



JOHNSON BLOCK

CPAs

VILLAGE OF WATERFORD, WISCONSIN

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

Year Ended December 31, 2018

**Johnson Block & Company, Inc.
Certified Public Accountants
9701 Brader Way
Middleton, WI 53562
(608) 274-2002
Fax: (608) 274-4320**

VILLAGE OF WATERFORD, WISCONSIN

Contents

	<u>Page</u>
Independent Auditor’s Report.....	i-ii
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities.....	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds.....	7 - 8
Statement of Revenues, Expenses and Changes in Net Position –Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds.....	10
Statement of Net Position – Fiduciary Funds	11
Index to Notes to Financial Statements.....	12
Notes to Financial Statements.....	13 - 43
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund.....	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Library Operations.....	45
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Funds.....	46
Notes to Required Supplementary Information	47
Other Supplementary Information:	
Combining Balance Sheet – Non-major Funds.....	48 - 50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Funds	51 - 53



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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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, 2018, 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 budgetary comparison information on pages 44 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of 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.
November 27, 2019

BASIC FINANCIAL STATEMENTS

**Village of Waterford
Waterford, Wisconsin**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
ASSETS			
Cash and Investments	\$ 4,153,875	\$ 2,144,067	\$ 6,297,942
Receivables			
Taxes	3,384,619	110,338	3,494,957
Other	154,117	457,287	611,404
Special assessments	305,005	138,858	443,863
Internal Funds	2,320,000	(2,320,000)	-
Prepaid Expenses	-	15,000	15,000
Restricted Cash and Investments	-	705,356	705,356
Inventories	-	11,324	11,324
Land Held For Resale	547,019	-	547,019
Capital Assets			
Land, Construction in Progress and Improvements	10,855,948	19,910	10,875,858
Other Capital Assets, net of depreciation	14,161,782	19,545,832	33,707,614
Total Capital Assets	<u>25,017,730</u>	<u>19,565,742</u>	<u>44,583,472</u>
Total Assets	<u>\$ 35,882,365</u>	<u>\$ 20,827,972</u>	<u>\$ 56,710,337</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 234,588	\$ 209,526	\$ 444,114
Developer Deposits	217,773	-	217,773
Due to Other Governmental Agencies	71	-	71
Accrued Interest	41,732	5,607	47,339
Long-Term Liabilities			
Due within one year			
Long-term Debt	2,015,808	2,139,504	4,155,312
Compensated Absences	32,238	11,276	43,514
Due in more than one year			
Long-term Debt	6,168,314	1,211,728	7,380,042
Compensated Absences	36,782	31,544	68,326
Total Liabilities	<u>8,747,306</u>	<u>3,609,185</u>	<u>12,356,491</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,645,444</u>	<u>-</u>	<u>3,645,444</u>
NET POSITION			
Net Investment in Capital Assets	21,008,295	13,894,510	34,902,805
Restricted for debt	556,326	114,480	670,806
Restricted for capital	285,779	587,052	872,831
Restricted for special revenue	274,144	-	274,144
Unrestricted	1,365,071	2,622,745	3,987,816
Total Net Position	<u>23,489,615</u>	<u>17,218,787</u>	<u>40,708,402</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 35,882,365</u>	<u>\$ 20,827,972</u>	<u>\$ 56,710,337</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

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

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>				<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Primary Government</u>
Primary government							
Governmental activities							
General Government	\$ 1,124,190	\$ 108,514	\$ -	\$ -	\$ (1,015,676)		\$ (1,015,676)
Public Safety	1,753,232	456,431	79,308	22,819	(1,194,674)		(1,194,674)
Public Works	1,621,423	199,825	469,710	10,435	(941,453)		(941,453)
Health, Welfare and Sanitation	57,953	-	-	-	(57,953)		(57,953)
Culture and Recreation	1,092,074	52,977	410,161	41,865	(587,071)		(587,071)
Conservation and Development	90,391	-	-	-	(90,391)		(90,391)
Interest on Long-term Debt	207,094	-	-	-	(207,094)		(207,094)
Total governmental activities	<u>5,946,357</u>	<u>817,747</u>	<u>959,179</u>	<u>75,119</u>	<u>(4,094,312)</u>		<u>(4,094,312)</u>
Business-type activities							
Water	731,791	772,194	-	30,740	-	\$ 71,143	71,143
Sewer	980,002	893,831	-	247,908	-	161,737	161,737
Total business-type activities	<u>1,711,793</u>	<u>1,666,025</u>	<u>-</u>	<u>278,648</u>	<u>-</u>	<u>232,880</u>	<u>232,880</u>
Total primary government	<u>\$ 7,658,150</u>	<u>\$ 2,483,772</u>	<u>\$ 959,179</u>	<u>\$ 353,767</u>	<u>(4,094,312)</u>	<u>232,880</u>	<u>(3,861,432)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					1,937,994	-	1,937,994
Property taxes, levied for debt service					513,671	-	513,671
Property taxes, levied for TIF District					760,352	-	760,352
Other taxes					183,231	-	183,231
Grants and contributions not restricted to specific programs					237,365	-	237,365
Unrestricted investment earnings					160,593	36,796	197,389
Miscellaneous					227,212	6,772	233,984
Transfers					194,749	(194,749)	-
Total general revenues and transfers					<u>4,215,167</u>	<u>(151,181)</u>	<u>4,063,986</u>
Change in Net Position					120,855	81,699	202,554
Net Position - beginning					23,368,760	17,137,088	40,505,848
Net Position - ending					<u>\$ 23,489,615</u>	<u>\$ 17,218,787</u>	<u>\$ 40,708,402</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

