

**VILLAGE OF BLACK EARTH**  
**BLACK EARTH, WISCONSIN**

**FINANCIAL STATEMENTS WITH**  
**SUPPLEMENTARY INFORMATION**

December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to 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 Black Earth, Wisconsin, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

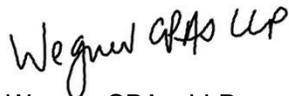
Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the Wisconsin Retirement System schedule, and the Local Retiree Life Insurance Fund schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Black Earth's basic financial statements. The Schedule of Long-Term Debt Payments, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Wegner CPAs, LLP  
Madison, Wisconsin  
May 1, 2020

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF NET POSITION**  
December 31, 2019

	Governmental Activities	Business-Type Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,082,289	\$ 37,344	\$ 2,119,633
Receivables:			
Taxes	856,329	-	856,329
Accounts	48,967	330,370	379,337
Special assessments	95,564	-	95,564
Inventories and prepaid expenses	-	26,108	26,108
Other long-term assets	-	259,137	259,137
Capital assets, not being depreciated	870,533	74,382	944,915
Capital assets, net of accumulated depreciation	<u>3,086,938</u>	<u>5,647,597</u>	<u>8,734,535</u>
<b>Total assets</b>	7,040,620	6,374,938	13,415,558
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pension	290,877	-	290,877
Related to other postemployment benefits	3,077	-	3,077
<b>Total deferred outflows of resources</b>	293,954	-	293,954
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	307,782	741,226	1,049,008
Accrued interest	5,587	10,418	16,005
Net pension liability	68,425	-	68,425
Net OPEB liability	11,957	-	11,957
Compensated absences	4,801	-	4,801
Noncurrent liabilities:			
Due within one year	222,057	154,264	376,321
Due in more than one year	<u>1,043,258</u>	<u>2,729,325</u>	<u>3,772,583</u>
<b>Total liabilities</b>	1,663,867	3,635,233	5,299,100
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	856,329	-	856,329
Unavailable revenue - special assessments	95,358	-	95,358
Related to pension	198,315	-	198,315
Related to other postemployment benefits	<u>4,034</u>	<u>-</u>	<u>4,034</u>
<b>Total deferred inflows of resources</b>	1,154,036	-	1,154,036
<b>NET POSITION</b>			
Net investment in capital assets	2,692,156	2,764,558	5,456,714
Restricted:			
Debt service	141,688	-	141,688
Unrestricted	<u>1,682,827</u>	<u>(24,853)</u>	<u>1,657,974</u>
<b>Total net position</b>	<u>\$ 4,516,671</u>	<u>\$ 2,739,705</u>	<u>\$ 7,256,376</u>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2019

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activity	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 171,057	\$ 115,375	\$ -	\$ -	\$ (55,682)	\$ -	\$ (55,682)
Public safety	434,022	30,673	4,723	-	(398,626)	-	(398,626)
Public works	405,031	69,967	73,372	-	(261,692)	-	(261,692)
Culture and recreation	14,772	3,700	46,564	-	35,492	-	35,492
Interest and fiscal charges	61,310	-	-	-	(61,310)	-	(61,310)
<b>Total governmental activities</b>	<b>1,086,192</b>	<b>219,715</b>	<b>124,659</b>	<b>-</b>	<b>(741,818)</b>	<b>-</b>	<b>(741,818)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Electric	2,038,675	2,050,660	-	-	-	11,985	11,985
Water	237,559	268,570	-	-	-	31,011	31,011
Sewer	426,402	594,637	-	4,875	-	173,110	173,110
<b>Total business-type activities</b>	<b>2,702,636</b>	<b>2,913,867</b>	<b>-</b>	<b>4,875</b>	<b>-</b>	<b>216,106</b>	<b>216,106</b>
<b>Total primary government</b>	<b>\$ 3,788,828</b>	<b>\$ 3,133,582</b>	<b>\$ 124,659</b>	<b>\$ 4,875</b>			
<b>GENERAL REVENUES:</b>							
Property taxes					753,889	-	753,889
State shared revenues					95,890	-	95,890
Investment earnings					19,726	3,373	23,099
Gain on sale of property					1,875	-	1,875
Insurance recoveries					147,104	-	147,104
Miscellaneous					-	61,913	61,913
<b>TRANSFERS</b>					<b>103,529</b>	<b>(103,529)</b>	<b>-</b>
Total general revenues and transfers					<u>1,122,013</u>	<u>(38,243)</u>	<u>1,083,770</u>
Change in net position					380,195	177,863	558,058
Net position at beginning of year					<u>4,136,476</u>	<u>2,561,842</u>	<u>6,698,318</u>
<b>Net position at end of year</b>					<u><b>\$ 4,516,671</b></u>	<u><b>\$ 2,739,705</b></u>	<u><b>\$ 7,256,376</b></u>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**BALANCE SHEET—GOVERNMENTAL FUNDS**  
December 31, 2019

	General Fund	Debt Service Fund	TIF Districts	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,911,243	\$ 141,688	\$ 29,358	\$ 2,082,289
Receivables:				
Taxes	558,952	243,714	53,663	856,329
Special assessments	95,564	-	-	95,564
Accounts receivable - other	23,967	-	25,000	48,967
<b>Total assets</b>	<b><u>\$ 2,589,726</u></b>	<b><u>\$ 385,402</u></b>	<b><u>\$ 108,021</u></b>	<b><u>\$ 3,083,149</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 35,218	\$ -	\$ -	\$ 35,218
Accrued liabilities	11,448	-	261,116	272,564
<b>Total liabilities</b>	<b>46,666</b>	<b>-</b>	<b>261,116</b>	<b>307,782</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	558,952	243,714	53,663	856,329
Unavailable revenue - special assessments	95,358	-	-	95,358
<b>Total deferred inflows of resources</b>	<b>654,310</b>	<b>243,714</b>	<b>53,663</b>	<b>951,687</b>
<b>FUND BALANCES</b>				
Restricted	-	141,688	(206,758)	(65,070)
Unassigned	1,888,750	-	-	1,888,750
<b>Total fund balances</b>	<b><u>1,888,750</u></b>	<b><u>141,688</u></b>	<b><u>(206,758)</u></b>	<b><u>1,823,680</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 2,589,726</u></b>	<b><u>\$ 385,402</u></b>	<b><u>\$ 108,021</u></b>	<b><u>\$ 3,083,149</u></b>

See accompanying notes.

