



Johnson ▲ Block
AND COMPANY, INC.

Certified Public Accountants

VILLAGE OF WATERFORD, WISCONSIN

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

Year Ended December 31, 2016

**Johnson Block & Company, Inc.
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Quality service through our commitment to clients and staff.

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VILLAGE OF WATERFORD, WISCONSIN

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
the Village Board
Village of Waterford, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Waterford, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Waterford, Wisconsin, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 43 - 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, Wisconsin
May 2, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2016

As management of the Village of Waterford, we offer readers of the Village of Waterford financial statements this narrative overview and analysis of the financial activities of the Village of Waterford for the fiscal year ended December 31, 2016. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the Village's financial statements, which immediately follow this section.

THE FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of the Village of Waterford exceeded its liabilities and deferred inflows as of December 31, 2016, by \$39,726,238. Total net position includes all infrastructure of the governmental funds.
- The Village of Waterford's total net position increased by \$954,429. Governmental activities net position increased by \$824,053 and business-type activities increased by \$130,376.
- As of December 31, 2016, the Village of Waterford's governmental funds reported combined ending fund balances of \$5,675,557 with a net increase of \$1,527,661 from 2015. Approximately 19.1 percent of this total, or \$1,081,222, is nonspendable or restricted.
- As of December 31, 2016, the assigned fund balance for the general fund was \$1,359,588 and the unassigned fund balance for the general fund was \$851,275. The unassigned fund balance for the general fund of \$851,275 is approximately 31.2 percent of total general fund expenditures for the fiscal year.
- The Village of Waterford's governmental general obligation debt increased by \$636,000 during 2016. The Village's business-type debt increased by \$386,980.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the Village's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 through 2 of this report.

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

Both of the government-wide financial statements distinguish functions of the Village of Waterford that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Waterford include general government, public safety, public works, health, welfare, and sanitation, culture and recreation, and conservation and development. The business-type activities of the Village of Waterford include the Water Utility and Sewer Utility.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

The Village of Waterford maintains 22 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service, Library Operations, Special Funds, TIF #2 Debt Service and General Capital Projects. Data from the remaining 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The Village of Waterford adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility and the sewer utility, which are considered to be major funds of the Village of Waterford. The basic proprietary fund financial statements can be found on pages 7 through 10 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village of Waterford's programs. The fiduciary funds maintained by the Village of Waterford are the Municipal Court Fund and Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village of Waterford. The basic fiduciary fund financial statements can be found on page 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 42 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 47 through 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Village of Waterford exceeded liabilities and deferred inflows by \$39,726,238 as of December 31, 2016. The next table provides a summary of the Village's statement of net position for the year ended December 31, 2016.

Village of Waterford Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 9,906,708	\$ 8,357,522	\$ 3,402,370	\$ 2,928,081	\$ 13,309,078	\$ 11,285,603
Capital assets	24,083,608	24,185,627	15,947,508	15,790,687	40,031,116	39,976,314
Total Assets	<u>33,990,316</u>	<u>32,543,149</u>	<u>19,349,878</u>	<u>18,718,768</u>	<u>53,340,194</u>	<u>51,261,917</u>
Deferred outflows of resources	-	-	4,550	8,665	4,550	8,665
Total assets and deferred outflows of resources	<u>\$ 33,990,316</u>	<u>\$ 32,543,149</u>	<u>\$ 19,354,428</u>	<u>\$ 18,727,433</u>	<u>\$ 53,344,744</u>	<u>\$ 51,270,582</u>
Long-term liabilities outstanding	\$ 7,061,170	\$ 6,446,374	\$ 2,052,898	\$ 1,657,720	\$ 9,114,068	\$ 8,104,094
Other liabilities	615,335	518,838	269,806	168,365	885,141	687,203
Total Liabilities	<u>7,676,505</u>	<u>6,965,212</u>	<u>2,322,704</u>	<u>1,826,085</u>	<u>9,999,209</u>	<u>8,791,297</u>
Deferred inflows of resources	<u>3,619,297</u>	<u>3,707,476</u>	-	-	<u>3,619,297</u>	<u>3,707,476</u>
Net Position:						
Net investment in capital assets	20,350,356	20,027,306	14,644,523	14,245,304	34,994,879	34,272,610
Restricted	945,592	395,571	747,274	766,826	1,692,866	1,162,397
Unrestricted	<u>1,398,566</u>	<u>1,447,584</u>	<u>1,639,927</u>	<u>1,889,218</u>	<u>3,038,493</u>	<u>3,336,802</u>
Total Net Position	<u>22,694,514</u>	<u>21,870,461</u>	<u>17,031,724</u>	<u>16,901,348</u>	<u>39,726,238</u>	<u>38,771,809</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 33,990,316</u>	<u>\$ 32,543,149</u>	<u>\$ 19,354,428</u>	<u>\$ 18,727,433</u>	<u>\$ 53,344,744</u>	<u>\$ 51,270,582</u>

The largest portion of the Village's net position, \$34,994,879 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Village's net position of \$1,692,866 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of \$3,038,493 may be used to meet the Village's ongoing obligations to citizens and creditors.

The next table provides a summary of the Village's operating results and their impact on net position for the year ended December 31, 2016. In 2016 the Village relied primarily on property taxes, 50.2%, and charges for service, 28.7%, to fund its operations. Combined, these account for 78.9% of all revenues, or approximately \$5.83 million. Program revenues, in the form of charges for services accounted for \$2.1 million of the total revenues of \$7.4 million.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Village of Waterford's Change in Net Position					
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services and Fees, Fines and Costs	\$ 465,153	\$ 489,377	\$ 1,653,739	\$ 1,626,723	\$ 2,118,892	\$ 2,116,100
Operating Grants and Contributions	696,002	775,302	-	-	696,002	775,302
Capital Grants and Contributions	121,151	176,206	141,398	76,384	262,549	252,590
General Revenues:						
Property Taxes	3,706,596	3,391,709	-	-	3,706,596	3,391,709
Other Taxes	122,507	118,587	-	-	122,507	118,587
Grants and Contributions Not Restricted to Specific Programs	262,890	242,097	-	-	262,890	242,097
Unrestricted Interest and Investment	44,068	20,410	7,706	3,283	51,774	23,693
Other	159,945	14,321	-	-	159,945	14,321
Total Revenues	<u>5,578,312</u>	<u>5,228,009</u>	<u>1,802,843</u>	<u>1,706,390</u>	<u>7,381,155</u>	<u>6,934,399</u>
Expenses:						
General Government	\$ 810,319	\$ 909,502	\$ -	\$ -	\$ 810,319	\$ 909,502
Public Safety	1,465,640	1,344,522	-	-	1,465,640	1,344,522
Public Works	1,568,476	1,587,404	-	-	1,568,476	1,587,404
Health, Welfare, and Sanitation	38,394	40,191	-	-	38,394	40,191
Culture and Recreation	831,468	849,574	-	-	831,468	849,574
Conservation and Development	77,558	85,081	-	-	77,558	85,081
Interest on Long-Term Debt	155,701	148,453	-	-	155,701	148,453
Water	-	-	637,426	591,246	637,426	591,246
Sewer	-	-	841,744	806,607	841,744	806,607
Total Expenses	<u>4,947,556</u>	<u>4,964,727</u>	<u>1,479,170</u>	<u>1,397,853</u>	<u>6,426,726</u>	<u>6,362,580</u>
Increase (Decrease) in Net Position						
Before Transfers	630,756	263,282	323,673	308,537	954,429	571,819
Transfers	193,297	202,037	(193,297)	(202,037)	-	-
Increase in Net Position	<u>824,053</u>	<u>465,319</u>	<u>130,376</u>	<u>106,500</u>	<u>954,429</u>	<u>571,819</u>
Net Position - January 1	21,870,461	21,214,435	16,901,348	16,794,848	38,771,809	38,009,283
Restatement	-	190,707	-	-	-	190,707
Net Position - December 31	<u>\$ 22,694,514</u>	<u>\$ 21,870,461</u>	<u>\$ 17,031,724</u>	<u>\$ 16,901,348</u>	<u>\$ 39,726,238</u>	<u>\$ 38,771,809</u>

Governmental Activities: Governmental activities increased the Village's net position by \$824,053.

Key elements of this increase are as follows:

- Property tax revenues increased by \$314,887.
- Other revenues increased by \$145,624.
- Governmental expenses dropped slightly by \$17,171 from the previous year.

FINANCIAL ANALYSIS OF THE VILLAGE OF WATERFORD'S FUNDS

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

Governmental funds. The focus of the Village of Waterford's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *usable* resources. Such information is useful in assessing the Village's financing requirements.

As of December 31, 2016, the Village's governmental funds reported combined ending fund balances of \$5,675,557, an increase of \$1,527,661 from the prior year. Of the combined ending fund balance, \$649,089 is unassigned, \$135,671 is nonspendable, \$945,551 is restricted, and \$3,945,246 is assigned for specific purposes.

The general fund is the chief operating fund of the Village. At the end of the current year, unassigned fund balance of the general fund was \$851,275, while total fund balance reached \$2,346,534. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The general fund unassigned fund balance is 31.2% of current year expenditures and 30% of 2017 budgeted general fund expenditures. The Village has general fund assigned fund balance of \$1,359,588.

