and depreciation expense of (\$369,500) plus deletions of (\$59,093) less construction work in progress of \$31,325 in the current period equals 518,949

The proceeds of debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The amount by which debt proceeds of (\$747,762) exceeded repayments of \$154,034 equals (593,728)

Changes to the actuarial calculations related to the Village pension plan are not recognized in the governmental funds. (49,869)

Changes to the actuarial calculations related to the Village OPEB plan are not recognized in the governmental funds. 3,748

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net decrease in accrued employee benefits of (\$11,230) and an increase in accrued interest of \$1,389. 9,841

Changes in Net Position of Governmental Activities \$ 213,019

VILLAGE OF GRANTSBURG
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

<u>ASSETS</u>	<u>Water Utility</u>	<u>Storm Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
UTILITY PLANT:				
Utility Plant in Service	\$ 3,656,422	\$ 934,879	\$ 3,392,624	\$ 7,983,925
Land and Land Improvements	9,876	-	1,341	11,217
Accumulated Depreciation	(1,364,487)	(302,698)	(1,806,740)	(3,473,925)
Net Plant	<u>2,301,811</u>	<u>632,181</u>	<u>1,587,225</u>	<u>4,521,217</u>
CURRENT ASSETS:				
Cash and Investments	320,528	-	40,807	361,335
Cash Restricted	22,763	2,006	66,350	91,119
Reserved Funds	47,000	21,000	27,000	95,000
Due from Other Funds	4,308	-	-	4,308
Receivables:				
Customers	80,326	18,388	70,438	169,152
Special Assessments	1,277	-	-	1,277
Other	7,131	12,999	809	20,939
Prepaid Insurance	1,669	124	1,669	3,462
Materials and Supplies	14,062	-	2,948	17,010
Total Current Assets	<u>499,064</u>	<u>54,517</u>	<u>210,021</u>	<u>763,602</u>
NON-CURRENT ASSETS:				
Special Assessments	<u>13,713</u>	<u>-</u>	<u>-</u>	<u>13,713</u>
DEFERRED OUTFLOWS:				
WRS Pension Plan	34,834	6,926	23,467	65,227
Other Postemployment Benefits	839	167	565	1,571
Total Deferred Outflows	<u>35,673</u>	<u>7,093</u>	<u>24,032</u>	<u>66,798</u>
Total Assets and Deferred Outflows	<u>\$ 2,850,261</u>	<u>\$ 693,791</u>	<u>\$ 1,821,278</u>	<u>\$ 5,365,330</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
December 31, 2019

<u>LIABILITIES AND NET POSITION</u>	<u>Water Utility</u>	<u>Storm Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
NET POSITION:				
Net Investment in Capital Assets	\$ 1,848,610	\$ 396,453	\$ 1,106,587	\$ 3,351,650
Restricted	404,451	19,143	128,725	552,319
Total Net Position	2,253,061	415,596	1,235,312	3,903,969
CURRENT LIABILITIES:				
Cash Overdraft	-	34,743	-	34,743
Vouchers Payable	196	79	196	471
Due to Other Funds	-	-	4,308	4,308
Accrued Payroll	2,229	295	1,885	4,409
Accrued Interest	3,969	384	1,301	5,654
Accrued Taxes	54,195	-	-	54,195
Current Portion of Long-Term Debt	58,500	23,096	43,427	125,023
Total Current Liabilities	119,089	58,597	51,117	228,803
NON-CURRENT LIABILITIES:				
Long-Term Debt	394,701	212,632	437,211	1,044,544
WRS Pension Plan Liability	12,912	2,567	8,699	24,178
Other Postemployment Benefits Liability	6,440	698	6,440	13,578
Total Non-Current Liabilities	414,053	215,897	452,350	1,082,300
DEFERRED REGULATORY LIABILITY	45,447	-	69,960	115,407
DEFERRED INFLOWS:				
WRS Pension Plan	17,782	3,536	11,980	33,298
Other Postemployment Benefits	829	165	559	1,553
Total Deferred Inflows	18,611	3,701	12,539	34,851
Total Liabilities, Deferred Inflows and Net Position	\$ 2,850,261	\$ 693,791	\$ 1,821,278	\$ 5,365,330

See accompanying Notes to the Basic Financial Statements.

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

For the Year Ended December 31, 2019

	Water Utility	Storm Water Utility	Sewer Utility	Total
OPERATING REVENUES				
Residential	\$ 86,974	\$ 12,473	\$ 157,569	\$ 257,016
Commercial	28,158	32,317	38,673	99,148
Industrial	12,616	10,166	12,874	35,656
Multi-Family	8,038	2,359	9,073	19,470
Public Authorities	18,364	13,002	8,502	39,868
Fire Protection	113,729	-	-	113,729
Other Revenues	26,732	1,129	3,384	31,245
Total Revenues	<u>294,611</u>	<u>71,446</u>	<u>230,075</u>	<u>596,132</u>
OPERATING EXPENSES				
Supervision and Labor	40,794	6,281	22,706	69,781
Power Purchased	16,643	-	22,469	39,112
Chemicals	10,366	-	31,304	41,670
Supplies and Expenses	17,841	2,251	16,308	36,400
Meter Use Fee	-	-	4,308	4,308
Transportation	1,160	-	920	2,080
Repairs	7,751	5,116	3,978	16,845
Subtotal Operating Expenses	<u>94,555</u>	<u>13,648</u>	<u>101,993</u>	<u>210,196</u>
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative	16,392	5,002	15,801	37,195
Office Supplies and Expense	11,398	5,515	6,572	23,485
Insurance and Benefits	26,095	4,159	21,243	51,497
Outside Services	3,136	-	9,003	12,139
Depreciation	56,699	32,098	76,813	165,610
Taxes	3,684	838	2,851	7,373
Total Expenses	<u>211,959</u>	<u>61,260</u>	<u>234,276</u>	<u>507,495</u>
OPERATING INCOME (LOSS)	82,652	10,186	(4,201)	88,637
OTHER INCOME (EXPENSE)				
Federal Grant	26,000	47,550	-	73,550
Interest Income	1,324	76	1,802	3,202
Miscellaneous Non-Operating Income	318	-	3,882	4,200
Miscellaneous Amortization	11,362	-	17,490	28,852
Pension	(1,058)	253	(2,153)	(2,958)
OPEB	1,185	131	1,182	2,498
Interest on Long-Term Debt	(14,450)	(6,014)	(15,449)	(35,913)
Fees on Long-Term Debt	-	(61)	-	(61)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	107,333	52,121	2,553	162,007
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Transfer Out - In Lieu of Taxes	(54,195)	-	-	(54,195)
CHANGE IN NET POSITION	53,138	52,121	2,553	107,812
NET POSITION				
Beginning of Year	2,207,539	364,302	1,240,375	3,812,216
Prior Period Adjustment - OPEB	(7,616)	(827)	(7,616)	(16,059)
Beginning of Year - Restated	<u>2,199,923</u>	<u>363,475</u>	<u>1,232,759</u>	<u>3,796,157</u>
End of Year	<u>\$ 2,253,061</u>	<u>\$ 415,596</u>	<u>\$ 1,235,312</u>	<u>\$ 3,903,969</u>

See accompanying Notes to the Basic Financial Statements.