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

Total fund balances - governmental funds		\$ 1,823,680
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 6,773,238	
Accumulated depreciation	<u>(2,815,767)</u>	
Net capital assets		3,957,471
The net pension liability is not an available resource and, therefore, is not reported in the funds		
Net pension liability	(68,425)	
Net Local Retiree Life Insurance liability	<u>(11,957)</u>	
		(80,382)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term obligations at year-end consist of:		
Bonds and notes payable	(1,265,315)	
Deferred outflows related to WRS	290,877	
Deferred inflows related to WRS	(198,315)	
Deferred outflows related to Local Retiree Life Insurance	3,077	
Deferred inflows related to Local Retiree Life Insurance	(4,034)	
Accrued interest payable	(5,587)	
Compensated absences	<u>(4,801)</u>	
Total long-term obligations		<u>(1,184,098)</u>
Total net position - governmental activities		<u>\$ 4,516,671</u>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS**  
Year Ended December 31, 2019

	General Fund	Debt Service Fund	TIF Districts	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 570,425	\$ 147,844	\$ 35,620	\$ 753,889
Intergovernmental	220,541	-	8	220,549
Licenses and permits	47,930	-	-	47,930
Fines, forfeitures, and penalties	8,749	-	-	8,749
Public charges for services	73,128	-	-	73,128
Investment income	19,726	-	-	19,726
Miscellaneous	89,908	-	-	89,908
<b>Total revenues</b>	<b>1,030,407</b>	<b>147,844</b>	<b>35,628</b>	<b>1,213,879</b>
<b>EXPENDITURES</b>				
Current:				
General government	122,090	-	9,429	131,519
Public safety	433,789	-	-	433,789
Public works	229,354	-	-	229,354
Capital outlay	359,022	-	-	359,022
Debt service:				
Principal	-	143,253	403,904	547,157
Interest and fees	-	29,976	38,046	68,022
<b>Total expenditures</b>	<b>1,144,255</b>	<b>173,229</b>	<b>451,379</b>	<b>1,768,863</b>
Excess (deficiency) of revenues over (under) expenditures	(113,848)	(25,385)	(415,751)	(554,984)
Other financing sources (uses)				
Proceeds on long-term debt	303,027	-	-	303,027
Proceeds from sale of property	1,875	-	-	1,875
Insurance recoveries	147,104	-	-	147,104
Interfund transfers	103,529	-	-	103,529
<b>Total other financing sources</b>	<b>555,535</b>	<b>-</b>	<b>-</b>	<b>555,535</b>
<b>Net change in fund balances</b>	<b>441,687</b>	<b>(25,385)</b>	<b>(415,751)</b>	<b>551</b>
Fund balances at beginning of year	1,447,063	167,073	208,993	1,823,129
<b>Fund balances at end of year</b>	<b>\$ 1,888,750</b>	<b>\$ 141,688</b>	<b>\$ (206,758)</b>	<b>\$ 1,823,680</b>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES—GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2019

Net change in fund balances—total governmental funds	\$	551
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 the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 359,022	
Depreciation expense reported in the statement of activities	<u>(202,205)</u>	156,817
Bond, note, and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net assets issuing debt increases long-term obligations and does not affect the statement of activities.		
		(303,027)
The repayment of the principal of long term debt consumes the current financial resources of governmental fund, but reduces the liability in the statement of net position.		
		547,157
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable	6,712	
Change in pension expense	(27,384)	
Net increase in Local Retiree Life Insurance liability	(1,057)	
Net decrease in compensated absences	<u>426</u>	<u>(21,303)</u>
Change in net position of governmental activities	\$	<u><u>380,195</u></u>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF NET POSITION—PROPRIETARY FUNDS**  
December 31, 2019

	Electric	Water	Sewer	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 26,358	\$ 10,986	\$ 37,344
Accounts receivable	225,077	43,705	61,588	330,370
Inventory	17,430	8,606	-	26,036
Prepaid expenses	-	-	72	72
<b>Total current assets</b>	<b>242,507</b>	<b>78,669</b>	<b>72,646</b>	<b>393,822</b>
<b>NONCURRENT ASSETS</b>				
Investment in joint venture	259,137	-	-	259,137
Capital assets:				
Land	400	150	-	550
Construction in progress	73,832	-	-	73,832
Capital assets	4,954,662	2,775,628	2,589,456	10,319,746
Accumulated depreciation	(3,770,840)	(539,668)	(361,641)	(4,672,149)
<b>Total noncurrent assets</b>	<b>1,517,191</b>	<b>2,236,110</b>	<b>2,227,815</b>	<b>5,981,116</b>
<b>Total assets</b>	<b>1,759,698</b>	<b>2,314,779</b>	<b>2,300,461</b>	<b>6,374,938</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	594,351	730	18,818	613,899
Accrued liabilities	127,327	-	-	127,327
Accrued Interest payable	1,035	4,263	5,120	10,418
Bonds payable - current	-	20,000	-	20,000
Revenue bonds payable - current	-	40,236	-	40,236
Notes payable - current	23,187	-	70,841	94,028
<b>Total current liabilities</b>	<b>745,900</b>	<b>65,229</b>	<b>94,779</b>	<b>905,908</b>
<b>NONCURRENT LIABILITIES</b>				
Bonds payable	-	165,000	-	165,000
Revenue bonds payable	-	848,568	-	848,568
Notes payable	511,679	-	1,204,078	1,715,757
<b>Total noncurrent liabilities</b>	<b>511,679</b>	<b>1,013,568</b>	<b>1,204,078</b>	<b>2,729,325</b>
<b>Total liabilities</b>	<b>1,257,579</b>	<b>1,078,797</b>	<b>1,298,857</b>	<b>3,635,233</b>
<b>NET POSITION</b>				
Net investment in capital assets	649,356	1,162,306	952,896	2,764,558
Unrestricted	(147,237)	73,676	48,708	(24,853)
<b>Total net position</b>	<b>\$ 502,119</b>	<b>\$ 1,235,982</b>	<b>\$ 1,001,604</b>	<b>\$ 2,739,705</b>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION—PROPRIETARY FUNDS**  
Year Ended December 31, 2019