During the current year, there was no change in Village's general fund balance since any excess was transferred to the Special Fund per Village policy.

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

Overall, net position increased by \$130,376 in 2016 compared to an increase of \$106,500 in 2015.

Operating expenses increased by \$79,838 compared to 2015 operating expenses, while operating revenues increased by \$27,016.

Water Utility had a decrease in net position of \$44,445 in 2016 after deducting a transfer of \$193,297 to the Village's General Fund and including capital contributions of \$29,072. Net position was \$8,171,284 as of December 31, 2016.

Sewer Utility had an increase in net position of \$174,821. Net position was \$8,860,440 as of December 31, 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village had differences between actual expenditures and revenues and the budget amounts. During the year, actual revenues were greater than budgeted by \$89,725. \$39,704 of this increase is related to fines, forfeits and penalties. The increase was also due to receiving \$15,958 more in license and permit fees than budgeted and \$51,881 more in public service charges than budgeted offset by decreased revenues for other taxes.

Actual expenditures were less than budgeted by \$95,245. The main reasons were public works expenditures were \$63,239 less than budget, general government expenditures were \$59,918 less than budget, offset by increased expenditures for conservation and development, which reported expenditures in excess of budget of \$47,944.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Village of Waterford's investment in capital assets for its governmental and business-type activities as of December 31, 2016 amounts to \$40,031,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, public domain infrastructure (highway and bridges), and construction in progress. The net increase in the Village's investment in capital assets for the current year was \$54,802. A summary is listed below.

	Governmental Activities		Business-Type Activities	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 10,375,739	\$ 10,375,739	\$ 210	\$ 210
Construction in Progress	80,001	125,167	184,331	98,196
Land Improvements	424,976	424,976	-	-
Buildings & Improvements	7,169,773	7,158,268	-	-
Machinery and Equipment	4,076,106	3,993,088	-	-
Infrastructure	25,290,051	24,834,356	21,293,474	20,867,823
Accumulated Depreciation	<u>(23,333,038)</u>	<u>(22,725,967)</u>	<u>(5,530,507)</u>	<u>(5,175,542)</u>
Total	<u>\$ 24,083,608</u>	<u>\$ 24,185,627</u>	<u>\$ 15,947,508</u>	<u>\$ 15,790,687</u>

Additional information on the Village of Waterford's capital assets can be found in Note 3E on pages 29 through 31 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term debt. At the end of the current fiscal year, Village of Waterford had long-term debt obligations outstanding of \$8,965,700.

Village of Waterford Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Debt	\$ 6,921,000	\$ 6,285,000	\$ 629,000	\$ -	\$ 7,550,000	\$ 6,285,000
CDA Lease Revenue Bond	-	-	-	-	-	-
2010 CWF Loan	-	-	790,700	837,720	790,700	837,720
2010 Revenue Bonds	-	-	340,000	460,000	340,000	460,000
2012 Revenue Bonds	-	-	285,000	360,000	285,000	360,000
Total	\$ 6,921,000	\$ 6,285,000	\$ 2,044,700	\$ 1,657,720	\$ 8,965,700	\$ 7,942,720

During the fiscal year, Village of Waterford's debt increased by \$1,022,980.

Additional information on the Village's long-term debt can be found in Note 3H on pages 34-37 of this report.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village of Waterford's finances. Questions, concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Waterford, Village Hall, 123 N. River Street, Waterford, WI 53185.

General information relating to the Village of Waterford, Wisconsin, can be found at the Village's website- www.waterfordwi.org.

BASIC FINANCIAL STATEMENTS

**Village of Waterford
Waterford, Wisconsin**

**Statement of Net Position
December 31, 2016**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
ASSETS			
Cash and Investments	\$ 6,170,799	\$ 1,828,213	\$ 7,999,012
Receivables			
Taxes	3,386,334	-	3,386,334
Other	71,055	432,981	504,036
Special assessments	29,587	36,585	66,172
Due from Agency	241,067	66,805	307,872
Prepaid Expenses	7,866	15,000	22,866
Restricted Cash and Investments	-	1,011,462	1,011,462
Inventories	-	11,324	11,324
Capital Assets			
Land and Improvements	10,455,740	184,541	10,640,281
Other Capital Assets, net of depreciation	13,627,868	15,762,967	29,390,835
Total Capital Assets	<u>24,083,608</u>	<u>15,947,508</u>	<u>40,031,116</u>
Total Assets	<u>33,990,316</u>	<u>19,349,878</u>	<u>53,340,194</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Debt Discount	-	4,550	4,550
Total Deferred Outflows of Resources	<u>-</u>	<u>4,550</u>	<u>4,550</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 33,990,316</u>	<u>\$ 19,354,428</u>	<u>\$ 53,344,744</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 391,078	\$ 263,333	\$ 654,411
Developer Deposits	190,694	-	190,694
Accrued Interest	33,563	6,473	40,036
Long-Term Liabilities			
Due within one year			
Long-term Debt	1,067,000	291,154	1,358,154
Compensated Absences	19,078	4,528	23,606
Due in more than one year			
Long-term Debt	5,958,410	1,753,546	7,711,956
Compensated Absences	16,682	3,670	20,352
Total Liabilities	<u>7,676,505</u>	<u>2,322,704</u>	<u>9,999,209</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,619,297</u>	<u>-</u>	<u>3,619,297</u>
NET POSITION			
Net Investment in Capital Assets	20,350,356	14,644,523	34,994,879
Restricted	945,592	747,274	1,692,866
Unrestricted	1,398,566	1,639,927	3,038,493
Total Net Position	<u>22,694,514</u>	<u>17,031,724</u>	<u>39,726,238</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 33,990,316</u>	<u>\$ 19,354,428</u>	<u>\$ 53,344,744</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Activities
For the Year Ended December 31, 2016**

<u>Functions/Programs</u>	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Primary Government
Primary government							
Governmental activities							
General Government	\$ 810,319	\$ 117,598	\$ 25,515	\$ -	\$ (667,206)		\$ (667,206)
Public Safety	1,465,640	304,569	197,739	25,919	(937,413)		(937,413)
Public Works	1,568,476	11,438	26,295	60,369	(1,470,374)		(1,470,374)
Health, Welfare and Sanitation	38,394	-	-	-	(38,394)		(38,394)
Culture and Recreation	831,468	31,548	419,026	34,863	(346,031)		(346,031)
Conservation and Development	77,558	-	27,427	-	(50,131)		(50,131)
Interest on Long-term Debt	155,701	-	-	-	(155,701)		(155,701)
Total governmental activities	<u>4,947,556</u>	<u>465,153</u>	<u>696,002</u>	<u>121,151</u>	<u>(3,665,250)</u>		<u>(3,665,250)</u>
Business-type activities							
Water	637,426	756,069	-	26,719	-	\$ 145,362	145,362
Sewer	841,744	897,670	-	114,679	-	170,605	170,605
Total business-type activities	<u>1,479,170</u>	<u>1,653,739</u>	<u>-</u>	<u>141,398</u>	<u>-</u>	<u>315,967</u>	<u>315,967</u>
Total primary government	<u>\$ 6,426,726</u>	<u>\$ 2,118,892</u>	<u>\$ 696,002</u>	<u>\$ 262,549</u>	<u>(3,665,250)</u>	<u>315,967</u>	<u>(3,349,283)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,409,719	-	2,409,719
Property taxes, levied for debt service					491,127	-	491,127
Property taxes, levied for TIF District					805,750	-	805,750
Other taxes					122,507	-	122,507
Grants and contributions not restricted to specific programs					262,890	-	262,890
Unrestricted investment earnings					44,068	7,706	51,774
Miscellaneous					159,945	-	159,945
Transfers					193,297	(193,297)	-
Total general revenues and transfers					<u>4,489,303</u>	<u>(185,591)</u>	<u>4,303,712</u>
Change in Net Position					824,053	130,376	954,429
Net Position - beginning					21,870,461	16,901,348	38,771,809
Net Position - ending					<u>\$ 22,694,514</u>	<u>\$ 17,031,724</u>	<u>\$ 39,726,238</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Balance Sheet
Governmental Funds
December 31, 2016**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Library Operations</u>	<u>Special Funds</u>	<u>TIF #2 Debt Service</u>	<u>General Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and Cash Equivalents	\$ 2,520,355	\$ 3,516	\$ 42,683	\$ 1,315,587	\$ 432,228	\$ 1,337,222	\$ 519,208	\$ 6,170,799
Receivables:								
Taxes	1,572,100	477,757	290,048	298,097	730,698	-	9,600	3,378,300
Delinquent Personal Property Taxes	281	-	-	-	-	-	-	281
Special Assessments	-	29,587	-	-	-	-	-	29,587
Other	65,722	-	4,908	-	-	-	425	71,055
Due From Other Funds	306,238	7,753	-	-	-	-	-	313,991
Prepaid Expenses	-	-	-	7,866	-	-	-	7,866
Advances Receivable	135,390	-	-	-	-	-	-	135,390
Total Assets	<u>\$ 4,600,086</u>	<u>\$ 518,613</u>	<u>\$ 337,639</u>	<u>\$ 1,621,550</u>	<u>\$ 1,162,926</u>	<u>\$ 1,337,222</u>	<u>\$ 529,233</u>	<u>\$ 10,107,269</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 197,811	\$ -	\$ 24,226	\$ 35,886	\$ -	\$ 61,079	\$ 7,510	\$ 326,512
Accrued Liabilities	51,880	-	12,686	-	-	-	-	64,566
Due to Other Funds	-	-	-	-	-	-	65,171	65,171
Deposits	190,694	-	-	-	-	-	-	190,694
Advances Payable	-	-	-	-	-	-	135,390	135,390
Total Liabilities	<u>440,385</u>	<u>-</u>	<u>36,912</u>	<u>35,886</u>	<u>-</u>	<u>61,079</u>	<u>208,071</u>	<u>782,333</u>
Deferred Inflows of Resources:								
Deferred Inflows	<u>1,813,167</u>	<u>507,344</u>	<u>290,048</u>	<u>298,097</u>	<u>730,698</u>	<u>-</u>	<u>10,025</u>	<u>3,649,379</u>
Fund Balances (Deficit):								
Nonspendable	135,671	-	-	-	-	-	-	135,671
Restricted	-	-	-	-	432,228	-	513,323	945,551
Assigned	1,359,588	11,269	10,679	1,287,567	-	1,276,143	-	3,945,246
Unassigned	851,275	-	-	-	-	-	(202,186)	649,089
Total Fund Balances (Deficit)	<u>2,346,534</u>	<u>11,269</u>	<u>10,679</u>	<u>1,287,567</u>	<u>432,228</u>	<u>1,276,143</u>	<u>311,137</u>	<u>5,675,557</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,600,086</u>	<u>\$ 518,613</u>	<u>\$ 337,639</u>	<u>\$ 1,621,550</u>	<u>\$ 1,162,926</u>	<u>\$ 1,337,222</u>	<u>\$ 529,233</u>	<u>\$ 10,107,269</u>