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

	Water Utility	Storm Water Utility	Sewer Utility	Total
SOURCES (USES) OF CASH FROM:				
Operating Activities:				
Net Income	\$ 49,467	\$ 51,393	\$ 73	\$ 100,933
Add expense which did not require cash outlay				
Depreciation	59,851	32,098	76,813	168,762
Amortization	(11,362)	-	(17,490)	(28,852)
Pension	4,692	469	4,602	9,763
Other Postemployment Benefits	(1,149)	(125)	(1,149)	(2,423)
Net Cash from Operating Activities	<u>101,499</u>	<u>83,835</u>	<u>62,849</u>	<u>248,183</u>
(Increase) Decrease in Receivables	25,725	(5,458)	(890)	19,377
(Increase) Decrease in Prepays	(1,669)	(124)	(1,669)	(3,462)
(Increase) Decrease in Materials	638	-	(560)	78
Increase (Decrease) in Payables	196	79	196	471
Increase (Decrease) in Accruals	(78)	334	228	484
	<u>126,311</u>	<u>78,666</u>	<u>60,154</u>	<u>265,131</u>
Investing Activities:				
Equipment purchases	(60,780)	(130,791)	(5,199)	(196,770)
Net Cash used in Investing Activities	<u>(60,780)</u>	<u>(130,791)</u>	<u>(5,199)</u>	<u>(196,770)</u>
Capital Financing Activities:				
Issuance of Long-Term Debt	43,853	85,253	31,848	160,954
Repayments of Long-Term Debt	(57,691)	(19,306)	(40,960)	(117,957)
Net Cash used in Capital Financing Activities	<u>(13,838)</u>	<u>65,947</u>	<u>(9,112)</u>	<u>42,997</u>
Non-Capital Financing Activities:				
Cash Overdraft	-	(13,803)	(3,931)	(17,734)
Due to (from) Other Funds	(316)	-	316	-
Net Cash used in Non-Capital Financing Activities	<u>(316)</u>	<u>(13,803)</u>	<u>(3,615)</u>	<u>(17,734)</u>
NET INCREASE (DECREASE) IN CASH	51,377	19	42,228	93,624
Cash, Beginning of Period	291,914	1,987	64,872	358,773
Cash, End of Period	<u>\$ 343,291</u>	<u>\$ 2,006</u>	<u>\$ 107,100</u>	<u>\$ 452,397</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Water Utility	Storm Water Utility	Sewer Utility	Total
Operating Activities:				
Operating Income	\$ 57,230	\$ 10,186	\$ 19,110	\$ 86,526
Depreciation and Amortization	59,851	32,098	76,813	168,762
Interest Income	1,323	76	1,804	3,203
Miscellaneous Non-Operating Income	318	-	3,882	4,200
Federal Grant	26,000	47,550	-	73,550
Other Income Deductions	(28,773)	-	(23,311)	(52,084)
Interest Expense	(14,450)	(6,075)	(15,449)	(35,974)
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	<u>\$ 101,499</u>	<u>\$ 83,835</u>	<u>\$ 62,849</u>	<u>\$ 248,183</u>
Cash Receipts from Customers	\$ 294,611	\$ 71,446	\$ 230,075	\$ 596,132
Interest	1,323	76	1,804	3,203
Cash Payments to Suppliers	191,298	(49,860)	(32,227)	109,211
for Employees	(71,680)	(12,802)	(68,793)	(153,275)
for Interest	(18,066)	(6,854)	(19,972)	(44,892)
Interfund Services	(54,195)	-	(3,730)	(57,925)
	<u>\$ 343,291</u>	<u>\$ 2,006</u>	<u>\$ 107,157</u>	<u>\$ 452,454</u>

See accompanying Notes to the Basic Financial Statements.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Grantsburg (the Village) conform to accounting principles generally accepted in the United States of America as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

(1) Reporting Entity – In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units as required under Government Accounting Standards. Based upon the criteria, the financial statements of the Village of Grantsburg contain all the funds and account groups controlled by the Village Board. There are no other entities which meet the criteria to be considered a blended component unit or a discretely presented component of the Village, nor is the Village a component unit of another entity. The Village, governed by a seven-member elected village board, is a community of fewer than 2,500 persons incorporated as a village under Wisconsin law.

(2) Basic Financial Statements – Government-Wide – The Village’s basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village’s major funds). The government-wide financial statements categorize primary activities as either governmental or business type.

In the government-wide Statement of Net Position, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village’s net position is reported in four parts:

- Net Investment in Capital Assets – This category consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted – This category consists of net assets with constraints placed on the use of the assets either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation. All of the proprietary funds net position that is not invested in capital assets is considered restricted. \$131,051 of general fund balance is restricted for Tax Increment District #3, \$329,299 is restricted for Tax Increment District #5. In addition, the net pension asset (liability) and related deferred outflows and deferred inflows are recorded as restricted.
- Unrestricted:
 - Committed – This category includes amounts that are committed for specific purposes by formal action of the village board. Amounts classified as “committed” are not subject to legal enforceability like restricted net assets; however, those amounts cannot be used for any other purpose unless the board removes or changes the limitation by taking the same form of action it employed to previously impose the limitation. The action to commit net assets must occur prior to year-end; however, the actual amounts can be determined in a subsequent period.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned – Resources intended for spending for a purpose set by the Village Board itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. The Library Fund balance that is not nonspendable is considered assigned. In addition, in the General Fund, \$87,000 is assigned to campground improvements and engineering costs for a new campground.
- Unassigned – The residual classification for the Village’s general fund and includes all spendable amounts not contained in the other classifications.

The Village first utilizes restricted resources to finance qualifying activities. When expenditure is made for which there are committed or assigned fund balances, unassigned fund balance will not be used.

The Statement of Activities reports both the gross and net cost of each of the Village’s functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state and federal sources, interest income, and others).

The Village does not allocate indirect costs. In creating the government-wide financial statements, the Village has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Village as an entity and the change in the Village’s net position resulting from the current year’s activities.

(3) Basic Financial Statements – Fund Financial Statements – The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate self-balancing set of accounts that comprise its’ assets, liabilities, fund balances, revenues and expenditures. Government resources are allocated and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which the spending activities are controlled. The various funds are grouped in the financial statements in this report into two broad fund categories and four generic fund types as follows:

Governmental Funds

General Fund - The General Fund is the general operating fund and, accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the activities of specific revenue sources such as the Library.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village maintains three enterprise funds: Water, Sewer, and Storm Water.

(4) **Measurement Focus and Basis of Accounting** – The basis of accounting refers to the point at which revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates the timing of the measurements made regardless of the measurement focus. The governmental-wide financial statement uses the economic resources measurement focus. The governmental funds use the modified accrual basis.

- a. Accrual Basis – Governmental activity and business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.
- b. Modified Accrual Basis – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recorded when the resource is both measurable and available. A period of sixty days is used to measure availability. Expenditures are generally recognized when the related fund liability is incurred with certain exceptions, such as interest of general long-term debt, which is recognized when due. Property taxes are recognized in the fiscal year levied as they are considered due as of January 1. Penalties and interest accrue for non-payment of scheduled installment starting on February 1. Full receipt of the entire levy is assured within sixty (60) days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by generally accepted accounting principles.

State general and categorical aids, federal aids, and other entitlements are recognized as revenue at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Charges for services provided to other agencies and private parties are recognized as revenue when services are provided.

Interest earnings on temporary investments are recognized in the fiscal period earned. Long-term debt proceeds received are recorded as “other financing sources”, with debt discount and issuance costs recorded as an expenditure of the fund receiving the proceeds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Employee services and payroll-related costs (employee health, life, disability insurance, FICA, Wisconsin Retirement System contributions, annuities) other than compensated absences, termination and other postemployment benefits are recognized in the fiscal period when acquired. Interest cost on temporary borrowing is recognized as an expenditure of the fiscal period incurred. Costs for services provided to the Village by other agencies or private organizations are recognized when incurred.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences are recognized as an expenditure when used rather than when earned by the employee. Terminations and other postemployment benefits are recognized as an expenditure in the fiscal period when paid or normally paid rather than when earned by employee.

(5) Deposits 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. State statutes permit the Village to invest available cash balances in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the state investment board. Donations to the Village of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the Village may invest the donated items in accordance with laws applicable to trust investments.

(6) Receivables and Payables – The aggregate Village tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or “equalized” taxable property values. As permitted by a collecting municipality’s ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the Village is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the Village for any remaining balance.

The current portion of lending/borrowing arrangements between funds are identified as “due to/from other funds”. The non-current portion of outstanding balances between funds are reported as “advances to/from other funds”. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. Special assessments against property owners are recorded as revenue in the year of assessment. Payment of these special assessments is allowed over a period of years, bearing stated rates of interest.

(7) Other Assets – Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as inventories and/or prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as an expenditure would result in more than one year’s cost being recorded. Inventory and prepaid supplies are valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed.

(8) Capital Assets – The accounting and reporting treatment applied to capital assets depends on whether the assets are reported in the government-wide financial statements or the fund financial statements.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Statements

In the government-wide financial statements fixed assets are capitalized. All fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Donated fixed assets are recorded at their estimated acquisition value at the date of donation.

Depreciation on all exhaustible fixed assets is recorded as an unallocated expense in the Statement of Activities with accumulated depreciation being reflected in the Statement of Net Position. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets as follows:

Land Improvements	50 years
Buildings	30 years
Equipment and Vehicles	5 – 20 years
Property in the Open	30 years
Infrastructure	50 years

Depreciation is provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. Depreciation rates and estimated useful lives for the Water Fund are as determined by the Wisconsin Public Service Commission and are applied to average plant balances per year. Depreciation for the Sewer Fund is applied to average plant balance at a rate of 2% per year.