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

	<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	\$ 1,903,037	\$ 11,104	\$ 165,174	\$ 863,763	\$ 556,326	\$ 72,576	\$ 581,895	\$ 4,153,875
Receivables:								
Taxes	2,187,519	419,862	290,048	-	748,015	-	-	3,645,444
Special Assessments	-	44,180	-	-	-	-	-	44,180
Other	149,015	-	4,676	-	-	-	425	154,116
Due From Other Funds	61,050	-	-	-	-	-	-	61,050
Advances Receivable	84,967	-	-	2,320,000	-	-	-	2,404,967
Total Assets	<u>\$ 4,385,588</u>	<u>\$ 475,146</u>	<u>\$ 459,898</u>	<u>\$ 3,183,763</u>	<u>\$ 1,304,341</u>	<u>\$ 72,576</u>	<u>\$ 582,320</u>	<u>\$ 10,463,632</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 145,356	\$ -	\$ 9,885	\$ 2,600	\$ -	\$ -	\$ 9,684	\$ 167,525
Accrued Liabilities	67,037	-	34	-	-	-	-	67,071
Due to Other Funds	-	-	-	-	-	-	61,050	61,050
Payable to Other Governments	71	-	-	-	-	-	-	71
Deposits	217,773	-	-	-	-	-	-	217,773
Advances Payable	-	-	-	-	-	-	84,967	84,967
Total Liabilities	<u>430,237</u>	<u>-</u>	<u>9,919</u>	<u>2,600</u>	<u>-</u>	<u>-</u>	<u>155,701</u>	<u>598,457</u>
Deferred Inflows of Resources:								
Deferred Inflows	2,237,861	450,525	290,048	-	748,015	-	425	3,726,874
Fund Balances (Deficit):								
Nonspendable	84,967	-	-	2,320,000	-	-	-	2,404,967
Restricted	-	-	-	-	556,326	-	560,222	1,116,548
Assigned	501,223	24,621	159,931	861,163	-	72,576	-	1,619,514
Unassigned	1,131,300	-	-	-	-	-	(134,028)	997,272
Total Fund Balances (Deficit)	<u>1,717,490</u>	<u>24,621</u>	<u>159,931</u>	<u>3,181,163</u>	<u>556,326</u>	<u>72,576</u>	<u>426,194</u>	<u>6,138,301</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,385,588</u>	<u>\$ 475,146</u>	<u>\$ 459,898</u>	<u>\$ 3,183,763</u>	<u>\$ 1,304,341</u>	<u>\$ 72,576</u>	<u>\$ 582,320</u>	<u>\$ 10,463,632</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, 2018**

Total fund balance, governmental funds	\$	6,138,301
--	----	-----------

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.		25,017,730
---	--	------------

Land held for resale is not considered a current financial resource in governmental funds and therefore is not reported in the fund financial statements, but is reported in the governmental activities of the Statement of Net Position.		547,019
--	--	---------

Deferred revenues are reported in the fund financial statement, but are already recognized as earned in the Statement of Net Position.		81,430
--	--	--------

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	\$ (41,732)		
	Bond and Notes Payable Due Within One Year	(2,015,808)		
	Bond and Notes Payable Due In More Than One Year	(6,168,314)		
	Compensated Absences	(69,020)		(8,294,874)
	Rounding			9