See accompanying notes to the financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016**

Total fund balance, governmental funds	\$	5,675,557
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
		24,083,608
Deferred revenues are reported in the fund financial statement, but are already recognized as earned in the Statement of Net Position.		
		30,082
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		
Accrued Interest	\$	(33,563)
Bond and Notes Payable Due Within One Year		(1,067,000)
Bond and Notes Payable Due In More Than One Year		(5,958,410)
Compensated Absences		(35,760)
		(7,094,733)
Net Position of Governmental Activities in the Statement of Net Position	\$	22,694,514

See accompanying notes to the financial statements.

**Village of Waterford
Waterford, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Library Operations</u>	<u>Special Funds</u>	<u>TIF #2 Debt Service</u>	<u>General Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Property Taxes	\$ 1,798,205	\$ 491,127	\$ 287,084	\$ 258,770	\$ 805,750	\$ -	\$ 65,660	\$ 3,706,596
Other Taxes	316,502	-	-	-	1,431	-	27,427	345,360
Special Assessment Revenue	-	24,512	-	-	-	-	-	24,512
Intergovernmental	191,012	-	416,190	14,650	71,878	152,893	58,708	905,331
License and Permits	157,518	-	-	-	-	-	-	157,518
Fines, Forfeits and Penalties	109,704	-	-	-	-	-	-	109,704
Public Charges for Services	290,681	-	19,450	-	-	-	-	310,131
Intergovernmental Charges for Services	7,750	-	-	-	-	-	-	7,750
Interest Income	23,621	943	187	8,390	-	4,266	6,661	44,068
Miscellaneous Income	16,405	-	-	3,096	-	-	127,541	147,042
Total Revenues	<u>2,911,398</u>	<u>516,582</u>	<u>722,911</u>	<u>284,906</u>	<u>879,059</u>	<u>157,159</u>	<u>285,997</u>	<u>5,758,012</u>
EXPENDITURES								
Current:								
General Government	681,932	-	-	40,581	-	-	31,549	754,062
Public Safety	1,256,974	-	-	-	-	-	54,409	1,311,383
Public Works	675,346	-	-	-	-	-	75,363	750,709
Health and Human Services	38,394	-	-	-	-	-	-	38,394
Culture, Recreation and Education	17,358	-	714,299	-	-	-	32,813	764,470
Conservation and Development	56,424	-	-	-	-	-	21,134	77,558
Capital Outlay	-	-	-	226,985	-	772,016	-	999,001
Debt Service:								
Principal Repayment	-	970,000	-	-	590,000	-	-	1,560,000
Interest Expense	-	20,632	-	-	118,758	-	7,567	146,957
Total Expenditures	<u>2,726,428</u>	<u>1,014,449</u>	<u>714,299</u>	<u>267,566</u>	<u>708,758</u>	<u>772,016</u>	<u>222,835</u>	<u>6,426,351</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>184,970</u>	<u>(497,867)</u>	<u>8,612</u>	<u>17,340</u>	<u>170,301</u>	<u>(614,857)</u>	<u>63,162</u>	<u>(668,339)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from Long-Term Debt	-	505,000	-	-	-	1,691,000	-	2,196,000
Transfers In	-	-	-	184,970	-	200,000	31,057	416,027
Transfers Out	(184,970)	-	-	(200,000)	(31,057)	-	-	(416,027)
Total Other Financing Sources and Uses	<u>(184,970)</u>	<u>505,000</u>	<u>-</u>	<u>(15,030)</u>	<u>(31,057)</u>	<u>1,891,000</u>	<u>31,057</u>	<u>2,196,000</u>
Net Change Fund Balances (Deficit)	-	7,133	8,612	2,310	139,244	1,276,143	94,219	1,527,661
Fund Balances - Beginning	2,346,534	4,136	2,067	1,285,257	292,984	-	216,918	4,147,896
Fund Balances - Ending	<u>\$ 2,346,534</u>	<u>\$ 11,269</u>	<u>\$ 10,679</u>	<u>\$ 1,287,567</u>	<u>\$ 432,228</u>	<u>\$ 1,276,143</u>	<u>\$ 311,137</u>	<u>\$ 5,675,557</u>

See accompanying notes to the financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2016**

Net change in fund balances - total governmental funds:	\$	1,527,661
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay capitalized:	\$	886,239
Depreciation expense reported in the Statement of Activities:		(988,258)
		(102,019)
<p>Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.</p>		
		13,590
<p>The Village disposed of various capital assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the Statement of Net Position as a net loss and has no effect on the Governmental Fund Balance Sheet.</p>		
The value of capital assets disposed of during the year was:		(381,187)
The amount of depreciation recapture for the year was:		381,187
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		-
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure; In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.</p>		
The amount of long-term debt principal payments in the current year is:		1,560,000
The amount of long-term debt incurred in the current year is:		(2,196,000)
		(636,000)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Adjustment for accrued interest not reflected on Governmental funds		15,077
Adjustment for decrease in compensated absences		5,744
Change in Net Position of governmental activities	\$	824,053

See accompanying notes to the financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 419,196	\$ 1,409,017	\$ 1,828,213
Receivables			
Special Assessments	-	36,585	36,585
Accounts	155,189	277,792	432,981
Due from Other Funds	20,679	46,126	66,805
Inventories	11,324	-	11,324
Prepaid Expenses	7,500	7,500	15,000
Total Current Assets	<u>613,888</u>	<u>1,777,020</u>	<u>2,390,908</u>
Restricted Assets:			
Restricted Cash and Investments	<u>398,089</u>	<u>613,373</u>	<u>1,011,462</u>
Total Restricted Assets	<u>398,089</u>	<u>613,373</u>	<u>1,011,462</u>
Capital Assets:			
Land	210	-	210
Construction Work in Progress	100,081	84,250	184,331
Other Capital Assets	11,279,921	10,013,553	21,293,474
Less Accumulated Depreciation	<u>(3,218,645)</u>	<u>(2,311,862)</u>	<u>(5,530,507)</u>
Net Capital Assets	<u>8,161,567</u>	<u>7,785,941</u>	<u>15,947,508</u>
Total Assets	<u>9,173,544</u>	<u>10,176,334</u>	<u>19,349,878</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized Debt Discount	<u>4,366</u>	<u>184</u>	<u>4,550</u>
Total Deferred Outflows of Resources	<u>4,366</u>	<u>184</u>	<u>4,550</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 9,177,910</u>	<u>\$ 10,176,518</u>	<u>\$ 19,354,428</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 104,655	\$ 152,579	\$ 257,234
Accrued Liabilities	4,044	2,055	6,099
Accrued Interest Payable	2,828	3,645	6,473
Compensated Absences	2,264	2,264	4,528
Current Portion of Long-Term Bonds	134,000	157,154	291,154
Total Current Liabilities	<u>247,791</u>	<u>317,697</u>	<u>565,488</u>
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Loans Payable	757,000	996,546	1,753,546
Compensated Absences	1,835	1,835	3,670
Total Long-Term Debt	<u>758,835</u>	<u>998,381</u>	<u>1,757,216</u>
Total Liabilities	<u>1,006,626</u>	<u>1,316,078</u>	<u>2,322,704</u>
NET POSITION			
Net Investment in Capital Assets	7,383,282	6,632,241	14,015,523
Restricted	282,546	609,728	892,274
Unrestricted	505,456	1,618,471	2,123,927
Total Net Position	<u>8,171,284</u>	<u>8,860,440</u>	<u>17,031,724</u>
Total Liabilities and Net Position	<u>\$ 9,177,910</u>	<u>\$ 10,176,518</u>	<u>\$ 19,354,428</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016**