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,018,079	\$ 265,995	\$ 587,112	\$ 2,871,186
Other revenue	<u>32,581</u>	<u>2,575</u>	<u>7,525</u>	<u>42,681</u>
Total operating revenues	2,050,660	268,570	594,637	2,913,867
<b>OPERATING EXPENSES</b>				
Operation and maintenance	1,850,512	168,241	360,592	2,379,345
Depreciation	<u>172,445</u>	<u>57,249</u>	<u>42,813</u>	<u>272,507</u>
Total operating expenditures	<u>2,022,957</u>	<u>225,490</u>	<u>403,405</u>	<u>2,651,852</u>
Operating income	27,703	43,080	191,232	262,015
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	-	-	3,373	3,373
Amortization	-	-	-	-
Interest expense	(15,718)	(12,069)	(22,997)	(50,784)
Other non-operating revenue	<u>58,670</u>	<u>3,243</u>	<u>-</u>	<u>61,913</u>
Total non-operating revenues (expenses)	<u>42,952</u>	<u>(8,826)</u>	<u>(19,624)</u>	<u>14,502</u>
Income before capital contributions and transfers	70,655	34,254	171,608	276,517
Capital contributions	-	-	4,875	4,875
Transfers	<u>(58,313)</u>	<u>(45,216)</u>	<u>-</u>	<u>(103,529)</u>
<b>Change in net position</b>	12,342	(10,962)	176,483	177,863
Net position at beginning of year	<u>489,777</u>	<u>1,246,944</u>	<u>825,121</u>	<u>2,561,842</u>
<b>Net position at end of year</b>	<u>\$ 502,119</u>	<u>\$ 1,235,982</u>	<u>\$ 1,001,604</u>	<u>\$ 2,739,705</u>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS**  
Year Ended December 31, 2019

	Electric	Water	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 2,080,027	\$ 159,968	\$ 593,441	\$ 2,833,436
Received from municipality for street lighting	84,589	-	-	84,589
Received from municipality for fire protection	-	98,087	-	98,087
Payments to suppliers	(1,461,325)	(93,209)	(324,889)	(1,879,423)
Payments to employees	(38,176)	(72,150)	(55,949)	(166,275)
Net cash provided by operating activities	665,115	92,696	212,603	970,414
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to municipality for tax equivalent	(58,313)	(45,216)	-	(103,529)
Funds from (to) other funds	(386,983)	-	(143,383)	(530,366)
Net cash used by noncapital financing activities	(445,296)	(45,216)	(143,383)	(633,895)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from debt issued	-	-	39,154	39,154
Acquisition and construction of plant assets	(180,253)	(5,520)	-	(185,773)
Capital contributions received	-	-	4,875	4,875
Capital lease payments	(1,295)	(1,295)	(1,295)	(3,885)
Proceeds on investment in Vanguard	-	-	255,423	255,423
Notes paid	(22,553)	-	(67,786)	(90,339)
Principal payments on capital debt	-	(56,129)	(268,981)	(325,110)
Interest paid on capital debt	(15,718)	(12,069)	(19,624)	(47,411)
Net cash used by capital and related financing activities	(219,819)	(75,013)	(58,234)	(353,066)
Net increase in cash and cash equivalents	-	(27,533)	10,986	(16,547)
Cash and cash equivalents at beginning of year	-	53,891	-	53,891
<b>Cash and cash equivalents at end of year</b>	<b>\$ -</b>	<b>\$ 26,358</b>	<b>\$ 10,986</b>	<b>\$ 37,344</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 27,703	\$ 43,080	\$ 191,232	\$ 262,015
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	172,445	57,249	42,813	272,507
Joint Meter	-	2,238	(2,238)	-
Changes in assets and liabilities:				
Accounts receivable	112,660	(14,521)	1,021	99,160
Accounts payable	297,058	(361)	(20,246)	276,451
Accrued liabilities	55,249	5,011	21	60,281
<b>Net cash provided by operating activities</b>	<b>\$ 665,115</b>	<b>\$ 92,696</b>	<b>\$ 212,603</b>	<b>\$ 970,414</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Debt payment made by Dane-Iowa Wastewater Commission	-	-	268,981	268,981

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2019

	Library Private Purpose Trust Fund	Tax Collection Agency Fund
<b>ASSETS</b>		
Cash and investments	\$ 246,271	\$ 1,621,528
Taxes receivable	-	1,219,765
<b>Total assets</b>	246,271	2,841,293
<b>LIABILITIES</b>		
Accounts payable	-	211
Accrued liabilities	-	27,171
Due to municipality	-	856,330
Due to other governments	-	1,867,111
<b>Total liabilities</b>	-	2,750,823
<b>NET POSITION</b>	<b>\$ 246,271</b>	<b>\$ 90,470</b>

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
Year Ended December 31, 2019

	Library Private Purpose Trust Fund
<b>ADDITIONS</b>	
Intergovernmental	\$ 67,663
Fines and forfeitures	491
Private contributions	14,980
Net increase in fair value of investments	30,641
Total additions	113,775
<b>DEDUCTIONS</b>	
Culture and recreation	76,831
<b>Change in net position</b>	36,944
Net position at beginning of year	209,327
<b>Net position at end of year</b>	\$ 246,271

See accompanying notes.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Black Earth (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing accounting and financial reporting principles.

**Reporting Entity**

This report includes all of the funds of the Village of Black Earth. The reporting entity for the Village consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The Village may be financially accountable if an organization is fiscally dependent on the primary government. The Village has not identified any organizations that meet this criteria.

**Basis of Presentation**

*Government-Wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except for the fiduciary fund. The statements distinguish between governmental and business-type activities. Governmental activities, generally are financed through property taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Fund Financial Statements*

The fund financial statements provide information about all the Village's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

The Village reports the following major governmental funds:

*General Fund*— The general fund is the primary operating fund of the Village. The general fund accounts for all financial resources of the Village, except those required to be accounted for in another fund.