Enterprise fund plant and equipment is recorded at cost. Expenditures for normal repairs and maintenance are charged to operations as incurred. Renewals and betterments are capitalized. Interest expense incurred for long-term debt on construction projects is capitalized during the period of construction.

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.

(9) Other Obligations – The Village’s policy allows employees to earn varying amounts of sick and vacation pay. Employees may accumulate vacation leave at the end of any fiscal year, which must be used by the end of the next year. Accumulated vacation is paid at retirement. The Village also allows accumulation of sick leave. Upon retirement, employees receive payment for fifty percent of their unused sick time. Expenditures for these benefits are recognized on a pay-as-you-go basis.

(10) Budgetary Accounting – The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) A formal budget is adopted for the general fund in the fall of each year, for the succeeding calendar year. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b) The Village Board approves the budget by department. No transfers between departments are allowed without Board approval. Therefore, the level of budgetary responsibility is by a functional departmental basis.
- c) Unused appropriations for all annually budgeted funds lapse at the end of the year.
- d) Revised budget amounts are approved by the board.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- e) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

- (11) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

- (12) Deferred Revenues – Collections in November and December of the current year relating to the next years property tax levy is recorded as deferred revenue on December 31 of each year.

- (13) Proprietary Funds –
 - a) The Village elects to follow all FASB statements issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements and that are developed for business enterprises.
 - b) For the purpose of the statement of cash flows, ‘cash and equivalents’, ‘cash overdraft’, and ‘restricted cash’ were used, but ‘reserved funds’ were not considered in beginning or ending cash balances. The Village considers cash equivalents to include cash and investments having an original maturity of three months or less.
 - c) All revenues of proprietary funds are considered operating revenues, unless distinctly not related to the normal operation of the fund.

- (14) Program Revenues – Charges for services and operating grants and contributions that are directly related to a functional expense category are recorded as program revenues. All other revenues are treated as general revenue.

- (15) Policy Regarding Cost Allocations – No indirect cost allocations are made. In addition, no allocation of depreciation expense to functional expense categories is made.

- (16) Wisconsin Retirement System Pension Plan Benefits – 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 GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(17) Other Postemployment Benefits (OPEB) – Multi Employer 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 LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE B – CASH AND INVESTMENTS

The Village's cash and investments balances at December 31, 2019 are reflected in the financial statements as follows:

Governmental Funds	\$ 922,676
Proprietary Funds	512,711
Total	\$ 1,435,387

Deposits at Financial Institutions

The Village's balances at individual financial institutions are covered by federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). The insurance coverage of public unit accounts depends upon the type of deposit owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located. All time and savings deposits are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposit' includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are all payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the Village to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE B – CASH AND INVESTMENTS (Continued)

The Village’s deposits were insured and collateralized at December 31, 2019 as follows:

	Demand Deposit Accounts
FDIC Insurance	\$ 250,000
State Guarantee	400,000
Undercollateralized	805,646
Total	<u>\$ 1,455,646</u>

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Village’s deposits may not be returned. At December 31, 2019, \$805,646 of the Village’s deposits were uninsured and exposed to custodial credit risk.

Investments

The Village’s investments at December 31, 2019 consisted of deposits in the following external investment pool:

Deposits in State and Local Government Pooled-Investment Fund. The State of Wisconsin offers a Local Government Investment Pool (LGIP) to local government units to enable them to voluntarily invest idle funds in the State Investment Fund. Local funds are pooled with state funds and invested by the State Investment Board. There is no minimum or maximum amount that can be invested by a local government unit. Interest is earned on a daily basis and withdrawals are generally available on the day of request. Deposits in the LGIP are not covered by federal depository insurance but are subject to coverage under the State Guarantee Fund. Also, the State of Wisconsin Investment Board has obtained a surety bond to protect deposits in the LGIP against defaults in principal payments on the LGIP’s investments (subject to certain limitations). The weighted average maturity of the State Investment Fund’s investments for 2019 was 16 days.

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The Village’s policy is to invest its funds in accordance with provisions of the Wisconsin Statutes previously discussed in Note A 5.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with maturity dates farther into the future are more sensitive to changes in market interest rates. The short weighted average maturities of the investments in the above external investment pool mitigates this risk to the Village.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE C – CAPITAL ASSETS

A summary of the changes in governmental capital assets is as follows:

Governmental Activities:	Balance 12/31/18	Additions	Disposal	Balance 12/31/19
Capital Assets Not Being Depreciated:				
Land	\$ 681,124	\$ -	\$ -	\$ 681,124
Construction Work in Progress	31,325	-	(31,325)	-
Total Capital Assets Not Being Depreciated	<u>712,449</u>	-	<u>(31,325)</u>	<u>681,124</u>
Capital Assets Being Depreciated:				
Land Improvements	730,436	-	-	730,436
Buildings	2,255,682	-	-	2,255,682
Equipment and Vehicles	1,301,962	46,372	(5,597)	1,342,737
Property in the Open	291,710	-	-	291,710
Infrastructure	7,522,520	901,170	(111,032)	8,312,658
Total Capital Assets Being Depreciated	<u>12,102,310</u>	<u>947,542</u>	<u>(116,629)</u>	<u>12,933,223</u>
Total Capital Assets	12,814,759	947,542	(147,954)	13,614,347
Accumulated Depreciation	<u>(7,632,638)</u>	<u>(369,500)</u>	<u>88,861</u>	<u>(7,913,277)</u>
Governmental Activities, Net	<u>\$ 5,182,121</u>	<u>\$ 578,042</u>	<u>\$ (59,093)</u>	<u>\$ 5,701,070</u>

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE C – CAPITAL ASSETS (Continued)

Following is a summary of the proprietary fund’s property, plant, and equipment at December 31, 2019:

Business Type Activities:	Water Fund	Storm Water Fund	Sewer Fund	Total
Capital Assets Not Being Depreciated:				
Land	\$ 9,876	\$ -	\$ 1,341	\$ 11,217
Total Capital Assets Not Being Depreciated	9,876	-	1,341	11,217
Capital Assets Being Depreciated:				
Buildings	82,748	-	60,251	142,999
Equipment & Vehicles	154,545	1,950	266,664	423,159
Infrastructure	3,419,129	932,929	3,065,709	7,417,767
Total Capital Assets Being Depreciated	3,656,422	934,879	3,392,624	7,983,925
Total Capital Assets	3,666,298	934,879	3,393,965	7,995,142
Accumulated Depreciation	(1,364,487)	(302,698)	(1,806,740)	(3,473,925)
Governmental Activities, Net	\$ 2,301,811	\$ 632,181	\$ 1,587,225	\$ 4,521,217

Depreciation for 2019 totaled \$53,545 in the Water Fund, \$76,813 in the Sewer Fund, and \$32,098 in the Storm Water Utility Fund. Additions for 2019 include \$60,783 in the Water Fund for water main on the Downtown CDBG Project. Additions in the Storm Water Utility Fund include \$30,000 for a street sweeper and \$100,791 in storm water replacement on the Downtown CDBG Project. Additions in the Sewer Fund total \$5,199 for services installed. Deletions occurred in the Water Fund (\$5,116).

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt transactions of the Village proprietary funds for the year ended December 31, 2019:

	<u>12/31/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2019</u>	
Water Utility:					
W-1 Revenue Bonds/Refunding 2005	\$ 242,800	\$ -	\$ 30,000	\$ 212,800	
W-2 Revenue Bonds/St. Projects 2012	73,247	-	4,798	68,449	*
W-3 GO/Refinance Loan 2012	28,591	-	15,536	13,055	**
W-4 Revenue Bonds/St. Project 2014	97,979	-	5,611	92,368	***
W-5 Revenue Bonds/St. Project 2018	24,422	14,514	1,747	37,189	****
W-6 GO/St. Project 2019	-	29,340	-	29,340	*****
Total Water Utility	<u>467,039</u>	<u>43,854</u>	<u>57,692</u>	<u>453,201</u>	
Storm Water Utility:					
SW-3 Revenue Bonds/St. Project 2007	111,431	-	10,981	100,450	
SW-4 GO/Refinance Loan 2012	8,847	-	4,813	4,034	**
SW-5 Revenue Bonds/St. Project 2014	49,503	-	2,835	46,668	***
SW-6 GO/St. Project 2019	-	55,253	-	55,253	*****
SW-7 GO/Sweeper 2019	-	30,000	677	29,323	*****
Total Storm Water Utility	<u>169,781</u>	<u>85,253</u>	<u>19,306</u>	<u>235,728</u>	
Sewer Utility:					
S-1 Revenue Bonds/St. Project 2007	143,270	-	14,120	129,150	
S-3 GO/St. Project 2014	78,361	-	12,023	66,338	
S-4 Revenue Bonds/Diffusors 2014	268,120	-	14,817	253,303	
S-5 GO/St. Project 2019	-	31,847	-	31,847	*****
Total Sewer Utility	<u>489,751</u>	<u>31,847</u>	<u>40,960</u>	<u>480,638</u>	
Total Proprietary Fund Long-term Debt	<u>\$ 1,126,571</u>	<u>\$ 160,954</u>	<u>\$ 117,958</u>	<u>\$ 1,169,567</u>	

*The amount outstanding on these Bonds totals \$142,453 with an additional \$74,004 reported in Note E as General Fund debt.