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 741,259	\$ 888,183	\$ 1,629,442
Other Operating Revenues	14,810	9,487	24,297
Total Operating Revenues	<u>756,069</u>	<u>897,670</u>	<u>1,653,739</u>
OPERATING EXPENSES			
Operation and Maintenance	373,190	659,709	1,032,899
Depreciation	232,915	146,708	379,623
Taxes	9,527	6,614	16,141
Total Operating Expenses	<u>615,632</u>	<u>813,031</u>	<u>1,428,663</u>
Operating Income (Loss)	<u>140,437</u>	<u>84,639</u>	<u>225,076</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	3,490	4,216	7,706
Interest Expense	(19,666)	(25,018)	(44,684)
Debt Issuance Expense	-	(1,708)	(1,708)
Amortization Expense	(2,128)	(1,987)	(4,115)
Total Non-Operating Revenue (Expenses)	<u>(18,304)</u>	<u>(24,497)</u>	<u>(42,801)</u>
Income (Loss) Before Contributions and Transfers	122,133	60,142	182,275
Capital Contributions	26,719	114,679	141,398
Transfers Out (Tax Equivalent)	(193,297)	-	(193,297)
Change in Net Position	<u>(44,445)</u>	<u>174,821</u>	<u>130,376</u>
Total Net Position - Beginning	8,215,729	8,685,619	16,901,348
Total Net Position - Ending	<u>\$ 8,171,284</u>	<u>\$ 8,860,440</u>	<u>\$ 17,031,724</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2016**

	Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities:</u>			
Received from customers	\$ 523,307	\$ 870,741	\$ 1,394,048
Received from (paid to) municipality for services	218,924	14,757	233,681
Payments to suppliers	(142,599)	(558,885)	(701,484)
Payments to employees for services	(152,537)	(84,598)	(237,135)
Net cash provided (used) by operating activities	<u>447,095</u>	<u>242,015</u>	<u>689,110</u>
<u>Cash Flows From Noncapital Financing Activities:</u>			
Paid to municipality for tax equivalent	(193,297)	-	(193,297)
Net cash provided (used) by noncapital financing activities	<u>(193,297)</u>	<u>-</u>	<u>(193,297)</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(308,030)	(239,738)	(547,768)
Proceeds of long-term debt	567,000	117,000	684,000
Principal payments on long-term debt	(136,000)	(161,020)	(297,020)
Long-term debt issue costs	-	(1,708)	(1,708)
Interest paid	(19,601)	(25,866)	(45,467)
Contributions for future plant	26,719	114,679	141,398
Net cash used for capital and related financing activities	<u>130,088</u>	<u>(196,653)</u>	<u>(66,565)</u>
<u>Cash Flows From Investing Activities:</u>			
Interest on investments	3,490	4,216	7,706
Net cash provided (used) by investing activities	<u>3,490</u>	<u>4,216</u>	<u>7,706</u>
Net increase (decrease) in cash and equivalents	387,376	49,578	436,954
Cash and equivalents - beginning of year	429,909	1,972,812	2,402,721
Cash and equivalents - end of year	<u>\$ 817,285</u>	<u>\$ 2,022,390</u>	<u>\$ 2,839,675</u>
Reconciliation of Cash and Equivalents to Statement of Net Position			
Cash and Investments	\$ 419,196	\$ 1,409,017	\$ 1,828,213
Restricted Cash and Investments	398,089	613,373	1,011,462
Cash and equivalents - end of year	<u>\$ 817,285</u>	<u>\$ 2,022,390</u>	<u>\$ 2,839,675</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income	\$ 140,437	\$ 84,639	\$ 225,076
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	232,915	146,708	379,623
Joint meter	7,846	(7,846)	-
Changes in Assets and Liabilities:			
Customer accounts receivable	4,369	9,656	14,025
Due from/to other funds	(26,053)	22,603	(3,450)
Special assessment receivables	-	(36,585)	(36,585)
Accounts payable	88,105	24,281	112,386
Accrued liabilities	1,558	641	2,199
Other accrued liabilities	(2,082)	(2,082)	(4,164)
Net cash provided (used) by operating activities	<u>\$ 447,095</u>	<u>\$ 242,015</u>	<u>\$ 689,110</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2016**

	Tax Agency	Municipal Court	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,171,071	\$ 7,004	\$ 5,178,075
Receivables:			
Taxes Receivable	1,983,876	-	1,983,876
Total Assets	\$ 7,154,947	\$ 7,004	\$ 7,161,951
LIABILITIES			
Accounts Payable	\$ -	\$ 7,004	\$ 7,004
Due to Other Funds	315,625	-	315,625
Due to Other Governments	6,839,322	-	6,839,322
Deferred Revenues	-	-	-
Total Liabilities	\$ 7,154,947	\$ 7,004	\$ 7,161,951

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF WATERFORD, WISCONSIN
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December 31, 2016

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VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Waterford conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Waterford. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Blended Component Units

The Community Development Authority of the Village of Waterford ("CDA") serves all the citizens of the government and is governed by a board appointed by the Village President and affirmed by the Village Board. The rates for user charges and bond issuance authorizations are approved by the Village Board and the legal liability for the general obligation portion of the CDA's debt remains with the government. The CDA is reported as a debt service fund. The CDA does not issue separate financial statements.

Because the CDA's sole activity is to provide financing for the Village's tax increment district, generally accepted accounting principles specifically provide that the CDA's related outstanding debt, assets, and debt service activity be reported as part of the primary government to avoid the "double" counting of outstanding debt, assets and debt service activity. This activity is reported as part of the Village's Tax Incremental District No. 2 Debt Service Fund.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Funds are organized as major funds or nonmajor funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

Governmental Funds

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

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Debt Service Funds – Debt Service Funds are used to account for and report the financial resources that are restricted, committed or assigned to expenditure for principal and interest.

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

The Village reports the following major governmental funds:

- General Fund
- General Debt Service Fund
- Library Operations Fund
- Special Funds
- Tax Incremental District No. 2 Debt Service Fund
- General Capital Projects Fund

The Village reports the following nonmajor governmental funds:

Library Donations	CCCP
Library Impact Fees	Fire and Rescue Donations
Fire	Recycling
Act 102 and Donations	Curb Appeal Grant
Police Donations	Park Impact Fees
Hotel Room Tax Promotion	Fire and Rescue Impact Fees
Flexible Spending	Tax Incremental District No. 2 Capital Projects
Canoe Kayak Launch	Deferred Comp Plan

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. The Village reports the following business-type activities:

Major Enterprise Funds

- Water Utility – Accounts for providing water service
- Sewer Utility – Accounts for providing sewer service

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds (Not included in Government-Wide Statements)

Agency Funds – Agency Funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village’s Tax Collection Fund accounts for the transactions pertaining to the Village’s tax appropriation. Deposits of the Village’s Municipal Court are accounted for in the Municipal Court Fund.

C. BASIS OF ACCOUNTING

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

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

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

The Village's property taxes are levied on or before December 31 on the assessed valuation as of the prior January 1 for all general property located in the Village. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services.

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

Property tax calendar – 2016 tax roll:

Lien date and levy date	December, 2016
Tax bills mailed	December, 2016
Payment in full or first installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent real estate taxes	October, 2019

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 the water and sewer utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

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

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

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

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

D. MEASUREMENT FOCUS

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

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

E. CASH AND INVESTMENTS

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS (Continued)

Restricted Assets

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

F. INVENTORIES AND PREPAID ITEMS

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

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

G. CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest used capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS (Continued)

Government-Wide Statements (Continued)

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

Buildings	40 - 80 years
Machinery and Equipment	3 - 30 years
Infrastructure	20 - 50 years
Water Utility System	3 - 77 years
Sewer Utility System	71 years

Fund Financial Statements

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

H. INTERFUND RECEIVABLES AND PAYABLES

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

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Village reports ambulance accounts receivable net of an allowance of \$38,595. No other allowance for uncollectible accounts has been recorded as all other amounts are considered collectible.

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. LONG-TERM OBLIGATIONS/CONDUIT DEBT

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet.

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

L. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

M. INTERFUND TRANSACTIONS

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

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

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

Fund Statements

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

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Village Board. A formal resolution by the Village Board is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are constrained by the Village’s intent to be used for specific purposes, but are neither restricted nor committed. The Village Board has designated the Village Treasurer as the official authorized to assign amounts to a specific purpose.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes.

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Water Utility - Current water rates were approved by the PSCW effective September 1, 2015.

Sewer Utility - Current sewer rates were approved by the Village Board effective September 1, 2011.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the General Fund, Library Operations Fund, Special Funds, General Debt Service Fund and TIF District No. 2 Debt Service Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds receiving a tax levy.

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

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2016, the following individual funds held a deficit balance:

Fund	Amount	Reason
Tax Incremental District No. 2 Capital Projects	\$ (135,390)	Expenditures to be paid by future tax increment revenues
CCCP	\$ (21,125)	Expenditures were over revenues
Canoe Kayak Launch	\$ (45,671)	Unearned Grant Revenue

C. BOND COVENANT DISCLOSURE

As part of the Revenue Bond resolutions, certain information is required to be disclosed.