*Debt Service Fund*— The debt service fund is used to account for financial resources to be used for the payment of general long-term debt principal, interest, and related costs.

*Special Revenue Fund*— Special revenue funds are used to account and report the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specific purposes. The Village reports the Tax Incremental Financing (TIF) Districts as a special revenue fund.

The Village reports the following non-major governmental funds:

*Capital Project Fund*— Capital projects funds are used to account for the acquisition or construction of the Village's major capital facilities, other than those financed by proprietary funds.

The Village reports the three major enterprise funds:

*Electric Utility*— The electric utility accounts for the maintenance and operation of electric services to residents, business entities, and public authorities of the Village.

*Water Utility*— The water utility accounts for the Village's maintenance and operation of the water distribution system for residents, business entities, and public authorities of the Village.

*Sewer Utility*— The sewer utility accounts for the Village's maintenance and operation of wastewater treatment and disposal system for residents, business entities, and public authorities of the Village.

Additionally the Village reports the following fiduciary funds:

*Private-Purpose Trust Fund*— A private-purpose trust fund is used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Village accounts for the restricted library fund as a private-purpose trust fund.

*Tax Agency Fund*— Accounts for taxes collected by the Village on behalf of other governmental units.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures, generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Property tax revenue is recognized as revenue in the subsequent year when services financed by the levy are provided. State shared revenues, grants, contributions, and interest associated with the current fiscal period are considered susceptible to accrual and have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligible requirements are met, including any time requirements and the amount is received during the period or within 90 days of year-end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period of 90 days within year-end. All other revenue items are considered to be measurable and available only when the cash is received by the Village.

Proprietary and private purpose trust financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**VILLAGE OF BLACK EARTH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the electric, water, and sewer utilities are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

**Estimates**

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

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

**Cash and Cash Equivalents**

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 the date of acquisition.

Investment of the Villages' funds are restricted by state statutes and are limited to:

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

The Village has adopted an investment policy which follows the state statute for allowable investments.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments are reported at fair value based on quoted market prices except for the State of Wisconsin Local Government Investment Pool (LGIP). The LGIP is part of the State Investment Fund (SIF). The fund operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7. Accordingly, the SIF qualifies as a 2a7-like pool and is reported at the net asset value which approximates fair value. The SIF is subject to regulatory oversight by the State of Wisconsin Investment Board although it is not registered with the SEC.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflecting costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/ expenses when consumed rather than when purchased.

**Receivables**

During the course of operations, transactions occur between individual funds that may result in amounts owed between the funds. The current portion of lending/borrowing arrangements between the funds is identified as due to/from other funds. The non-current portion of outstanding balances between funds is reported as advances to/from other funds.

Advances between funds, as reported in the fund financial statements, are offset by a non-spendable fund balance account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied in December on the assessed value as of the prior January 1. Taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. The Village bills and collects its own property taxes and also collects taxes for state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as due to other governments on the accompanying statement of fiduciary assets and liabilities.

Property tax calendar 2019 tax roll is as follows:

Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale—2018 delinquent real estate taxes	October 2022

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for electric, water, and sewer utilities because the utilities have the right by law to place delinquent bills on the tax roll.

**Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial cost of more than \$5,000 with an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are reported at estimated fair value at the time received.

Interest incurred during the construction phase of capital assets of the proprietary funds is included in the capitalized value of the assets constructed. No interest was capitalized in the current year.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation is provided over the assets estimated useful lives using the straight-line method. The range of estimated lives by type of asset is as follows:

Machinery and Equipment	5-12 years
Improvements	15 years
Infrastructure	30 years
Buildings	50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets used in the proprietary fund operation are accounted for the same as in the government-wide financial statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows related to the allocation of the pension and related to other postemployment benefits as of December 31, 2019.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village reports unearned revenue from property taxes and special assessments in the governmental funds balance sheet. The Village also reports deferred inflows related to pension and related to other postemployment benefits as of December 31, 2019.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Compensated Absences**

Village employees are granted vacation and sick leave benefits in varying amounts in accordance with Village paid-time-off policies. Accrued vacation and sick leave is paid upon termination. In the governmental funds, a liability for compensated absences is reported only if they have matured (for example, as a result of employee resignations or retirements). In the proprietary funds, compensated absences are accrued as incurred.

**Other Postemployment Benefits**

*Local Retiree Life Insurance Fund*

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

**Pension**

*WRS*: 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.

**Bond Premiums, Discounts, and Issuance Costs**

In governmental fund types, bond discounts, and issuance costs are recognized in the current period. The face amount of debt issued is reported as other financing sources. Bond premiums are reported as other financing sources, while bond discounts are reported as other financing uses. In the proprietary fund financial statements, long-term debt is reported as a liability. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is reported in the governmental funds if it has matured. Claims and judgments are recorded in the proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Fund Balance**

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

*Nonspendable* – Resources that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

*Restricted* – Resources that can be spent only for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* – Resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority. Fund balance amounts are committed through a formal action of the Village. Any changes in the constraints imposed require the same formal action of the Village that originally created the commitment.

*Assigned* – Resources that are neither restricted nor committed for which the Village has stated intended use as established by the Village Board or the Village Administrator to whom the Village Board has delegated the authority to assign amounts for specific purposes.

*Unassigned* – Resources that are available for any purpose. Unassigned amounts are only reported in the general fund.

**Net Position**

Government-wide financial statement and proprietary fund equity is classified as net position and displayed in three components:

*Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted net position* – Consists of restricted net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that do not meet the definition of “restricted or “net investment in capital assets.”

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Use of Restricted Resources**

In the government-wide financial statements and proprietary funds, when both restricted and unrestricted resources are available for use, it is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In governmental funds, when both restricted and unrestricted resources are available for use, it is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Basis for Existing Rates**

Current electric rates were approved by the Public Service Commission of Wisconsin (PSCW) effective September 2019 and are designed to provide a 6% return on rate base.

Current water rates were approved by the PSCW effective September 2019 and are designed to provide a 7.5% return on rate base.

Current wastewater rates were approved by the Village Board on July 1, 2018.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

**Budgetary Information**

The Village budgets are adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any Village Board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund. The original budgets for 2019 were adopted in October 2018.