**The amount outstanding on this note is \$52,949 with an additional \$35,860 reported in Note E as General Fund debt.

***The amount outstanding on these Bonds totals \$346,206 with an additional \$207,170 reported in Note E as General Fund debt.

****The amount outstanding on these Bonds total \$131,876 with an additional \$94,687 reported in Note E as General Fund debt.

*****The amount outstanding on this note is \$610,000 with an additional \$493,560 reported in Note E as General Fund debt.

*****The amount outstanding on this note is \$241,666 with an additional \$212,343 reported in Note E as General Fund debt.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS (Continued)

W-1: Water System Mortgage Revenue Bonds were issued for the Northside Water Project in 1993. The bonds carried varying maturities at a constant interest rate of 5.25%, with principal due January 1 and interest due January 1 and July 1 of each year. These bonds were paid off in 2005 by the Water System Mortgage Refunding Bonds, Series 2005A. The new issue carries varying maturities at a constant interest rate of 4.81%, with principal due September 1 and interest due March 1 and September 1 each year.

W-2: Water System Revenue Bonds were issued in 2012 for improvements to the Water Utility system. See Note E for details on this borrowing.

SW-3 & S-1: Storm Water System and Sewer System Revenue Bonds were issued in 2008, totaling \$480,000. These bonds carry varying maturities at a constant interest rate of 4.44%, with principal and interest due quarterly on January 1, April 1, July 1, and October 1 of each year. The final payment is scheduled for January 1, 2028.

W-3 & SW-4: The 2012 Refinance loan is recorded in multiple Village funds. The total loan of \$816,000 is financed over 10 years at an interest rate of 2.95% with principal due December 1 and interest due June 1 and December 1 of each year. The disposition of these funds included Water Utility \$134,240; Storm Water Utility \$41,583; Sewer Utility \$271,618; and General Fund \$368,559. The Sewer Utility balance was paid in full in 2018.

S-3: Sewer improvements on the West Broadway Avenue Utility Improvement Project in 2014 were not eligible for WI DNR SDWLF funds. Sewer Utility debt was issued for these improvements in the amount of \$90,000 with an interest rate of 2.33%. This note has a 10-year term with quarterly interest only payments in the first three years and quarterly principal and interest payments starting in the fourth year in amounts sufficient to pay the loan off in the 10 years.

S-4: Sewer System Revenue Bonds were issued in 2014 totaling \$323,692. The Bonds mature in installments of principal due May 1 and interest due May 1 and November 1 of each of the years 2014 through 2033 and bear interest at a rate of 2.625%. These bonds were issued as part of the Federal Environmental Improvement Fund through the WI Department of Natural Resources Clean Water Fund and were used for improvements at the Wastewater Treatment Plant.

W-4 & SW-5: The Federal Environmental Improvement Fund through the WI Department of Natural Resources Safe Drinking Water Loan Fund (WI DNR SDWLF) was used to fund the West Broadway Avenue Utility Improvement Project in 2014. The final installment of this loan was received in 2015 in the amount of \$17,505. This Revenue Bond is recorded in multiple funds. The 20-year bonds total \$447,557 with an interest rate of 1.155%. Principal payments are due May 1 and interest payments are due May 1 and November 1 of each of the years 2015 through 2034. The disposition of these funds includes Water Utility \$119,408; Storm Water Utility \$60,331; and General Fund \$267,818. In addition to this low interest loan, principal forgiveness was received in the amount of \$414,919. This amount was distributed as follows: General Fund \$248,288, Water Utility \$110,700 and Storm Water Utility \$55,931.

W-5: Water System Revenue Bonds were issued in 2018 for improvements to the Water Utility system. An additional amount of \$14,514 was received in the Water Utility during 2019. See Note E for details on this borrowing.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS (Continued)

W-6, SW-6 & S-5: A Community Development Block Grant (CDBG) Downtown Street Project Loan was issued in 2019. The total loan of \$610,000 is financed over 20 years with a 10-year amortization at an interest rate of 2.56% with quarterly principal and interest payments due on January 28, April 28, July 28 and October 28 of each year. There is a balloon payment due on October 27, 2029 in the amount of \$351,181. The disposition of these funds includes Water Utility \$29,340; Storm Water Utility \$55,253; Sewer Utility \$31,847; and General Fund \$493,560. In addition to this loan, a \$500,000 Community Development Block Grant-Public Facilities was received from the Wisconsin Department of Administration, Division of Energy, Housing and Community Resources.

SW-7: A general obligation loan for miscellaneous items including a street sweeper was obtained in 2019. See Note E for details on this borrowing.

W-1 Water System 2005 bond maturities are as follows (100% of total bonds):

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 32,000	\$ 10,407	\$ 42,407	2023	\$ 35,000	\$ 5,404	\$ 40,404
2021	35,000	8,817	43,817	2024	37,000	3,707	40,707
2022	35,000	7,110	42,110	2025	38,800	1,892	40,692
					<u>\$ 212,800</u>	<u>\$ 37,337</u>	<u>\$ 250,137</u>

W-2 Water System 2012 bond maturities are as follows (48.05% of total bonds)*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,861	\$ 872	\$ 5,733	2027	\$ 5,328	\$ 401	\$ 5,729
2021	4,925	807	5,732	2028	5,399	330	5,729
2022	4,990	741	5,731	2029	5,470	259	5,729
2023	5,056	675	5,731	2030	5,542	186	5,728
2024	5,123	608	5,731	2031	5,615	112	5,727
2025	5,190	540	5,730	2032	5,691	37	5,728
2026	5,259	471	5,730				
					<u>\$ 68,449</u>	<u>\$ 6,039</u>	<u>\$ 74,488</u>

*See Note E for maturities of General Fund portion of 2012 bond.

SW-3 & S-1 Storm Water System (43.75%) and Sewer System (56.25%) 2008 bond maturities are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 25,900	\$ 9,766	\$ 35,666	2024	\$ 29,100	\$ 4,900	\$ 34,000
2021	26,700	8,602	35,302	2025	29,900	3,594	33,494
2022	27,500	7,404	34,904	2026	30,700	2,253	32,953
2023	28,300	6,169	34,469	2027	31,500	877	32,377
					<u>\$ 229,600</u>	<u>\$ 43,565</u>	<u>\$ 273,165</u>

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS (Continued)

W-3 & SW-4 Refinance loan of 2012 (24.66% Water; 7.64% Storm Water)*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
2020	<u>\$ 17,089</u>	<u>\$ 513</u>

*See Note E for maturities of General Fund portion of this debt.