Compliance with Funding Requirements

The utilities are in compliance with combined bond funding requirements.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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

C. BOND COVENANT DISCLOSURE (Continued)

Number of Customers

The utilities served the following number of customers at December 31, 2016:

	Water	Sewer
Residential	1,884	1,898
Commercial	228	230
Industrial	17	18
Public authority	22	17
Multi-family	39	40
Totals	2,190	2,203

Insurance Coverage

The utilities were in compliance with combined insurance requirements.

Debt Coverage

2016 required and actual coverage factors are as follows:

Net Revenues	Water	Sewer
REVENUES		
Charges for Services	\$ 741,259	\$ 888,183
Other Operating Revenues	14,810	9,487
Total Operating Revenues	756,069	897,670
OPERATING EXPENSES		
Operation and Maintenance	373,190	659,709
Taxes (excluding tax equivalent)	9,527	6,614
Total Expenses for Coverage Ratio Calculation	382,717	666,323
Net from Operations for Coverage Ratio Calculation	373,352	231,347
NON-OPERATING REVENUES (EXPENSES)		
Interest and Investment Revenue	3,490	4,216
Capital Contributions Received	26,719	114,679
Net Revenues per Bond Ordinance	\$ 403,561	\$ 350,242
Annual debt service requirements	\$ 134,658	\$ 159,516
2016 calculated coverage ratio	3.00	2.20
Required coverage ratio	1.25	1.25

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and Balance Sheet as cash and investments. In addition, investments are separately held by the Village's TIF District No. 2 Fund.

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

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 14,015,804	\$ 14,078,508	Custodial Credit Risk
Library investments	172,445	172,445	Credit Risk, Interest Rate Risk
Petty cash	300	300	N/A
	<u>\$ 14,188,549</u>	<u>\$ 14,251,253</u>	

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:

Cash and investments	\$ 8,144,012
Restricted cash and investments	866,462

Fiduciary funds:

Tax Collection Fund	5,171,071
Municipal Court	7,004
	<u>\$ 14,188,549</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

The Village maintains collateral agreements with its banks. As of December 31, 2016, the Village had \$14,078,508 on deposit with financial institutions. Of this amount, the Village had deposits in excess of federal and state deposit insurance limits that were exposed to custodial credit risk as follows:

Uninsured and collateralized with securities help by pledging financial institution	\$ 13,415,914
	\$ 13,415,914

Investments

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Village has no investment policy that would further limit its investments choices. As of December 31, 2016, the Village's investments were rated as follows:

	Morningstar Rating			
	2 Star	3 Star	4 Star	Total
Mutual Funds	\$ 21,268	\$ 18,438	\$ 25,486	\$ 65,192
Fixed Income	30,326	48,067	22,756	101,149
Total	\$ 51,594	\$ 66,505	\$ 48,242	\$ 166,341

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk

Interest Rate Risk

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

The Village does have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

The Village's investments at December 31, 2016 included the following:

<u>Weighted Average of maturity</u>	<u>Fixed Income</u>
Less than one year	\$ 35,080
One to three years	27,958
Three to five years	-
Five to 10 years	38,111
	<u>\$ 101,149</u>

B. FAIR VALUE MEASUREMENT

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

The Village uses the following hierarchical disclosure framework:

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

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

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

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. FAIR VALUE MEASUREMENT (Continued)

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	12/31/2016			
Stocks	\$ 8,172	\$ 8,172	\$ -	\$ -
Equity Portfolios	57,020	57,020	-	-
Fixed Income Portfolios	101,149	101,149	-	-
Total Investments by Fair Value Level	<u>\$ 166,341</u>	<u>\$ 166,341</u>	<u>\$ -</u>	<u>\$ -</u>

C. RECEIVABLES

Receivables as of year end for the government’s individual major funds, nonmajor funds, and fiduciary funds in the aggregate, are detailed on the governmental funds balance sheet, proprietary funds statement of net position and the fiduciary funds statement of net position. All amounts are expected to be collected within one year except for \$135,390 of long-term advance receivable from the Village’s TIF District.

D. RESTRICTED ASSETS

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

Redemption Account – Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve Account – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Depreciation Account – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Replacement Account – As a condition of receiving state and federal funds for wastewater plant construction, the Utilities have established an account for replacement of certain equipment.

At December 31, 2016, Water and Sewer restricted assets consisted of the following:

	Water	Sewer
Equipment Replacement Fund	\$ -	\$ 409,720
Utility Impact Fees	154,964	-
Depreciation Account	129,152	-
Debt Reserves and Special Redemption	113,973	203,653
Total Restricted Assets	<u>\$ 398,089</u>	<u>\$ 613,373</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

Governmental Activities

Capital asset activity for governmental activities for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 10,375,739	\$ -	\$ -	\$ 10,375,739
Construction in progress	125,167	22,331	67,497	80,001
Total capital assets not being depreciated	<u>10,500,906</u>	<u>22,331</u>	<u>67,497</u>	<u>10,455,740</u>
Capital assets being depreciated:				
Land improvements	424,976	-	-	424,976
Buildings and improvements	7,158,268	11,505	-	7,169,773
Machinery and equipment	3,993,088	83,018	-	4,076,106
Roads	19,248,314	698,899	381,187	19,566,026
Storm sewers	4,153,629	137,983	-	4,291,612
Signage	248,140	-	-	248,140
Lighting	68,544	-	-	68,544
Sidewalks	958,398	-	-	958,398
Paths	157,331	-	-	157,331
Total capital assets being depreciated	<u>36,410,688</u>	<u>931,405</u>	<u>381,187</u>	<u>36,960,906</u>
Less: Accumulated depreciation:				
Land improvements	(115,334)	(18,314)	-	(133,648)
Buildings and improvements	(2,584,141)	(139,818)	-	(2,723,959)
Machinery and equipment	(3,219,907)	(126,969)	-	(3,346,876)
Roads	(14,202,027)	(578,260)	(381,187)	(14,399,100)
Storm sewers	(1,589,350)	(84,452)	-	(1,673,802)
Signage	(237,632)	(3,914)	-	(241,546)
Lighting	(68,544)	-	-	(68,544)
Sidewalks	(608,409)	(31,287)	-	(639,696)
Paths	(100,623)	(5,244)	-	(105,867)
Total accumulated depreciation	<u>(22,725,967)</u>	<u>(988,258)</u>	<u>(381,187)</u>	<u>(23,333,038)</u>
Net governmental capital assets	<u>\$ 24,185,627</u>	<u>\$ (34,522)</u>	<u>\$ 67,497</u>	<u>\$ 24,083,608</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

Depreciation expense was charged to functions as follows:

General government	\$	40,507
Public safety		77,151
Public works		781,385
Culture, education and recreation		89,215
Total governmental activities depreciation	\$	988,258

Business-Type Activities

Capital asset activity for enterprise funds for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<u>Sewer</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 43,173	\$ 220,518	\$ 179,441	\$ 84,250
Total capital assets not being depreciated	43,173	220,518	179,441	84,250
Capital assets being depreciated:				
Collecting system	8,756,813	198,661	9,000	8,946,474
Collecting system pumping	775,143	-	-	775,143
General	291,936	-	-	291,936
Total capital assets being depreciated	9,823,892	198,661	9,000	10,013,553
Less: Accumulated depreciation				
Collecting system	(1,979,445)	(123,923)	(9,000)	(2,094,368)
Collecting system pumping	(130,653)	(10,852)	-	(141,505)
General	(71,902)	(4,087)	-	(75,989)
Total accumulated depreciation	(2,182,000)	(138,862)	(9,000)	(2,311,862)
Total sewer plant	\$ 7,685,065	\$ 280,317	\$ 179,441	\$ 7,785,941

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/2016
<u>Water</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 210	\$ -	\$ -	\$ 210
Construction in progress	55,023	232,457	187,399	100,081
Total capital assets not being depreciated	<u>55,233</u>	<u>232,457</u>	<u>187,399</u>	<u>100,291</u>
Capital assets being depreciated:				
Source of supply	861,201	-	-	861,201
Pumping	165,690	70,285	20,222	215,753
Water treatment	1,675,306	-	-	1,675,306
Transmission and distribution	8,158,646	192,687	6,760	8,344,573
General	183,088	-	-	183,088
Total capital assets being depreciated	<u>11,043,931</u>	<u>262,972</u>	<u>26,982</u>	<u>11,279,921</u>
Less: Accumulated depreciation				
Source of supply	(157,599)	(24,975)	-	(182,574)
Pumping	(49,945)	(8,081)	(8,898)	(49,128)
Water treatment	(511,846)	(53,825)	-	(565,671)
Transmission and distribution	(2,080,000)	(141,127)	(6,760)	(2,214,367)
General	(194,152)	(12,753)	-	(206,905)
Total accumulated depreciation	<u>(2,993,542)</u>	<u>(240,761)</u>	<u>(15,658)</u>	<u>(3,218,645)</u>
Total water plant	<u>\$ 8,105,622</u>	<u>\$ 254,668</u>	<u>\$ 198,723</u>	<u>\$ 8,161,567</u>
Total sewer and water plant	<u>\$ 15,790,687</u>	<u>\$ 534,985</u>	<u>\$ 378,164</u>	<u>\$ 15,947,508</u>

A summary of depreciation rates and accumulated depreciation for water and sewer follows:

Fund	Depreciation Rate	Balance 1/1/2016	2016 Depreciation Expense	2016 Joint Meter Allocation	2016 Retirements and Salvage	Balance 12/31/2016
Sewer	1.400%	\$ 2,182,000	\$ 146,708	\$ (7,846)	\$ 9,000	\$ 2,311,862
Water	1.3%-26.7%	2,993,542	232,915	7,846	15,658	3,218,645
		<u>\$ 5,175,542</u>	<u>\$ 379,623</u>	<u>\$ -</u>	<u>\$ 24,658</u>	<u>\$ 5,530,507</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables, including any overdrafts of pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Agency	\$ 241,067
General Fund	CCCP	19,500
General Fund	Canoe -Kayak Launch	45,671
Debt Service	Tax Agency	7,753
Water Utility	Tax Agency	20,679
Sewer Utility	Tax Agency	46,126
Total fund financial statements		<u>380,796</u>
Less: fund eliminations		(65,171)
Less: amount due from agency		<u>(315,625)</u>
Total internal balances - Government-Wide		
Statement of Net Position		<u><u>\$ -</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is collection. All remaining balances resulted 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.