**Limitations on the Village Tax Levy**

As part of 2011 Wisconsin Act 32, legislation was passed that limits the Village's future tax levies. The Village is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the Village's equalized value due to new construction, or 0% for the 2018 levy collected in 2019. Changes in debt service from one year to the next are generally exempt from this limit.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 3—CASH AND CASH EQUIVALENTS**

At December 31, 2019, the cash and cash investments consisted of the following:

	Statement Balance	Carrying Value	Risk
Cash on hand	\$ -	\$ 116	
Deposits with financial institutions	1,956,388	2,921,063	Custodial credit
Certificates of deposit	189,135	189,135	Credit, custodial credit, interest rate
Wisconsin Local Government Investment Pool	877,118	877,118	Credit, interest rate, concentration of credit
	\$ 3,022,641	\$ 3,987,432	

The Village's cash and cash equivalents are reported in the financial statements as follows:

Statement of net position	
Governmental activities	\$ 2,082,289
Business-type activities	37,344
Statement of net position - fiduciary funds	
Library Trust	246,271
Agency fund	1,621,528
	\$ 3,987,432

*Custodial Credit Risk*

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts of the LGIP are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of December 31, 2019, \$2,100,556 of the Village's deposits with financial institutions was uninsured and uncollateralized. The Village does not have a custodial risk policy for deposits.

The Village has invested funds in the Wisconsin Local Government Investment Pool (LGIP). At December 31, 2019, the fair value of the LGIP's assets are substantially equal to the Village's share as noted above. Investments in the local government investment pool are covered under the surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage and principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 3—CASH AND CASH EQUIVALENTS (continued)

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation. The Village has adopted an investment policy which permits all investments authorized under state statutes as described above.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The Village has not yet adopted a policy that addresses interest rate risk.

NOTE 4—INTERFUND TRANSFERS AND BALANCES

The following is a schedule of interfund balances as of December 31, 2019:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Tax agency fund	\$ 558,953
Debt service	Tax agency fund	243,714
TIF	Tax agency fund	53,663
		\$ 856,330

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts include balances of working capital loans to funds which the general fund expects to collect in the subsequent year.

The following is a schedule of interfund transfers for the year ended December 31, 2019:

<u>Transferred to</u>	<u>Transferred from</u>	<u>Amount</u>
General Fund	Electric	\$ 58,313
General Fund	Water	45,216
		\$ 103,529

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 5—CAPITAL ASSETS**

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

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
Capital assets, not being depreciated				
Land	\$ 519,031	\$ -	\$ -	\$ 519,031
Construction in progress	-	351,502	-	351,502
Total capital assets, not being depreciated	519,031	351,502	-	870,533
Land improvements	263,523	-	-	263,523
Building	904,549	-	-	904,549
Infrastructure	4,256,222	-	-	4,256,222
Equipment and vehicles	502,850	7,520	(31,959)	478,411
Total capital assets, being depreciated	5,927,144	7,520	(31,959)	5,902,705
Less accumulated depreciation				
Land improvements	194,612	7,855	-	202,467
Building	549,910	18,439	-	568,349
Infrastructure	1,672,654	141,874	-	1,814,528
Equipment and vehicles	228,345	34,037	(31,959)	230,423
Total accumulated depreciation	2,645,521	202,205	(31,959)	2,815,767
Total capital assets, being depreciated, net	3,281,625	\$ (194,685)	\$ -	3,086,938
Capital assets, net	<u>\$ 3,800,656</u>			<u>\$ 3,957,471</u>

Depreciation expense was charged to functions of governmental activities as follows:

General government	\$ 11,523
Public safety	233
Public works	175,677
Culture and recreation	14,772
Total depreciation expense - governmental activities	<u>\$ 202,205</u>

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 5—CAPITAL ASSETS (continued)

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

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
Capital assets, not being depreciated				
Land	\$ 550	\$ -	\$ -	\$ 550
Construction in progress	7,453	183,711	(117,332)	73,832
Total capital assets, not being depreciated	8,003	183,711	(117,332)	74,382
Capital assets, being depreciated				
Electric utility plant	4,853,563	1,347,175	(1,246,075)	4,954,663
Water utility plant	2,770,108	5,520	-	2,775,628
Sewer utility plant	2,589,456	-	-	2,589,456
Total capital assets, being depreciated	10,213,127	1,352,695	(1,246,075)	10,319,747
Less accumulated depreciation				
Electric utility plant	3,611,170	172,446	(12,774)	3,770,842
Water utility plant	480,180	59,487	-	539,667
Sewer utility plant	321,067	40,574	-	361,641
Total accumulated depreciation	4,412,417	272,507	(12,774)	4,672,150
Total capital assets, being depreciated, net	5,800,710	<u>\$ 1,080,188</u>	<u>\$ (1,233,301)</u>	<u>5,647,597</u>
Business-type activities capital assets, net	<u>\$ 5,808,713</u>			<u>\$ 5,721,979</u>

NOTE 6—LONG-TERM OBLIGATIONS

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

The Village has pledged future revenues of the water utility, net of specified expenses, to repay \$1,061,137 in revenue bonds issued in 2016. The bonds are payable solely from utility revenues through 2036.

Wisconsin State Statute 67.03 limits total general obligation indebtedness of the Village to five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2019 was \$6,565,330. Total general obligation debt outstanding at December 31, 2019 was \$1,265,315.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 6—LONG-TERM OBLIGATIONS**

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

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 622,808	\$ -	\$ 67,806	\$ 555,002	\$ 64,507
Notes payable	890,717	303,027	483,431	710,313	157,550
Bonds and notes payable	1,513,525	303,027	551,237	1,265,315	222,057
Other liabilities:					
Capital lease	1,295	-	1,295	-	-
Compensated absences	5,227	4,801	5,227	4,801	-
Total governmental activities long-term obligations	<u>\$ 1,520,047</u>	<u>\$ 307,828</u>	<u>\$ 557,759</u>	<u>\$ 1,270,116</u>	<u>\$ 222,057</u>
Business-type activities:					
Bonds and notes payable:					
Revenue bonds	\$ 1,192,126	\$ -	\$ 303,323	\$ 888,803	\$ 40,236
General obligation debt	2,064,676	39,154	109,044	1,994,786	114,028
Bonds and notes payable	3,256,802	39,154	412,367	2,883,589	154,264
Capital lease	3,885	-	3,885	-	-
Total business-type activities long-term obligations	<u>\$ 3,260,687</u>	<u>\$ 39,154</u>	<u>\$ 416,252</u>	<u>\$ 2,883,589</u>	<u>\$ 154,264</u>