S-3 Sewer System – Broadway Avenue note payable maturities are as follows (100% of note):

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 12,415	\$ 2,020	\$ 14,435	2023	\$ 13,693	\$ 742	\$ 14,435
2021	12,831	1,604	14,435	2024	14,144	290	14,434
2022	13,255	1,180	14,435				
					<u>\$ 66,338</u>	<u>\$ 5,836</u>	<u>\$ 72,174</u>

S-4 Sewer System 2014 bond maturities are as follows (100% of total bonds):

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 15,206	\$ 6,450	\$ 21,656	2027	\$ 18,229	\$ 3,386	\$ 21,615
2021	15,605	6,045	21,650	2028	18,708	2,901	21,609
2022	16,014	5,630	21,644	2029	19,199	2,404	21,603
2023	16,435	5,204	21,639	2030	19,703	1,893	21,596
2024	16,866	4,767	21,633	2031	20,220	1,369	21,589
2025	17,309	4,319	21,628	2032	20,751	832	21,583
2026	17,763	3,858	21,621	2033	21,295	280	21,575
					<u>\$ 253,303</u>	<u>\$ 49,338</u>	<u>\$ 302,641</u>

W-4 & SW-5 Water System (26.68%) and Storm Water System (13.48%) 2014 bond maturities are as follows*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,542	\$ 1,556	\$ 10,098	2028	\$ 9,365	\$ 730	\$ 10,095
2021	8,642	1,459	10,101	2029	9,473	621	10,094
2022	8,741	1,357	10,098	2030	9,582	511	10,093
2023	8,842	1,255	10,097	2031	9,693	400	10,093
2024	8,944	1,153	10,097	2032	9,805	287	10,092
2025	9,048	1,049	10,097	2033	9,918	173	10,091
2026	9,152	944	10,096	2034	10,031	58	10,089
2027	9,258	837	10,095				
					<u>\$ 139,036</u>	<u>\$ 12,390</u>	<u>\$ 151,426</u>

* See Note E for maturities of General Fund portion of 2014 bond.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS (Continued)

W-5 Water System 2018 bond maturities are as follows (28.2% of total bonds)*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,767	\$ 407	\$ 2,174	2030	\$ 1,976	\$ 198	\$ 2,174
2021	1,787	388	2,175	2031	1,998	175	2,173
2022	1,807	368	2,175	2032	2,020	153	2,173
2023	1,827	347	2,174	2033	2,043	130	2,173
2024	1,848	326	2,174	2034	2,066	107	2,173
2025	1,868	305	2,173	2035	2,089	84	2,173
2026	1,889	284	2,173	2036	2,112	60	2,172
2027	1,910	263	2,173	2037	2,136	36	2,172
2028	1,932	241	2,173	2038	2,160	12	2,172
2029	1,954	219	2,173				
					<u>\$ 37,189</u>	<u>\$ 4,103</u>	<u>\$ 41,292</u>

*See Note E for maturities of General Fund portion of 2018 bond.

W-6, SW-6 & S-5 Street Project 2019 loan (4.81% Water, 9.06% Storm Water, 5.22% Sewer)*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,528	\$ 2,930	\$ 7,458	2025	\$ 5,135	\$ 2,325	\$ 7,460
2021	4,637	2,821	7,458	2026	5,268	2,190	7,458
2022	4,756	2,701	7,457	2027	5,404	2,054	7,458
2023	4,879	2,578	7,457	2028	5,544	1,914	7,458
2024	5,006	2,452	7,458	2029	71,283	1,771	73,054
					<u>\$ 116,440</u>	<u>\$ 23,736</u>	<u>\$ 140,176</u>

*See Note E for maturities of General Fund portion of this debt.

SW-7 Miscellaneous 2019 loan (12.13% Storm Water)*:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,715	\$ 650	\$ 3,365	2025	\$ 3,050	\$ 320	\$ 3,370
2021	2,779	585	3,364	2026	3,115	249	3,364
2022	2,843	521	3,364	2027	3,190	177	3,367
2023	2,909	455	3,364	2028	3,260	104	3,364
2024	2,975	389	3,364	2029	2,487	28	2,515
					<u>\$ 29,323</u>	<u>\$ 3,478</u>	<u>\$ 32,801</u>

*See Note E for maturities of General Fund portion of this debt.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE D – PROPRIETARY FUND LONG-TERM OBLIGATIONS (Continued)

Aggregate maturities:

Due Date	Water		Storm Water		Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 58,500	\$ 13,849	\$ 23,096	\$ 6,956	\$ 43,427	\$ 14,764	\$ 125,023	\$ 35,569
2021	48,621	11,690	19,561	6,178	44,722	13,259	112,904	31,127
2022	48,803	9,800	20,066	5,497	46,039	11,714	114,908	27,011
2023	48,987	7,910	20,574	4,800	47,381	10,121	116,942	22,831
2024	51,174	6,093	21,084	4,084	48,748	8,485	121,006	18,662
Thereafter	197,116	12,807	131,347	10,570	250,321	27,827	578,784	51,204
	<u>\$ 453,201</u>	<u>\$ 62,149</u>	<u>\$ 235,728</u>	<u>\$ 38,085</u>	<u>\$ 480,638</u>	<u>\$ 86,170</u>	<u>\$ 1,169,567</u>	<u>\$ 186,404</u>

The interest incurred and charged to expense for 2019 was \$14,450 in the Water Utility, \$6,014 in the Storm Water Utility, and \$15,449 in the Sewer Utility.

Revenues for Debt Retirement. The ordinances authorizing the issuance of the revenue bonds calls for the establishment of separate and special funds into which utility revenues are to be set aside. The Village has established the required Bond Special Redemption Fund. Monthly deposits are being made to the Bond Special Redemption Fund from which principal and interest payments are made. The net revenues for the Water Utility and Sewer Utility during the year were \$49,467 and \$51,393, respectively, which all exceed the threshold of the debt agreements. Principal and interest paid on mortgage revenue bonds during the year was \$14,509 in the Water Utility and \$21,660 in the Sewer Utility.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE E – GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS

The following is a summary of the long-term debt transactions of the Village general fund for the year ended December 31, 2019:

	<u>12/31/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2019</u>	
State of WI-Bd of Comm of Public Lands Note, 4% Interest, Principal & Interest Due 3/15	\$ 522,000	\$ -	\$ 57,000	\$ 465,000	
Bremer Bank Note, 2.95% Interest, Principal due 12/1, Interest Due 6/1 & 12/1	78,510	-	42,650	35,860	*
WI DNR Revenue Bond, 1.32% Interest, Principal due 5/1, Interest Due 5/1 & 11/1	79,191	-	5,187	74,004	**
Community Bank Note, 2.86% Interest Principal & Interest Due 8/15	22,200	-	7,389	14,811	
WI DNR Revenue Bond, 1.155% Interest, Principal due 5/1, Interest Due 5/1 & 11/1	219,754	-	12,583	207,171	***
Bremer Bank Note, 3.46% Interest, Principal due 3/18, Interest Due 3/18 & 9/18	162,000	-	18,000	144,000	
WI DNR Revenue Bond, 1.12% Interest, Principal Due 5/1, Interest 5/1 & 11/1	62,183	36,953	4,449	94,687	****
Bremer Bank Note, 2.56% Interest, Principal & Interest Due Quarterly	-	493,559	-	493,559	*****
Community Bank Note, 2.259% Interest, Principal & Interest Due Quarterly	-	217,250	4,907	212,343	*****
Total	1,145,838	747,762	152,165	1,741,435	
Captial Leases	4,981	-	1,868	3,113	
Accumulated sick and vacation leave at December 31	146,608	-	11,230	135,378	
Total General Fund Debt	<u>\$ 1,297,427</u>	<u>\$ 747,762</u>	<u>\$ 165,263</u>	<u>\$ 1,879,926</u>	

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE E – GOVERNMENTAL ACTIVITIES LONG-TERM OBLIGATIONS (Continued)

*The amount outstanding on this note totals \$52,949, with an additional \$13,055 Water Utility debt and \$4,034 Storm Water Utility debt reported in Note D.

**The amount outstanding on these bonds totals \$142,453, with an additional \$68,449 reported in Note D as Water Utility debt.

***The amount outstanding on these bonds total \$346,206, with an additional \$92,368 Water Utility debt and \$46,668 Storm Water Utility debt reported in Note D.

****The amount outstanding on these bonds total \$131,876 with an additional \$37,189 reported in Note D as Water Utility debt.

*****The amount outstanding on this note totals \$610,001, with an additional \$29,341 Water Utility debt, \$55,253 Storm Water Utility debt and \$31,847 Sewer Utility debt reported in Note D

*****The amount outstanding on this note totals \$241,666, with an additional \$29,323 Storm Water Utility debt reported in Note D.

Total interest incurred and charged to expense was \$34,724 for 2019.

Aggregate cash flow requirements for the retirement of long-term principal and interest are as follows: (this presentation excludes those obligations for which cash flows are presented at Note D)

Year	Governmental Principal	Interest	Total
2020	\$ 181,467	\$ 46,311	\$ 227,778
2021	147,180	40,864	188,044
2022	139,777	36,454	176,231
2023	141,047	32,231	173,278
2024	143,337	28,013	171,350
2025-2038	988,626	83,118	1,071,744
	\$ 1,741,434	\$ 266,991	\$ 2,008,425

General Obligation Debt Limitation. Section 67.03(1) of the Wisconsin Statutes provide that the amount of indebtedness of a municipality shall not exceed five (5) percent of the equalized valuation of the taxable property in the municipality. At December 31, 2019, the Village’s debt limit amounted to \$3,598,215 and indebtedness subject to the limitation totaled \$1,741,434.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS

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 1,200 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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (Continued)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5.0)
2017	2.0	4.0
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. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$43,946 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.72%
Protective without Social Security	6.55%	15.12%

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2019, the Village of Grantsburg reported a liability (asset) of \$151,017 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 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 .00424483% which was an increase of .00002573% from its proportion measured as of December 31, 2017.