Net Position of Governmental Activities in the Statement of Net Position	\$	23,489,615
--	----	------------

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, 2018**

	General Fund	Debt Service	Library Operations	Special Funds	TIF #2 Debt Service	General Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES								
Property Taxes	\$ 1,637,381	\$ 513,671	\$ 290,048	\$ 61,310	\$ 761,571	\$ -	\$ 9,600	\$ 3,273,581
Other Taxes	121,667	-	-	-	-	-	38,522	160,189
Special Assessment Revenue	3,209	13,517	-	-	-	-	-	16,726
Intergovernmental	654,342	-	407,727	-	40,024	-	36,373	1,138,466
License and Permits	176,417	-	150	-	-	-	-	176,567
Fines, Forfeits and Penalties	74,903	-	-	-	-	-	-	74,903
Public Charges for Services	533,470	-	14,007	-	-	-	62,358	609,835
Intergovernmental Charges for Services	13,000	-	-	-	-	-	-	13,000
Interest Income	162,892	-	-	-	-	-	(2,299)	160,593
Miscellaneous Income	127,520	-	3,058	-	1,000	-	75,517	207,095
Total Revenues	<u>3,504,801</u>	<u>527,188</u>	<u>714,990</u>	<u>61,310</u>	<u>802,595</u>	<u>-</u>	<u>220,071</u>	<u>5,830,955</u>
EXPENDITURES								
Current:								
General Government	972,263	-	-	-	-	-	150	972,413
Public Safety	1,522,229	-	-	-	-	2,340	64,022	1,588,591
Public Works	756,461	-	-	-	-	606	72,876	829,943
Health and Human Services	57,953	-	-	-	-	-	-	57,953
Culture, Recreation and Education	26,140	-	692,379	15,665	-	-	17,496	751,680
Conservation and Development	96,245	-	-	-	-	(2,290)	96,814	190,769
Capital Outlay	-	-	-	1,527,573	-	255,971	34,432	1,817,976
Debt Service:								
Principal Repayment	-	492,000	-	-	600,000	-	-	1,092,000
Interest Expense	26,456	64,623	-	29,000	92,760	-	5,261	218,100
Total Expenditures	<u>3,457,747</u>	<u>556,623</u>	<u>692,379</u>	<u>1,572,238</u>	<u>692,760</u>	<u>256,627</u>	<u>291,051</u>	<u>7,519,425</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>47,054</u>	<u>(29,435)</u>	<u>22,611</u>	<u>(1,510,928)</u>	<u>109,835</u>	<u>(256,627)</u>	<u>(70,980)</u>	<u>(1,688,470)</u>
OTHER FINANCING SOURCES (USES)								
Proceeds from Long-Term Debt	-	-	-	3,281,927	-	-	-	3,281,927
Other Source	-	-	-	74,134	-	-	-	74,134
Transfers In	194,749	29,434	97,302	-	-	-	173,458	494,943
Transfers Out	(269,137)	-	-	-	(31,057)	-	-	(300,194)
Total Other Financing Sources and Uses	<u>(74,388)</u>	<u>29,434</u>	<u>97,302</u>	<u>3,356,061</u>	<u>(31,057)</u>	<u>-</u>	<u>173,458</u>	<u>3,550,810</u>
Net Change Fund Balances (Deficit)	<u>(27,334)</u>	<u>(1)</u>	<u>119,913</u>	<u>1,845,133</u>	<u>78,778</u>	<u>(256,627)</u>	<u>102,478</u>	<u>1,862,340</u>
Fund Balances - Beginning	1,744,824	24,622	40,018	1,336,030	477,548	329,203	323,716	4,275,961
Fund Balances - Ending	<u>\$ 1,717,490</u>	<u>\$ 24,621</u>	<u>\$ 159,931</u>	<u>\$ 3,181,163</u>	<u>\$ 556,326</u>	<u>\$ 72,576</u>	<u>\$ 426,194</u>	<u>\$ 6,138,301</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, 2018**

Net change in fund balances - total governmental funds:	\$	1,862,340
<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:	\$	1,020,711
Depreciation expense reported in the Statement of Activities:	<u>(1,072,558)</u>	(51,847)
<p>Land purchased and held for resale is reported as expenditures in governmental funds but is reported as an asset in the Statement of Net Position.</p>		
		547,019
<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>		
		17,405
<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>		
Principal Repayments		1,092,000
Proceeds of Long-Term Debt		(3,281,927)
<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		(11,875)
Adjustment for Increase in compensated absences		(1,007)
Adjustment for amortization of deferred debt premiums		22,881
Adjustment for premium on new debt issued		(74,134)
Change in Net Position of governmental activities	<u>\$</u>	<u>120,855</u>

See accompanying notes to the financial statements.