For the Statement of Net Position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The General Fund has advanced the Village's TIF District \$135,390 for project expenditures occurring in the District. Payments of \$31,057 per year will be made for ten years including interest at a rate of 4.75%. For the Statement of Net Position, this advance has been eliminated.

The following is a schedule of transfers recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds as of December 31, 2016:

<u>Transfers Out Fund:</u>	<u>Transfers In Fund:</u>	<u>Purpose:</u>	<u>Amount</u>
General Fund	Special Funds	Additional transfer for new fund balance policy	\$ 184,970
Special Funds	General Capital Projects	Capital levy	200,000
TIF # 2 Debt Service	TIF # 2 Capital Projects	Eliminate deficit	31,057
			<u><u>\$ 416,027</u></u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

The following is a schedule of transfers in the Government-Wide Statement of Activities as of December 31, 2016:

Transfers Out:	Transfers In:	Purpose:	Amount
Business-Type Activities	Governmental Activities	Property tax equivalent	\$ 193,297

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt services from the funds collecting the receipts to the Debt Service Fund, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the Statements of Activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

G. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources in the governmental funds at December 31, 2016, consist of the following:

	Unavailable	Unearned	Total
2016 tax apportionment	\$ -	\$ 3,378,300	\$ 3,378,300
Special charges and other	425	270,654	271,079
Total deferred inflows for governmental funds	\$ 425	\$ 3,648,954	\$ 3,649,379

Deferred inflows of resources for governmental activities at December 31, 2016, consist of the following:

	Governmental Activities
2016 tax apportionment	\$ 3,378,230
Special charges and other	241,067
Total deferred inflows	\$ 3,619,297

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 6,285,000	\$2,196,000	\$ 1,560,000	\$ 6,921,000	\$ 1,067,000
Add/ (subtract) deferred amounts for:					
(Discounts)/ premiums	119,878	-	15,468	104,410	-
Subtotal	<u>6,404,878</u>	<u>2,196,000</u>	<u>1,575,468</u>	<u>7,025,410</u>	<u>1,067,000</u>
Other liabilities:					
Vested compensated absences	41,504	-	5,744	35,760	19,078
Total governmental activities long-term liabilities	<u>\$ 6,446,382</u>	<u>\$ 2,196,000</u>	<u>\$ 1,581,212</u>	<u>\$ 7,061,170</u>	<u>\$ 1,086,078</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ -	\$ 684,000	\$ 55,000	\$ 629,000	\$ 58,000
Revenue bonds	1,657,720	-	242,020	1,415,700	233,154
Subtotal	<u>1,657,720</u>	<u>684,000</u>	<u>297,020</u>	<u>2,044,700</u>	<u>291,154</u>
Other liabilities:					
Vested compensated absences	12,362	-	4,164	8,198	4,528
Total business-type activities long-term liabilities	<u>\$ 1,670,082</u>	<u>\$ 684,000</u>	<u>\$ 301,184</u>	<u>\$ 2,052,898</u>	<u>\$ 295,682</u>

General Obligation Debt

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

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

General Obligation Debt (Continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2016 was \$22,002,235. Total general obligation debt outstanding at year end was \$7,550,000.

General obligation debt for governmental activities at December 31, 2016 consisted of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/2016</u>
<u>Governmental Activities</u>					
Community development bonds	2/6/2013	3/1/2024	2.0 - 2.15%	\$ 1,310,000	1,060,000
General obligation refunding bonds	9/8/2014	10/1/2024	2.0 - 2.25%	\$ 5,035,000	4,110,000
General obligation promissory notes	1/27/2016	4/1/2025	0.5 - 2.25%	\$ 2,196,000	1,751,000
Total governmental activities general obligation debt					<u>\$ 6,921,000</u>
<u>Business-Type Activities</u>					
General obligation promissory notes	1/27/2016	4/1/2025	0.5 - 2.25%	\$ 684,000	629,000
Total business-type activities general obligation debt					<u>\$ 629,000</u>

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

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,067,000	\$ 125,897	\$ 58,000	\$ 7,699
2018	857,000	110,982	58,000	7,220
2019	751,000	97,086	19,000	6,859
2020	769,000	83,282	161,000	5,793
2021	783,000	68,868	167,000	3,700
2022-2025	2,694,000	114,058	166,000	1,287
Totals	<u>\$ 6,921,000</u>	<u>\$ 600,173</u>	<u>\$ 629,000</u>	<u>\$ 32,558</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds

Business-type activities revenue bonds at December 31, 2016 consisted of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2016
Sewer Utility					
2012 Refunding bonds	3/7/2012	5/1/2020	1.0 - 2.2%	\$ 570,000	\$ 285,000
2010 Clean Water Fund Loan	7/14/2010	5/1/2030	2.411%	1,050,807	790,700
Water Utility					
2010 Revenue bonds	5/4/2010	5/1/2019	1.25 - 4.0%	1,110,000	<u>340,000</u>
Total business-type activities revenue debt					<u><u>\$ 1,415,700</u></u>

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

Years	Business-Type Activities	
	Principal	Interest
2017	\$ 233,154	\$ 34,288
2018	234,315	27,684
2019	230,504	20,725
2020	126,721	15,698
2021	52,968	13,611
2022-2026	284,625	48,032
2027-2030	253,413	12,401
Totals	<u><u>\$ 1,415,700</u></u>	<u><u>\$ 172,439</u></u>

Current Refunding Bonds

On January 27, 2016, the Village issued \$2.88 million in general obligation promissory notes with interest rates ranging between 0.5-2.25%. The Village issued the bonds to current refund \$495,000 of the outstanding series 2007 general obligation bonds with a 3.7-4.0% interest rate. The Village used the remaining net proceeds of \$1,691,000 for street projects, \$567,000 for water projects, and \$117,000 for sewer projects.

The current refunding reduced total debt service payments by \$24,200. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$20,343.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions.

Unamortized Debt Discounts and Premiums

The Village has a premium on the 2014 GO Refunding Bonds and is amortizing it over the life of the debt. As of December 31, 2016, the unamortized premium is \$104,410. In 2016, the Village amortized \$15,468 of the premium.

I. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government-Wide Statement of Net Position at December 31, 2016 include the following:

Net investment in capital assets	
Land and Improvements	\$ 10,455,740
Other capital assets, net of accumulated depreciation	13,627,868
Less: related long-term debt outstanding	(7,025,410)
Plus: non-capital debt proceeds	2,016,015
Plus: unspent capital related debt	1,276,143
Total net investment in capital assets	20,350,356
Restricted for special purposes	
Debt service	432,228
Impact fees	186,622
Donations and grants	263,399
Tourism	12,496
Fire	32,709
Recycling	4,821
Employee benefits	13,317
Total restricted for special purposes	945,592
Unrestricted	1,398,566
Total governmental activities net position	\$ 22,694,514

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position at December 31, 2016 include the following:

Net investment in capital assets	
Net Capital assets	\$ 15,947,508
Less: related long-term debt outstanding	(1,415,700)
Plus: noncapital bond proceeds	112,715
Total net investment in capital assets	14,644,523
Restricted for special purposes	
Debt service	53,438
Equipment replacement	409,720
Depreciation fund	129,152
Impact fees	154,964
Total restricted for special purposes	747,274
Unrestricted	1,639,927
Total business-type activities net position	\$ 17,031,724

K. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported at December 31, 2016 include the following:

Nonspendable	
Major fund:	
General Fund:	
Advance to TIF District No. 2 and delinquent pp tax	\$ 135,671

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. GOVERNMENTAL FUND BALANCES (Continued)

Restricted

Nonmajor funds:

Special Revenue Funds:

Library donations	\$ 156,684
Library impact fees	8,410
Fire 2% dues	32,709
Act 102 and donations	11,269
Hotel room tax promotion	12,496
Flexible spending	13,317
Fire and rescue donations	65,965
Recycling	4,821
Curb appeal	29,440
Park impact fees	90,776
Fire and rescue impact fees	87,436

Major fund:

TIF expenditures	432,228
Total	\$ 945,551

Assigned

Major funds:

General Fund	\$ 1,359,588
Special Funds	1,287,567
Capital Projects Fund:	
General capital projects	1,276,143
Debt Service Fund:	
General debt service	11,269
Special Revenue Fund:	
Library operations - operating reserve	10,679
Total	\$ 3,945,246

Unassigned

Major fund:

General Fund	\$ 851,275
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Nonmajor funds:

Canoe Kayak Launch	(45,671)
CCCP	(21,125)
Capital Projects Fund:	
TIF District No. 2 capital projects	(135,390)
Total	\$ 649,089

The unassigned fund balance equals 30% of the 2017 budgeted General Fund expenditures. It is the policy that any amount of fund balance above 30% of the 2017 budgeted expenditures would be transferred to special funds.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

L. DEFINED CONTRIBUTION PENSION PLAN

The Village provides pension benefits for all of its eligible employees through a defined contribution plan known as the Village of Waterford Pension Trust through ING North America Insurance Company. Pension Consultants Co., Inc. of Green Bay, WI administers the plan.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan upon attaining the age of twenty and one-half years and completing one year of active service. Vesting begins in the second year of service and participants become fully vested after seven years. Village contributions based on established percentages of eligible paid compensation (but not to exceed 11.5% of total eligible compensation annually) for the year ended December 31, 2016 amounted to \$38,835. Total contributions for the years ending December 31, 2015 and 2014 were \$41,470 and \$41,496, respectively, equal to the required contributions for each year. The employer contributions were 5.75% of payroll.