The following is a list of general obligation long-term obligations as of December 31, 2019:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 12/31/2019	Due Within One Year
2013A G.O. Bonds	6/13/2013	.4 - 2.8%	8/1/2027	\$ 1,390,000	\$ 660,000	\$ 75,000
2010 G.O. Note	10/21/2010	3%	10/1/2020	500,000	55,000	55,000
2013B G.O. Notes	7/11/2013	.5 - 2.7%	5/1/2023	880,000	175,000	40,000
2016 G.O. Notes CW	8/24/2016	2.10%	5/1/2036	973,493	891,771	44,193
2017 State Trust Fund Loan	11/1/2017	3.50%	3/15/2027	457,500	71,659	46,203
2017 Promissory Note	11/21/2017	2.78%	3/15/2027	1,000,000	906,963	39,358
2017 Promissory Note	11/21/2017	2.10%	3/15/2027	145,000	116,680	13,546
2019 G.O. Promissory Note	10/30/2019	2.35%	1/31/2030	On-going	303,026	-
					<u>\$ 3,180,099</u>	<u>\$ 313,300</u>

The following is a list of revenue long-term obligations as of December 31, 2019:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 12/31/2019	Due Within One Year
2016 Revenue Bonds SDWL	6/22/2016	1.65%	5/1/2036	\$ 1,061,137	\$ 968,805	\$ 49,743

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 6—LONG-TERM OBLIGATIONS (continued)

Debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities				Total	
	General Obligation Debt		General Obligation Debt		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2020	\$ 222,057	\$ 42,077	\$ 114,028	\$ 48,348	\$ 40,236	\$ 7,151	\$ 376,321	\$ 97,576
2021	221,515	36,207	120,863	45,586	40,899	6,770	383,277	88,563
2022	207,139	32,049	122,744	42,638	41,572	6,383	371,455	81,070
2023	210,005	27,596	129,673	39,470	42,257	5,990	381,935	73,056
2024	118,442	23,358	106,649	36,480	42,953	5,590	268,044	65,428
2025-2029	286,157	44,012	995,174	111,728	248,118	30,422	1,529,449	186,162
2030-2034	-	-	283,672	27,949	302,766	23,230	586,438	51,179
2035-2036	-	-	121,983	2,575	130,002	2,124	251,985	4,699
	<u>\$ 1,265,315</u>	<u>\$ 205,299</u>	<u>\$ 1,994,786</u>	<u>\$ 354,774</u>	<u>\$ 888,803</u>	<u>\$ 87,660</u>	<u>\$ 4,148,904</u>	<u>\$ 647,733</u>

NOTE 7—EMPLOYEE RETIREMENT SYSTEM

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

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to 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 years' earnings. 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 contribution plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 7—EMPLOYEE RETIREMENT SYSTEM (continued)

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

The WRS also provides death and disability benefits for employees.

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

The core and variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0.0%
2009	(2.1)	(42.0)
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

**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 \$20,792 in contributions from the employer which equaled required contributions.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 7—EMPLOYEE RETIREMENT SYSTEM (continued)

Contribution rates as of December 31, 2019, the date of the actuarial valuation are as follows:

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

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

At December 31, 2019, the Village reported a liability of \$68,425 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, Village's proportion was 0.00192331%, which was an increase of 0.00002648% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$27,384.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 53,292	\$ 94,202
Changes in assumptions	11,533	-
Net differences between projected and actual earnings on pension plan investments	99,930	-
Changes in proportion and differences between employer contributions and proportionate share	2,032	387
Employer contributions subsequent to the measurement date	20,364	-
Total	<u>\$ 187,151</u>	<u>\$ 94,589</u>

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 7—EMPLOYEE RETIREMENT SYSTEM (continued)

\$20,364 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 98,097	\$ 71,298
2021	64,178	57,485
2022	62,685	51,473
2023	45,557	18,059
	<u>\$ 270,517</u>	<u>\$ 198,315</u>

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

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

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

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

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 7—EMPLOYEE RETIREMENT SYSTEM (continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equities	49%	8.1%	5.5%
Fixed income	24.5	4.0	1.5
Inflation sensitive assets	15.5	3.8	1.3
Real estate	9.0	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%	7.3%	4.7%
<u>Variable Fund Asset Class</u>			
U.S. equities	70%	7.6%	5.0%
International equities	30.0	8.5	5.9
Total variable fund	100%	8.0%	5.4%

**Single discount rate.** A single discount rate of 7.0% was used to measure the total pension liability, as opposed to a discount rate of 7.2% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.0% expected rate of return implies that a dividend of approximately 1.9% will always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the 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 BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 7—EMPLOYEE RETIREMENT SYSTEM (continued)

**Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
Village of Black Earth's proportionate share of the net pension liability (asset)	\$ 271,929	\$ 68,425	\$ (82,895)

**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 8—OTHER POST-EMPLOYMENT BENEFITS

*Local Retiree Life Insurance Fund*

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

**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 postretirement benefit.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

**NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)**

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

Contribution rates as of December 30, 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	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$89 in contributions from the Village.

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

At December 31, 2019, the Village reported a liability of \$11,957 or its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

At December 31, 2018, the Village's proportion was 0.004634%, which was an increase of 0.000614% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$1,057.

At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ -	\$ 606
Net differences between projected and investment earnings on plan investments	285	-
Changes in actuarial assumptions	1,141	2,592
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,440	836
Employer contributions subsequent to the measurement date	211	-
Total	\$ 3,077	\$ 4,034

\$211 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 in the year ended December 31, 2020.