For the years ended December 31, 2019, the Village recognized pension expense of \$103,668.

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

<u>Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 117,619	\$ 207,909
Net differences between projected and actual earnings on pension plan investments	220,551	-
Changes in assumption	25,456	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,285	70
Employer contributions subsequent to the measurement date	42,505	-
Total	<u>\$ 407,416</u>	<u>\$ 207,979</u>

The \$42,505 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Net Deferred Outflows and (Inflows of Resources)</u>
2020	\$ 57,390
2021	14,361
2022	24,765
2023	60,416
	<u>\$ 156,932</u>

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (Continued)

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 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.

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:

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (Continued)

Retirement Funds Asset Allocation Targets and Expected Returns

As of December 31, 2018:

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.1%	5.5%
Fixed Income	24.5%	4.0%	1.5%
Inflation Sensitive Assets	15.5%	3.8%	1.3%
Real Estate	9.0%	6.5%	3.9%
Private Equity/Debt	8.0%	9.4%	6.7%
Multi-Asset	4.0%	6.7%	4.1%
Total Core Fund	110.0%	7.3%	4.7%
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	7.6%	5.0%
International Equities	30.0%	8.5%	5.9%
Total Variable Fund	100.0%	8.0%	5.4%

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.

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 municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE F – WISCONSIN RETIREMENT SYSTEM PENSION PLAN BENEFITS (Continued)

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 percent, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 600,160	\$ 151,017	\$ (182,954)

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

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER PLAN

General Information about the Other Postemployment Benefits (OPEB)

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 postemployment 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 GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER PLAN (Continued)

Contribution rates as of December 31, 2019 are:

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

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

Life Insurance
Employee Contribution Rates*
For the year ended December 31, 2018

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
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	0.90
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 \$258 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 Village of Grantsburg reported a liability (asset) of \$34,584 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 0.01340300% , which was a decrease of 0.000192% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$4,344.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER PLAN (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 1,754
Changes of Assumptions or Other Input	3,300	7,496
Net Difference Between Projected and Actual Earnings on OPEB Investments	826	-
Change in proportion and differences between employer contributions and proportionate share of contributions	5,426	450
Village Contributions Subsequent to the Measurement Date	258	-
Total	\$ 9,810	\$ 9,700

\$1,235 reported as deferred outflows related to OPEB resulting from the LRLIF 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Net Deferred Outflows and (Inflows) of Resources
2020	\$ 227
2021	227
2022	227
2023	111
2024	(8)
Thereafter	(932)
	\$ (148)

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:

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 Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER PLAN (Continued)

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.

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
U.S. Government Bonds	Barclays Government	1%	1.44%
U.S. Credit Bonds	Barclays Credit	40%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4%	3.01%
U.S. Mortgages	Barclays MBS	54%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – MULTIPLE EMPLOYER PLAN (Continued)

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 (3.22%)	Current Discount Rate (4.22%)	1% Increase (5.22%)
Village's Share of Proportionate Share of the Net OPEB Liability	\$ 49,198	\$ 34,584	\$ 23,313

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>

NOTE H – CONTRIBUTIONS IN AID OF CONSTRUCTION

Effective January 1, 2004, the Water Fund of the Village implemented the requirements of Wisconsin Public Service Commission order 05-US-105, relating to the accounting treatment for contributions in aid of construction. All contributions in aid of construction previously recorded in the fund balance section of the financial report were eliminated by transfer to a deferred regulatory liability in part, and to unappropriated surplus for the remainder.

The plant in service of the Water Fund was also segregated into two parts: contributed plant, and plant that was financed by utility operations. Future contributions in aid of construction will be treated as miscellaneous non-operating income when received, and annual depreciation allowances will be segregated between depreciation expense on plant financed by utility operations, and other income deductions for the portion of depreciation calculated on contributed plant.

Despite not being regulated by the Public Service Commission, the Village Sewer Fund does account for its affairs in a manner similar to that proposed by the PSC for the Water Fund. Therefore, contributions in aid of construction in the Sewer Fund were also adjusted similarly as of January 1, 2004.

The effects of these transactions follow:

	Water Fund	Sewer Fund
Contributed Capital, January 1, 2004	\$ 1,587,695	\$ 1,166,691
Transferred to Unappropriated Surplus	(1,360,462)	816,889
Portion Attributed to Depreciation Claimed on Contributed Plant	\$ 227,233	\$ 1,983,580
Deferred Regulatory Liability 1/1/04	\$ 227,223	\$ 349,802
Prior Amortization	(170,414)	(262,352)
2019 Amortization (20-Year Life Per PSC)	(11,362)	(17,490)
Deferred Regulatory Liability 12/31/2019	\$ 45,447	\$ 69,960

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE I – INTERFUND RECEIVABLES AND PAYABLES

Amounts due from and to other funds:

	Payable	Receivable
Water Fund	\$ -	\$ 4,308
Sewer Fund	4,308	-
	\$ 4,308	\$ 4,308

Transfers between funds occur periodically for cash flow and expenditure planning. All balances are repaid currently. \$83,000 was transferred from the General Fund to the Library Fund in 2019 to subsidize Library operations. \$54,195 was transferred from the Water Utility to the General Fund to the tax equivalent.

NOTE J - RESERVED AND RESTRICTED FUNDS

The long-term bonded debt secured for the Sewer Fund and Storm Water Fund projects includes in its indenture the requirement that a debt service reserve account be maintained until the bonds are retired. \$13,274 is currently held in this account. The indenture also requires a Depreciation Fund to accumulate deposits annually of \$4,800, until a balance of \$48,000 is reached. At year-end, \$48,000 is held in this account. These funds are available at management’s discretion, for their specified use for debt service. In addition, a replacement fund has been established for equipment replacement in the Sewer Fund, with a year-end balance of \$55,081. These funds are available for replacement of equipment, to be used at the discretion of management.

The Water Fund long-term bonded debt includes in its indenture a requirement for a Debt Service Reserve Fund, used to accumulate monthly deposits to meet the debt service requirements. The year-end balance in this account is \$22,763. The indenture also requires a Depreciation Fund to accumulate monthly deposits, totaling \$4,700 annually, until a balance of \$47,000 is achieved. The year-end balance in this account is \$47,000.

The General Fund long-term bonded debt includes in its indenture a requirement for a Debt Service Reserve Fund, used to accumulate monthly deposits to meet the debt service requirements. The year-end balance in this account is \$15,760.

NOTE K – EXPENDITURES OVER BUDGET

The following functions in governmental funds had an excess of actual expenditures over budget for the year ended December 31, 2019:

	Excess
GENERAL FUND:	
General Government	\$ 15,838
Public Safety	9,455
Recreation and Education	110
Conservation and Development	31,048
LIBRARY:	
General Government	10,930

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE L – GENERAL FUND DONATIONS AND CONTRIBUTIONS

Total donations and contributions received as of December 31, 2019 were \$39,174. The following breakdown details these items:

Police - National Night Out, Event, Grant	\$ 577
Downtown Benches	5,370
Recycling	2,845
Pool/Splash Pad	25,050
Skating Rink Lights	2,500
Grantsburg Watercross Security	2,004
Reimbursements - Meetings, Project Costs	828
Total Donations and Contributions	<u><u>\$ 39,174</u></u>

NOTE M – TAX INCREMENTAL FINANCING DISTRICT

The Village of Grantsburg has created five tax incremental financing districts to encourage industrial, residential, and commercial development within the Village. District #1 was created January 1, 1983 and facilitated the Impact 7 – McNally’s building project; District #2 was created January 1, 1988 and facilitated an assistance loan as well as a road improvement project; District #3 was created January 1, 1994 for the construction of public works, capital costs for improvements to buildings and real property assembly costs; District #4 was created January 1, 2005 for construction, capital costs, and real property assembly costs; and District #5 was created January 1, 2008 to facilitate rehabilitation costs. Costs of the tax district projects are recovered through the property tax increment received due to the project value increase. Interest is charged on each project at 4.07% in 2019. Original project costs and progress in repayment are shown below:

	Original Cost	December 31, 2019
District 1 - Project 1	\$ 75,000	\$ -
District 2 - Project 1	36,922	-
District 2 - Project 2	10,000	-
District 2 - Project 3	4,000	-
District 2 - Project 4	26,352	-
District 3 - Project 1	250,000	-
District 3 - Project 2	150,192	-
District 3 - Project 3	25,000	-
District 3 - Project 4	28,638	-
District 3 - Project 5	194,800	-
District 3 - Project 6	123,132	-
District 3 - Project 7	12,187	-
District 3 - Project 8	17,548	-
District 3 - Project 9	338,166	-
District 3 - Project 10	151,870	-
District 3 - Project 11	51,800	17,549
District 3 - Project 12	28,304	-
District 4 - Project 1	400,000	64,345
District 4 - Project 2	100,000	75,000
District 5 - Project 1	-	(329,299)

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE M – TAX INCREMENTAL FINANCING DISTRICT (Continued)

When tax incremental revenues received have extinguished the project costs plus interest, that tax district is either terminated or amended to allocate increments to another district. District 1 increments were allocated to District 2 on May 12, 2008. District 2 increments and any District 3 positive increments were allocated to District 5 on October 18, 2011. Expected termination dates by district are estimated below; termination year tax increments will be collected in the following year.