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICT

Summary Description

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

Generally, the statutes provide that no project costs may be expended later than seven years after the creation date of the district. The statutes further allow the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district has been recovered, whichever occurs first. The 1995-97 state budget act changed these time frames for districts created prior to October 1, 1995. The budget act extended the project expenditure period for these districts from seven years to ten years. Also, the budget act established a maximum life of twenty-seven years on these districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The State enacted several changes relating to tax incremental districts in 2004. One of these changes extends the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that have reached the end of its expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

M. STATUS OF TAX INCREMENTAL FINANCING DISTRICT (Continued)

Summary Description (Continued)

The Village created Tax Incremental Financing District No. 2 in 2000, and amended the District in 2004 and 2010. A summary of the project costs to date are as follows:

	Year Ended December 31, 2016	From Date of Creation
TIF District No. 2		
Revenues:		
Taxes	\$ 805,750	\$ 7,816,340
Payment in lieu of taxes	1,451	5,274
Intergovernmental revenues	71,878	475,490
Investment income	-	613,360
Miscellaneous income	-	48,483
Transfer from other funds	-	200,000
Debt premium	-	139,213
Proceeds - lease revenue bonds	-	16,010,000
Proceeds - general obligation debt	-	7,690,000
	\$ 879,079	\$ 32,998,160
Expenditures:		
Capital expenditures	\$ -	\$ 7,116,407
Interest and fiscal charges	126,325	6,556,789
Principal on long-term debt - paid	590,000	3,325,000
Principal on long-term debt - refunded	-	15,240,000
Loss on refunding of long-term debt	-	463,107
Total expenditures	\$ 716,325	\$ 32,701,303

Advances of \$135,390 have been recorded in the General Fund to reflect costs advanced on behalf of the District.

Current valuations of the District are as follows:

Current value	\$ 45,707,400
Base value	13,788,800
Increment	\$ 31,918,600

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of TID No. 2. Unless terminated by the Village prior thereto, TID No. 2 has a statutory termination year of 2024.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 4. OTHER INFORMATION

A. COMMITMENTS AND CONTINGENCIES

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

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

B. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTARY INFORMATION

**Village of Waterford
Waterford, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 1,798,205	\$ 1,798,205	\$ 1,798,205	\$ -
Other Taxes	345,380	345,380	316,502	(28,878)
Intergovernmental	191,160	191,160	191,012	(148)
License and Permits	141,560	141,560	157,518	15,958
Fines, Forfeits and Penalties	70,000	70,000	109,704	39,704
Public Charges for Services	238,800	238,800	290,681	51,881
Intergovernmental Charges for Services	11,500	11,500	7,750	(3,750)
Interest Income	12,568	12,568	23,621	11,053
Miscellaneous Income	12,500	12,500	16,405	3,905
Total Revenues	<u>2,821,673</u>	<u>2,821,673</u>	<u>2,911,398</u>	<u>89,725</u>
EXPENDITURES				
Current:				
General Government	741,850	741,850	681,932	59,918
Public Safety	1,272,744	1,272,744	1,256,974	15,770
Public Works	738,585	738,585	675,346	63,239
Health and Human Services	38,044	38,044	38,394	(350)
Culture, Recreation and Education	21,970	21,970	17,358	4,612
Conservation and Development	8,480	8,480	56,424	(47,944)
Total Expenditures	<u>2,821,673</u>	<u>2,821,673</u>	<u>2,726,428</u>	<u>95,245</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>184,970</u>	<u>184,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(46,230)	(46,230)	(184,970)	(138,740)
Total Other Financing Sources (Uses)	<u>(46,230)</u>	<u>(46,230)</u>	<u>(184,970)</u>	<u>(138,740)</u>
Net Change in Fund Balances	(46,230)	(46,230)	-	46,230
Fund Balances - Beginning	2,346,534	2,346,534	2,346,534	-
Fund Balances - Ending	<u>\$ 2,300,304</u>	<u>\$ 2,300,304</u>	<u>\$ 2,346,534</u>	<u>\$ 46,230</u>

See accompanying notes to the required supplementary information.

**Village of Waterford
Waterford, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Library Operations
For the Year Ended December 31, 2016**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 287,084	\$ 287,084	\$ 287,084	\$ -
Intergovernmental	416,190	416,190	416,190	-
Public Charges for Services	19,744	19,744	19,450	(294)
Interest Income	-	-	187	187
Total Revenues	<u>723,018</u>	<u>723,018</u>	<u>722,911</u>	<u>(107)</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	<u>724,409</u>	<u>724,409</u>	<u>714,299</u>	<u>10,110</u>
Total Expenditures	<u>724,409</u>	<u>724,409</u>	<u>714,299</u>	<u>10,110</u>
Net Change in Fund Balances	(1,391)	(1,391)	8,612	10,003
Fund Balances - Beginning	2,067	2,067	2,067	-
Fund Balances - Ending	<u>\$ 676</u>	<u>\$ 676</u>	<u>\$ 10,679</u>	<u>\$ 10,003</u>

See accompanying notes to the required supplementary information.

**Village of Waterford
Waterford, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
Special Funds
For the Year Ended December 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 258,770	\$ 258,770	\$ 258,770	\$ -
Intergovernmental	152,968	152,968	14,650	(138,318)
Interest Income	-	-	8,390	8,390
Miscellaneous Income	-	-	3,096	3,096
Total Revenues	<u>411,738</u>	<u>411,738</u>	<u>284,906</u>	<u>(126,832)</u>
EXPENDITURES				
Current:				
General Government	25,000	25,000	40,581	(15,581)
Capital Outlay	1,685,840	1,685,840	226,985	1,458,855
Total Expenditures	<u>1,710,840</u>	<u>1,710,840</u>	<u>267,566</u>	<u>1,443,274</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,299,102)</u>	<u>(1,299,102)</u>	<u>17,340</u>	<u>1,316,442</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	46,230	46,230	184,970	138,740
Transfers Out	-	-	(200,000)	(200,000)
Total Other Financing Sources (Uses)	<u>46,230</u>	<u>46,230</u>	<u>(15,030)</u>	<u>(61,260)</u>
Net Change in Fund Balances	(1,252,872)	(1,252,872)	2,310	1,255,182
Fund Balances - Beginning	1,285,257	1,285,257	1,285,257	-
Fund Balances - Ending	<u>\$ 32,385</u>	<u>\$ 32,385</u>	<u>\$ 1,287,567</u>	<u>\$ 1,255,182</u>

See accompanying notes to the required supplementary information.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2016

NOTE 1. BUDGETARY COMPARISON SCHEDULE

A. BASIS OF ACCOUNTING

The budgetary comparison schedules have been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America. See Note 2(A) in the notes to the financial statements for more information on the Village's budgetary information.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village controls expenditures at the fund level. Some individual funds experienced expenditures which exceeded appropriations as follows:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Appropriations
General Fund:			
Current:			
Health and Human Services	\$ 38,044	\$ 38,394	\$ (350)
Conservation and development	8,480	56,424	(47,944)
Special Funds:			
General government	25,000	40,581	(15,581)

The excess expenditures were financed by revenues in excess of budget and fund balance.