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

Year ended December 31:

2020	\$ (153)
2021	(153)
2022	(153)
2023	(193)
2024	(235)
2025	(243)
2026	(38)
	\$ (1,168)

**VILLAGE OF BLACK EARTH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

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NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

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

Actuarial assumptions are based 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 total OPEB liability changed from prior year, including the discount rate, wage inflation rate, mortality, and separation rates. The total OPEB liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

**VILLAGE OF BLACK EARTH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

NOTE 8—OTHER POST-EMPLOYMENT BENEFITS (continued)

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Government Bonds	Barclays Government	1.00%	1.44%
U.S. Credit Bonds	Barclays Credit	40.00%	2.69%
U.S. Long Credit Bonds	Barclays Long Credit	4.00%	3.01%
U.S. Mortgages	Barclays MBS	54.00%	2.25%
U.S. Municipal Bonds	Bloomberg Barclays Muni	1.00%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

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

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
The Village's proportionate share of net OPEB liability	\$ 17,010	\$ 11,957	\$ 8,060

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>.

**VILLAGE OF BLACK EARTH**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019

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**NOTE 9—RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; worker compensation; employees' health; and natural disasters for which the Village purchases commercial insurance with minimal deductibles. There has been no significant reduction in coverage and settled claims have not exceeded the commercial coverage in any of the past three years.

**NOTE 10—COMMITMENTS AND CONTINGENCIES**

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

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

**Purchased Power Contract**

The Electric Utility entered into a long-term power supply contract for an initial period of ten years, effective June 22, 1990, and continuing indefinitely thereafter, with Wisconsin Power and Light Company (Alliant). The agreement may be terminated by either the Utility or Alliant at the end of the initial term, or any date thereafter, upon giving written notice of termination to the other party at least thirty months prior to such termination date. The purchased power for the year ended December 31, 2019 was \$1,326,799.

**NOTE 11—JOINT VENTURES**

**Fire Protection**

The Village of Black Earth, along with the Town of Black Earth, Town of Mazomanie, Town of Berry, and Town of Vermont, entered into an agreement on August 1, 1974 to create the Black Earth Joint Fire Village. The agreement specifies that fire protection should be available to all or part of the above mentioned municipalities. Each municipality shall bi-annually appoint an elected official as a member of the Fire Board. Costs are to be shared based upon the equalized values of the respective municipalities. The Village's share of the fire Village costs in 2019 was \$25,502.

**Emergency Medical Services (EMS)**

The Villages of Black Earth, Cross Plains, and Mazomanie and the Towns of Black Earth, Cross Plains, Berry, Mazomanie, and Vermont entered into agreement to form the Dane County Village 1 – EMS. The agreement was executed July 1, 1977 to provide EMS services to the above mentioned municipalities. Each municipality shall appoint a member to the Village Board. Costs are allocated based upon the proportionate share of population. The Village's share of EMS Village costs in 2019 was \$13,772.

**VILLAGE OF BLACK EARTH**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019

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NOTE 11—JOINT VENTURES (continued)

**Joint Electric Commission**

The Village of Black Earth and the Village of Mazomanie entered into an agreement to create the Vanguard Electric Commission (“Vanguard”). The agreement was approved in December 2000. The agreement outlines the provisions for the creation of a joint commission for the purpose of providing services to each municipal electric utility. The commission consists of seven members including three from each municipality and an at large citizen.

The Villages of Black Earth and Mazomanie were granted approval by the Public Service Commission for Vanguard to be an affiliated interest of each municipal utility. Black Earth Electric Utility contributed \$259,137 in operating cash, vehicles, and inventory to the Commission. The contribution is accounted for as an investment in Vanguard. The Village of Black Earth expensed \$471,309 in payments to Vanguard in 2019.

**Joint Sewerage Village**

The Village of Black Earth and the Villages of Mazomanie and Arena entered into an agreement to create the Dane-Iowa Wastewater Commission. The agreement, entered into in 1994 and amended several times since, outlines the provisions for the creation of a joint sewer treatment plant. The Commission consists of seven members including the Village President of the three member municipalities. The Commission sets user charges and bills the member municipalities, the Village of Cross Plains and the Wisconsin Heights School Village. The Village of Black Earth expensed \$220,049 in payments to Dane-Iowa in 2019.

The Commission operates on a fiscal year ending June 30. A separate audit for the year ending June 30, 2019 is available. The financial transactions of the Commission are not included in the Village’s financial statements.

NOTE 12—DEFICIT FUND BALANCE

As of December 31, 2019, the TIF fund, a major governmental fund, has a deficit balance of \$206,758.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF BLACK EARTH**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND**  
Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 669,159	\$ 669,159	\$ 570,425	\$ (98,734)
Intergovernmental	167,830	167,830	220,541	52,711
Licenses and permits	19,670	19,670	47,930	28,260
Fines, forfeitures, and penalties	10,000	10,000	8,749	(1,251)
Public charges for services	75,250	75,250	73,128	(2,122)
Investment income	-	-	19,726	19,726
Other operating revenue	158,932	158,932	238,887	79,955
<b>Total revenues</b>	<b>1,100,841</b>	<b>1,100,841</b>	<b>1,179,386</b>	<b>78,545</b>
<b>EXPENDITURES</b>				
General government	144,794	144,794	122,090	22,704
Public safety	405,060	405,060	433,789	(28,729)
Public works	341,194	341,194	588,376	(247,182)
Parks and recreation	209,793	209,793	-	209,793
<b>Total expenditures</b>	<b>1,100,841</b>	<b>1,100,841</b>	<b>1,144,255</b>	<b>(43,414)</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	35,131	35,131
Other financing sources (uses)	-	-	406,556	406,556
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>441,687</b>	<b>441,687</b>
Fund balances at beginning of year	1,447,063	1,447,063	1,447,063	-
<b>Fund balances at end of year</b>	<b>\$ 1,447,063</b>	<b>\$ 1,447,063</b>	<b>\$ 1,888,750</b>	<b>\$ 441,687</b>

**VILLAGE OF BLACK EARTH**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)**  
**WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS\***

Plan Fiscal Year Ending	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2018	0.001923%	\$ 68,425	\$ 310,336	22.05%	96.45%
12/31/2017	0.001897%	(56,319)	301,073	-18.71%	102.93%
12/31/2016	0.001797%	14,808	247,234	5.99%	99.12%
12/31/2015	0.001845%	29,982	276,267	10.85%	98.20%
12/31/2014	0.194500%	(47,778)	243,592	98.20%	102.74%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SCHEDULE OF CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM**  
**LAST 10 FISCAL YEARS\***