	Termination Year
District 1	2010
District 2	2014
District 3	2021
District 4	2025
District 5	2034

For each district, the growth in equalized value from the date of inception through January 1, 2019 is as follows:

	Inception	01-01-2019	Growth
District 3	\$ 1,157,300	\$ 9,283,900	\$ 8,126,600
District 4	1,091,000	4,261,100	3,170,100
District 5	212,600	67,800	-

The district may remain open beyond 27 years from the date of creation if the district applies for a three-year extension for distressed district situations. The project costs were originally reported as general fund expenditures in the year incurred. Each year’s tax increment revenue is likewise received and reported as part of the general fund.

NOTE N – RISK MANAGEMENT

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

NOTE O – CAPITAL LEASES

The Village has a \$3,113 obligation for office equipment (original cost \$5,603) under a capital lease at December 31, 2019. This asset is included on the Village Capital assets register and is depreciated. The lease will be paid in full in 2021.

NOTE P – COMMITMENTS AND CONTINGENCIES

The Village entered a construction contract valued at \$920,912 and has paid \$902,890 against this commitment as of December 31, 2019. The Village’s remaining commitment due at December 31, 2019 is \$18,022. This contract commitment has been satisfied as of the date of this report.

VILLAGE OF GRANTSBURG
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE Q – PRIOR PERIOD ADJUSTMENTS

The restatement of net position for the Village’s financial statements were the result of implementing Government Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. These statements revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits.

	Government Activities	Business-Type Activities	Total
Net Position - December 31, 2018	\$ 4,346,106	\$ 3,812,216	\$ 8,158,322
Other Postemployment Benefits Implementation of GASB #75	<u>(24,844)</u>	<u>(16,059)</u>	<u>(40,903)</u>
Net Position - Restated December 31, 2018	<u>\$ 4,321,262</u>	<u>\$ 3,796,157</u>	<u>\$ 8,117,419</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF GRANTSBURG
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 596,690	\$ 596,690	\$ 597,021	\$ 331
Intergovernmental	555,179	979,928	988,776	8,848
Licenses and Permits	11,750	11,750	14,326	2,576
Fines, Forfeits and Penalties	4,500	4,500	5,294	794
Public Charges for Services	204,600	218,400	206,004	(12,396)
Miscellaneous	59,100	66,314	68,890	2,576
Total Revenues	<u>1,431,819</u>	<u>1,877,582</u>	<u>1,880,311</u>	<u>2,729</u>
EXPENDITURES				
General Government	246,460	217,168	233,222	(16,054)
Public Safety	465,682	458,665	468,120	(9,455)
Public Works	339,906	326,454	319,982	6,472
Recreation and Education	167,928	127,514	127,624	(110)
Health and Human Services	7,290	7,290	6,897	393
Conservation and Development	12,950	450	31,498	(31,048)
Capital Outlay	-	951,802	916,217	35,585
Debt Service	192,998	192,998	189,198	3,800
Total Expenditures	<u>1,433,214</u>	<u>2,282,341</u>	<u>2,292,758</u>	<u>(10,417)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,395)	(404,759)	(412,447)	(7,688)
OTHER FINANCING SOURCES (USES)				
Issuance of Long-Term Debt	30,700	747,762	747,762	-
Sale of Village Property	-	31,500	15,845	(15,655)
Transfer In - In Lieu of Taxes - Utility Funds	54,195	54,195	54,195	-
Transfers Out	(83,500)	(83,500)	(83,000)	500
Total Other Financing Sources (Uses)	<u>1,395</u>	<u>749,957</u>	<u>734,802</u>	<u>(15,155)</u>
NET CHANGE IN FUND BALANCE				
	-	345,198	322,355	(22,843)
Fund Balance, January 1	<u>392,219</u>	<u>392,219</u>	<u>392,219</u>	<u>-</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 392,219</u></u>	<u><u>\$ 737,417</u></u>	<u><u>\$ 714,574</u></u>	<u><u>\$ (22,843)</u></u>

See accompanying Notes to Required Supplementary Information.

VILLAGE OF GRANTSBURG
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF
THE NET PENSION PLAN LIABILITY (ASSET)
Wisconsin Retirement System
Last 10 Fiscal Years
(Schedule is Presented Prospectively from Implementation)

WRS Fiscal Year End Date (Measurement Date)	The Village's Proportionate Share of the Net Pension (Asset)/Liability	The Village's Proportionate Share of the Net Pension (Asset)/Liability	The Village's Covered-Employee Payroll	The Village's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
12/31/2018	0.00424483%	\$ 151,017	\$ 549,249	27.50%	96.45%
12/31/2017	0.00421910%	(125,270)	541,142	-23.15%	102.93%
12/31/2016	0.00419709%	34,594	529,060	6.54%	99.12%
12/31/2015	0.00421521%	68,496	528,836	12.95%	98.20%

*The amounts presented are for a measurement date used 12 months prior to the Village's year end.

VILLAGE OF GRANTSBURG
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS

Wisconsin Retirement System
 Last 10 Fiscal Years

(Schedule is Presented Prospectively from Implementation)

Village's Fiscal Year:	The Village's Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	The Village's Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
12/31/2019	\$ 42,505	\$ 42,505	\$ -	\$ 538,176	7.90%
12/31/2018	43,946	43,946	-	549,249	8.00%
12/31/2017	43,445	43,445	-	541,142	8.03%
12/31/2016	39,697	39,697	-	529,060	7.50%
12/31/2015	40,477	40,477	-	528,836	7.65%

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.

VILLAGE OF GRANTSBURG
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND MULTI-EMPLOYER OPEB PLAN
(Schedule is Presented Prospectively from Implementation)

State OPEB Fiscal Year End Date (Measurement Date)	The Village's Proportionate Share of the Net OPEB Liability	The Village's Proportionate Share of the Net OPEB Liability	The Village's Covered-Employee Payroll	The Village's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2018	0.01340300%	\$ 34,584	\$ 507,000	6.82%	48.69%
12/31/2017	0.01359500%	40,902	571,709	7.15%	44.81%

*The amounts presented for each fiscal year were determined as of the 12/31 measurement date that occurred within the fiscal year.

VILLAGE OF GRANTSBURG
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS TO
WISCONSIN LOCAL RETIREE LIFE INSURANCE FUND MULTI-EMPLOYER OPEB PLAN
LAST TEN FISCAL YEARS
(Schedule is Presented Prospectively from Implementation)

Village Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	The Village's Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
12/31/2019	\$ 258	\$ 258	\$ -	\$ 507,000	0.05%
12/31/2018	258	258	-	571,709	0.05%

See accompanying Notes to Required Supplementary Information.

VILLAGE OF GRANTSBURG
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
Year Ended December 31, 2019

NOTE 1 - BUDGETARY INFORMATION

GASB Statement No. 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the Village's annual operating budget.

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The Village's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds. The Village exercises budgetary expenditure control at the department level.