OTHER SUPPLEMENTARY INFORMATION

**Village of Waterford
Waterford, Wisconsin**

**Non-Major Funds
Combining Balance Sheet
December 31, 2016**

	Library Donations	Library Impact Fees	Fire	Act 102 and Donations	Police Donations	Hotel-Room Tax	Page Total
ASSETS							
Cash and Cash Equivalents	\$ 156,684	\$ 8,410	\$ 32,709	\$ 11,269	\$ -	\$ 12,496	\$ 221,568
Receivables:							
Other	425	-	-	-	-	-	425
Total Assets	<u>\$ 157,109</u>	<u>\$ 8,410</u>	<u>\$ 32,709</u>	<u>\$ 11,269</u>	<u>\$ -</u>	<u>\$ 12,496</u>	<u>\$ 221,993</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Deferred Inflows of Resources:							
Deferred Inflows	<u>\$ 425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425</u>
Fund Balances:							
Restricted	<u>156,684</u>	<u>8,410</u>	<u>32,709</u>	<u>11,269</u>	<u>-</u>	<u>12,496</u>	<u>221,568</u>
Total Fund Balances (Deficit)	<u>156,684</u>	<u>8,410</u>	<u>32,709</u>	<u>11,269</u>	<u>-</u>	<u>12,496</u>	<u>221,568</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 157,109</u>	<u>\$ 8,410</u>	<u>\$ 32,709</u>	<u>\$ 11,269</u>	<u>\$ -</u>	<u>\$ 12,496</u>	<u>\$ 221,993</u>

**Village of Waterford
Waterford, Wisconsin**

**Non-Major Funds
Combining Balance Sheet
December 31, 2016**

	<u>Flexible Spending</u>	<u>Fire and Rescue Donations</u>	<u>Recycling</u>	<u>Deferred Comp Plan</u>	<u>Curb Appeal Grant</u>	<u>Park Impact Fee</u>	<u>Fire and Rescue Impact Fees</u>	<u>Page Total</u>
ASSETS								
Cash and Cash Equivalents	\$ 13,317	\$ 66,100	\$ 10,571	\$ -	\$ 29,440	\$ 90,776	\$ 87,436	\$ 297,640
Receivables:								
Taxes	-	-	9,600	-	-	-	-	9,600
Total Assets	<u>\$ 13,317</u>	<u>\$ 66,100</u>	<u>\$ 20,171</u>	<u>\$ -</u>	<u>\$ 29,440</u>	<u>\$ 90,776</u>	<u>\$ 87,436</u>	<u>\$ 307,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ -	\$ 135	\$ 5,750	\$ -	\$ -	\$ -	\$ -	\$ 5,885
Total Liabilities	<u>-</u>	<u>135</u>	<u>5,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,885</u>
Deferred Inflows of Resources:								
Deferred Inflows	<u>-</u>	<u>-</u>	<u>9,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,600</u>
Fund Balances:								
Restricted	13,317	65,965	4,821	-	29,440	90,776	87,436	291,755
Total Fund Balances (Deficit)	<u>13,317</u>	<u>65,965</u>	<u>4,821</u>	<u>-</u>	<u>29,440</u>	<u>90,776</u>	<u>87,436</u>	<u>291,755</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,317</u>	<u>\$ 66,100</u>	<u>\$ 20,171</u>	<u>\$ -</u>	<u>\$ 29,440</u>	<u>\$ 90,776</u>	<u>\$ 87,436</u>	<u>\$ 307,240</u>

**Village of Waterford
Waterford, Wisconsin**

**Combining Balance Sheet
Non-Major Funds
December 31, 2016**

	<u>TIF 2 Capital Projects</u>	<u>Canoe Kayak Launch</u>	<u>CCCP</u>	<u>Page Total</u>	<u>Non-Major Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 519,208
Receivables:					
Taxes	-	-	-	-	9,600
Other	-	-	-	-	425
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,233</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ -	\$ -	\$ 1,625	\$ 1,625	\$ 7,510
Due to Other Funds	-	45,671	19,500	65,171	65,171
Advances Payable	<u>135,390</u>	<u>-</u>	<u>-</u>	<u>135,390</u>	<u>135,390</u>
Total Liabilities	<u>135,390</u>	<u>45,671</u>	<u>21,125</u>	<u>202,186</u>	<u>208,071</u>
Deferred Inflows of Resources:					
Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,025</u>
Fund Balances:					
Restricted	-	-	-	-	513,323
Unassigned (deficit)	<u>(135,390)</u>	<u>(45,671)</u>	<u>(21,125)</u>	<u>(202,186)</u>	<u>(202,186)</u>
Total Fund Balances (Deficit)	<u>(135,390)</u>	<u>(45,671)</u>	<u>(21,125)</u>	<u>(202,186)</u>	<u>311,137</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,233</u>

**Village of Waterford
Waterford, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended December 31, 2016**

	<u>Library Donations</u>	<u>Library Impact Fees</u>	<u>Fire</u>	<u>Act 102 and Donations</u>	<u>Police Donations</u>	<u>Hotel-Room Tax</u>	<u>Page Total</u>
REVENUES							
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,427	\$ 27,427
Intergovernmental	-	-	18,385	5,918	-	-	24,303
Interest Income	5,396	45	-	65	-	60	5,566
Miscellaneous Income	11,434	2,603	-	-	2,000	-	16,037
Total Revenues	<u>16,830</u>	<u>2,648</u>	<u>18,385</u>	<u>5,983</u>	<u>2,000</u>	<u>27,487</u>	<u>73,333</u>
EXPENDITURES							
Current:							
Public Safety	-	-	2,076	3,885	14,947	-	20,908
Culture, Recreation and Education	11,688	-	-	-	-	-	11,688
Conservation and Development	-	-	-	-	-	21,134	21,134
Total Expenditures	<u>11,688</u>	<u>-</u>	<u>2,076</u>	<u>3,885</u>	<u>14,947</u>	<u>21,134</u>	<u>53,730</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,142</u>	<u>2,648</u>	<u>16,309</u>	<u>2,098</u>	<u>(12,947)</u>	<u>6,353</u>	<u>19,603</u>
Net Change in Fund Balances	5,142	2,648	16,309	2,098	(12,947)	6,353	19,603
Fund Balances - Beginning	151,542	5,762	16,400	9,171	12,947	6,143	201,965
Fund Balances - Ending	<u>\$ 156,684</u>	<u>\$ 8,410</u>	<u>\$ 32,709</u>	<u>\$ 11,269</u>	<u>\$ -</u>	<u>\$ 12,496</u>	<u>\$ 221,568</u>

**Village of Waterford
Waterford, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended December 31, 2016**

	<u>Flexible Spending</u>	<u>Fire and Rescue Donations</u>	<u>Recycling</u>	<u>Deferred Comp Plan</u>	<u>Curb Appeal Grant</u>	<u>Park Impact Fee</u>	<u>Fire and Rescue Impact Fees</u>	<u>Page Total</u>
REVENUES								
Property Taxes	\$ -	\$ -	\$ 65,660	\$ -	\$ -	\$ -	\$ -	\$ 65,660
Intergovernmental	-	-	11,645	-	-	-	-	11,645
Interest Income	-	-	61	-	-	549	485	1,095
Miscellaneous Income	11,444	53,981	-	13,760	-	9,500	22,819	111,504
Total Revenues	<u>11,444</u>	<u>53,981</u>	<u>77,366</u>	<u>13,760</u>	<u>-</u>	<u>10,049</u>	<u>23,304</u>	<u>189,904</u>
EXPENDITURES								
Current:								
General Government	17,789	-	-	13,760	-	-	-	31,549
Public Safety	-	33,501	-	-	-	-	-	33,501
Public Works	-	-	75,363	-	-	-	-	75,363
Total Expenditures	<u>17,789</u>	<u>33,501</u>	<u>75,363</u>	<u>13,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,413</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,345)</u>	<u>20,480</u>	<u>2,003</u>	<u>-</u>	<u>-</u>	<u>10,049</u>	<u>23,304</u>	<u>49,491</u>
Net Change in Fund Balances	(6,345)	20,480	2,003	-	-	10,049	23,304	49,491
Fund Balances - Beginning	19,662	45,485	2,818	-	29,440	80,727	64,132	242,264
Fund Balances - Ending	<u>\$ 13,317</u>	<u>\$ 65,965</u>	<u>\$ 4,821</u>	<u>\$ -</u>	<u>\$ 29,440</u>	<u>\$ 90,776</u>	<u>\$ 87,436</u>	<u>\$ 291,755</u>

**Village of Waterford
Waterford, Wisconsin**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended December 31, 2016**

	TIF 2 Capital Projects	Canoe Kayak Launch	CCCP	Page Total	Non-Major Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 65,660
Other Taxes	-	-	-	-	27,427
Intergovernmental	-	22,760	-	22,760	58,708
Interest Income	-	-	-	-	6,661
Miscellaneous Income	-	-	-	-	127,541
Total Revenues	<u>-</u>	<u>22,760</u>	<u>-</u>	<u>22,760</u>	<u>285,997</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	31,549
Public Safety	-	-	-	-	54,409
Public Works	-	-	-	-	75,363
Culture, Recreation and Education	-	-	21,125	21,125	32,813
Conservation and Development	-	-	-	-	21,134
Debt Service:					
Interest Expense	7,567	-	-	7,567	7,567
Total Expenditures	<u>7,567</u>	<u>-</u>	<u>21,125</u>	<u>28,692</u>	<u>222,835</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,567)</u>	<u>22,760</u>	<u>(21,125)</u>	<u>(5,932)</u>	<u>63,162</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	31,057	-	-	31,057	31,057
Total Other Financing Sources (Uses)	<u>31,057</u>	<u>-</u>	<u>-</u>	<u>31,057</u>	<u>31,057</u>
Net Change in Fund Balances	23,490	22,760	(21,125)	25,125	94,219
Fund Balances - Beginning	(158,880)	(68,431)	-	(227,311)	216,918
Fund Balances - Ending	<u>\$ (135,390)</u>	<u>\$ (45,671)</u>	<u>\$ (21,125)</u>	<u>\$ (202,186)</u>	<u>\$ 311,137</u>