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2018	\$ 20,792	\$ 20,792	\$ -	\$ 310,336	6.70%
12/31/2017	20,473	20,473	-	301,073	6.80%
12/31/2016	16,317	16,317	-	247,234	6.60%
12/31/2015	18,786	18,786	-	276,267	6.80%
12/31/2014	16,993	16,993	-	243,592	6.98%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**VILLAGE OF BLACK EARTH**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**LOCAL RETIREE LIFE INSURANCE FUND**  
**LAST 10 FISCAL YEARS\***

Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll (Plan Year)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/2018	0.004634%	\$ 11,957	\$ 221,000	5.41%	48.69%
12/31/2017	0.004020%	12,094	169,052	7.15%	44.81%

\*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**VILLAGE OF BLACK EARTH**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2019

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**NOTE 1—BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1 of the financial statements. Reported budget amounts are as amended by Common Council resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year-end unless specifically carried over.

**Excess Expenditures Over Appropriations**

The following funds had an excess of actual expenditures over appropriations for the year ended December 31, 2019:

<u>Function</u>	<u>Excess Expenditures</u>
Public safety	\$ 28,729
Public works	247,182

**NOTE 2—SCHEDULE OF CONTRIBUTIONS—WISCONSIN RETIREMENT SYSTEM**

*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.

**NOTE 3—SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY—LOCAL RETIREE LIFE INSURANCE FUND**

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

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

No assets are accumulated in a trust.

**OTHER SUPPLEMENTARY INFORMATION**

**VILLAGE OF BLACK EARTH**  
Schedule of Long Term Debt Payments  
December 31, 2019

	2013A G.O. bonds			2010 G.O. note	2013B G.O. notes		2016 CW		2016 SDWL		2017 note		2017	2017 state trust fund	2019 G.O. note	Total
	general	cap project	water	general	cap projects	sewer	sewer	TIF	water	TIF	Electric	Sewer	general	TIF	general	Principal
2020	\$ 7,502	\$ 47,498	\$ 20,000	\$ 55,000	\$ 20,000	\$ 20,000	\$ 34,671	\$ 9,522	\$ 40,236	\$ 9,507	\$ 23,187	\$ 16,170	\$ 13,546	\$ 59,482	\$ -	\$ 376,321
2021	8,503	56,497	20,000	-	20,000	25,000	35,398	9,723	40,899	9,665	23,840	16,625	13,833	12,177	91,117	383,277
2022	8,503	51,497	20,000	-	20,000	25,000	36,139	9,929	41,572	9,826	24,511	17,094	14,126	-	93,258	371,456
2023	8,503	51,497	25,000	-	20,000	25,000	36,896	10,140	42,257	9,989	25,202	17,575	14,426	-	95,450	381,935
2024	8,503	51,497	25,000	-	-	-	37,668	10,355	42,953	10,155	25,911	18,070	14,732	-	23,200	268,044
2025-2029	25,009	149,990	75,000	-	-	-	221,396	34,279	248,118	30,860	412,216	286,562	46,017	-	-	1,529,447
2030-2034	-	-	-	-	-	-	283,672	-	302,766	-	-	-	-	-	-	586,438
2035-2036	-	-	-	-	-	-	121,983	-	130,003	-	-	-	-	-	-	251,986
	<u>\$ 66,523</u>	<u>\$ 408,477</u>	<u>\$ 185,000</u>	<u>\$ 55,000</u>	<u>\$ 80,000</u>	<u>\$ 95,000</u>	<u>\$ 807,823</u>	<u>\$ 83,948</u>	<u>\$ 888,803</u>	<u>\$ 80,002</u>	<u>\$ 534,867</u>	<u>\$ 372,096</u>	<u>\$ 116,680</u>	<u>\$ 71,659</u>	<u>\$ 303,026</u>	<u>\$ 4,148,904</u>

	2013A G.O. bonds			2010 G.O. note	2013B G.O. notes		2016 CW		2016 SDWL		2017 note		2017	2017 state trust fund	2019 G.O. note	Total
	general	cap project	water	general	cap projects	sewer	sewer	TIF	water	TIF	Electric	Sewer	general	TIF	general	Interest
2020	\$ -	\$ 11,020	\$ 4,360	\$ 1,994	\$ 1,680	\$ 2,050	\$ 16,437	\$ 1,826	\$ 7,151	\$ 8,395	\$ 15,024	\$ 10,477	\$ 2,474	\$ 14,688	\$ 7,121	\$ 104,697
2021	-	10,030	4,000	-	1,280	1,600	15,593	1,733	6,770	7,948	14,371	10,022	2,187	13,030	7,121	95,685
2022	-	8,860	3,640	-	810	1,013	14,731	1,637	6,383	7,493	13,700	9,554	1,893	11,355	4,980	86,049
2023	-	7,540	3,200	-	270	338	13,851	1,539	5,990	7,032	13,009	9,072	1,594	9,622	2,788	75,845
2024	-	6,220	2,650	-	-	-	12,953	1,439	5,590	6,562	12,300	8,577	1,288	7,849	545	65,973
2025-2029	-	9,480	4,125	-	-	-	52,542	3,698	30,422	16,793	32,439	22,622	1,963	12,078	-	186,162
2030-2034	-	-	-	-	-	-	27,949	-	23,230	-	-	-	-	-	-	51,179
2035-2036	-	-	-	-	-	-	2,575	-	2,124	-	-	-	-	-	-	4,699
	<u>\$ -</u>	<u>\$ 53,150</u>	<u>\$ 21,975</u>	<u>\$ 1,994</u>	<u>\$ 4,040</u>	<u>\$ 5,001</u>	<u>\$ 156,631</u>	<u>\$ 11,872</u>	<u>\$ 87,660</u>	<u>\$ 54,223</u>	<u>\$ 100,843</u>	<u>\$ 70,324</u>	<u>\$ 11,399</u>	<u>\$ 68,622</u>	<u>\$ 22,556</u>	<u>\$ 670,290</u>