Budget amounts in the statements include both original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

SUPPLEMENTARY INFORMATION

VILLAGE OF GRANTSBURG
GENERAL FUND
STATEMENT OF REVENUES AND OTHER
FINANCING SOURCES – BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources:				
Property Taxes	\$ 423,190	\$ 423,190	\$ 423,190	\$ -
Tax Increments	173,500	173,500	173,831	331
PILT	14,900	14,900	13,962	(938)
Licenses and Permits	11,750	11,750	14,326	2,576
Law Violations	4,500	4,500	5,294	794
General Government	2,000	2,000	1,818	(182)
Law Enforcement	1,000	1,000	235	(765)
Streets	3,000	3,000	3,534	534
Airports	4,900	4,900	5,305	405
Trash Collection	96,000	96,000	94,710	(1,290)
Parks/Campground	71,300	71,300	64,386	(6,914)
Pool	26,400	26,400	22,216	(4,184)
Timber	-	13,800	13,800	-
Interest Earned	8,000	8,000	14,866	6,866
Rent/Lease	11,000	11,000	7,533	(3,467)
Donations/Contributions	40,000	40,000	39,174	(826)
Miscellaneous	100	7,314	7,317	3
Total Local Sources	<u>891,540</u>	<u>912,554</u>	<u>905,497</u>	<u>(7,057)</u>
Federal Sources:				
Federal Grants	-	424,750	432,486	7,736
Total Federal Sources	<u>-</u>	<u>424,750</u>	<u>432,486</u>	<u>7,736</u>
State Sources:				
Shared Revenues	431,887	431,887	432,717	830
Fire Insurance Tax	2,700	2,700	3,010	310
Local Street Aid	88,976	88,976	88,936	(40)
Payments - Municipal Services	5,245	5,244	5,245	1
In Lieu - DNR	419	419	419	-
State Grant - Law Enforcement	4,000	4,000	4,800	800
State Grant - Computer Aid	7,052	7,052	7,201	149
Total State Sources	<u>540,279</u>	<u>540,278</u>	<u>542,328</u>	<u>2,050</u>
Other Funding Sources:				
Sale of Village Property	-	31,500	15,845	(15,655)
Transfer In - In Lieu of Taxes - Utility Funds	54,195	54,195	54,195	-
Issuance of Long-Term Debt	30,700	747,762	747,762	-
Total Other Sources	<u>84,895</u>	<u>833,457</u>	<u>817,802</u>	<u>(15,655)</u>
TOTAL REVENUES	<u>\$ 1,516,714</u>	<u>\$ 2,711,039</u>	<u>\$ 2,698,113</u>	<u>\$ (12,926)</u>

VILLAGE OF GRANTSBURG
GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER
FINANCING USES – BUDGET AND ACTUAL
Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
General Government:				
Legislative	\$ 11,750	\$ 11,750	\$ 13,313	\$ (1,563)
Legal	8,500	8,500	13,072	(4,572)
General Administration	78,926	60,776	64,393	(3,617)
Financial Administration	68,894	62,044	65,104	(3,060)
Village Hall	28,910	24,618	22,887	1,731
Insurance	47,180	47,180	42,182	4,998
Other	2,300	2,300	12,271	(9,971)
Total General Government	<u>246,460</u>	<u>217,168</u>	<u>233,222</u>	<u>(16,054)</u>
Public Safety:				
Law Enforcement	336,796	329,778	339,407	(9,629)
Fire Protection	56,596	56,597	56,907	(310)
Ambulance	72,290	72,290	71,806	484
Total Public Safety	<u>465,682</u>	<u>458,665</u>	<u>468,120</u>	<u>(9,455)</u>
Public Works:				
Street Administration	2,815	1,170	1,041	129
Buildings and Grounds	10,100	13,300	15,118	(1,818)
Streets, Sidewalks	193,986	173,317	170,472	2,845
Street Lights, Signs	30,500	30,500	25,083	5,417
Airport	4,750	11,150	12,869	(1,719)
Trash Collection	96,000	96,000	94,241	1,759
Recycling	1,755	1,017	1,158	(141)
Total Public Works	<u>339,906</u>	<u>326,454</u>	<u>319,982</u>	<u>6,472</u>
Recreation and Education:				
Community Center	58,845	15,345	13,887	1,458
Parks	3,500	14,800	16,551	(1,751)
Campground	59,213	33,784	32,407	1,377
Events	5,750	14,645	13,029	1,616
Pool	39,750	47,590	48,040	(450)
Golf	-	160	329	(169)
Skating Rink	-	-	1,367	(1,367)
Dam	-	320	370	(50)
Fairgrounds	870	870	1,644	(774)
Total Recreation and Education	<u>167,928</u>	<u>127,514</u>	<u>127,624</u>	<u>(110)</u>

VILLAGE OF GRANTSBURG
GENERAL FUND
STATEMENT OF EXPENDITURES AND OTHER
FINANCING USES – BUDGET AND ACTUAL (Continued)
Year Ended December 31, 2019

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Health and Human Services:				
Cemetery	\$ 7,290	\$ 7,290	\$ 6,897	\$ 393
Total Health and Human Services	<u>7,290</u>	<u>7,290</u>	<u>6,897</u>	<u>393</u>
Conservation and Development:				
Other Conservation and Development	12,950	450	31,498	(31,048)
Total Conservation and Development	<u>12,950</u>	<u>450</u>	<u>31,498</u>	<u>(31,048)</u>
Capital Outlay:				
Public Safety	-	46,655	37,002	9,653
Public Works	-	869,132	871,345	(2,213)
Recreation & Education	-	8,170	7,870	300
Economic Development	-	27,845	-	27,845
Total Capital Outlay	<u>-</u>	<u>951,802</u>	<u>916,217</u>	<u>35,585</u>
Debt Service:				
Principal Long-Term	156,158	156,158	154,035	2,123
Interest	36,840	36,840	34,724	2,116
Other Debt Costs	-	-	439	(439)
Total Debt Service	<u>192,998</u>	<u>192,998</u>	<u>189,198</u>	<u>3,800</u>
Other Financing Uses:				
Operating Transfer	83,000	83,000	83,000	-
Miscellaneous	500	500	-	500
Total Other Financing Uses	<u>83,500</u>	<u>83,500</u>	<u>83,000</u>	<u>500</u>
TOTAL EXPENDITURES	<u>\$ 1,516,714</u>	<u>\$ 2,365,841</u>	<u>\$ 2,375,758</u>	<u>\$ (9,917)</u>

VILLAGE OF GRANTSBURG
NON-MAJOR GOVERNMENTAL FUNDS
BUDGET TO ACTUAL COMPARISON
Year Ended December 31, 2019

	Library Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources	\$ 76,878	\$ 76,878	\$ 76,878	\$ -
Miscellaneous	14,166	14,166	26,602	12,436
Total Revenues	91,044	91,044	103,480	12,436
EXPENDITURES				
General Government	174,044	174,044	204,974	(30,930)
Total Expenditures	174,044	174,044	204,974	(30,930)
Excess Revenues (Expenditures)	(83,000)	(83,000)	(101,494)	(18,494)
OTHER FINANCING SOURCES				
Operating Transfer	83,000	83,000	83,000	-
Excess Revenues and Other Financing Sources Over (Expenditures)	-	-	(18,494)	(18,494)
FUND BALANCE, Beginning of Year	32,998	32,998	32,998	-
FUND BALANCE, End of Year	\$ 32,998	\$ 32,998	\$ 14,504	\$ (18,494)

VILLAGE OF GRANTSBURG
SCHEDULE OF FEDERAL and STATE FINANCIAL ASSISTANCE
Year Ended December 31, 2019

Awarding Agency Pass-Through Agency Award Description	Program I.D. Number	Reimbursements
<u>NONMAJOR FEDERAL PROGRAMS</u>		
<u>Department of Administration</u>		
Community Development Block Grant	14.228	\$ 424,750
<u>Environmental Protection Agency</u>		
Safe Drinking Water Grant	66.468	7,736
TOTAL FEDERAL ASSISTANCE		<u>\$ 432,486</u>
<u>NONMAJOR STATE PROGRAMS</u>		
<u>Department of Revenue</u>		
State Shared Revenues	835.102	\$ 432,717
Exempt Computer Aid	835.109	3,849
Personal Property Aid	835.000	3,352
<u>Department of Natural Resources</u>		
Aid in lieu of Taxes	370.579	419
<u>Department of Transportation</u>		
General Highway Aids	395.191	88,936
Highway Safety	395.185	4,000
<u>Department of Administration</u>		
Municipal Services Aid	835.501	5,245
<u>Department of Justice</u>		
Law Enforcement Training (net to expense)	455.231	800
<u>Department of Industry, Labor and Human Relations</u>		
Fire Insurance Dues Distribution	143.325	3,010
TOTAL STATE ASSISTANCE		<u>\$ 542,328</u>