**Village of Waterford
Waterford, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 556,820	\$ 1,587,247	\$ 2,144,067
Receivables			
Taxes	19,495	90,843	110,338
Accounts	161,461	295,826	457,287
Inventories	11,324	-	11,324
Prepaid Expenses	7,500	7,500	15,000
Total Current Assets	<u>756,600</u>	<u>1,981,416</u>	<u>2,738,016</u>
Restricted Assets:			
Restricted Cash and Investments	179,333	526,023	705,356
Total Restricted Assets	<u>179,333</u>	<u>526,023</u>	<u>705,356</u>
Capital Assets:			
Land	210	-	210
Construction Work in Progress	19,700	-	19,700
Other Capital Assets	13,242,880	12,248,053	25,490,933
Less Accumulated Depreciation	(3,534,768)	(2,410,333)	(5,945,101)
Net Capital Assets	<u>9,728,022</u>	<u>9,837,720</u>	<u>19,565,742</u>
 Total Assets	 <u>10,663,955</u>	 <u>12,345,159</u>	 <u>23,009,114</u>
OTHER ASSETS			
Special Assessments	-	138,858	138,858
Total Other Assets	<u>-</u>	<u>138,858</u>	<u>138,858</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 10,663,955</u>	 <u>\$ 12,484,017</u>	 <u>\$ 23,147,972</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

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

	Enterprise Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 24,147	\$ 185,213	\$ 209,360
Accrued Interest Payable	1,783	3,824	5,607
Compensated Absences	5,638	5,638	11,276
Current Portion of Advances	-	2,320,000	2,320,000
Current Portion of Long-Term Bonds	2,019,000	120,504	2,139,504
Total Current Liabilities	<u>2,050,568</u>	<u>2,635,345</u>	<u>4,685,913</u>
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Loans Payable	494,000	717,728	1,211,728
Compensated Absences	15,772	15,772	31,544
Total Long-Term Debt	<u>509,772</u>	<u>733,500</u>	<u>1,243,272</u>
Total Liabilities	<u>2,560,340</u>	<u>3,368,845</u>	<u>5,929,185</u>
NET POSITION			
Net Investment in Capital Assets	7,215,022	6,679,488	13,894,510
Restricted for debt	-	114,480	114,480
Restricted for capital	179,333	407,719	587,052
Unrestricted	709,260	1,913,485	2,622,745
Total Net Position	<u>8,103,615</u>	<u>9,115,172</u>	<u>17,218,787</u>
Total Liabilities and Net Position	<u>\$ 10,663,955</u>	<u>\$ 12,484,017</u>	<u>\$ 23,147,972</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, 2018**

	Enterprise Funds		
	Water	Sewer	Total
OPERATING REVENUES			
Charges for Services	\$ 755,901	\$ 893,831	\$ 1,649,732
Other Operating Revenues	16,294	-	16,294
Total Operating Revenues	<u>772,195</u>	<u>893,831</u>	<u>1,666,026</u>
OPERATING EXPENSES			
Operation and Maintenance	433,147	975,295	1,408,442
Depreciation	255,189	-	255,189
Taxes	6,205	3,111	9,316
Total Operating Expenses	<u>694,541</u>	<u>978,406</u>	<u>1,672,947</u>
Operating Income (Loss)	<u>77,654</u>	<u>(84,575)</u>	<u>(6,921)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	15,877	20,918	36,795
Miscellaneous Non-Operating Revenue	6,771	-	6,771
Interest Expense	(37,250)	(1,595)	(38,845)
Total Non-Operating Revenue (Expenses)	<u>(14,602)</u>	<u>19,323</u>	<u>4,721</u>
Income (Loss) Before Contributions and Transfers	63,052	(65,252)	(2,200)
Capital Contributions	30,740	247,908	278,648
Transfers Out (Tax Equivalent)	(194,749)	-	(194,749)
Change in Net Position	<u>(100,957)</u>	<u>182,656</u>	<u>81,699</u>
Total Net Position - Beginning	8,204,572	8,932,516	17,137,088
Total Net Position - Ending	<u>\$ 8,103,615</u>	<u>\$ 9,115,172</u>	<u>\$ 17,218,787</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, 2018**

	Enterprise Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities:</u>			
Received from customers	\$ 799,217	\$ 787,286	\$ 1,586,503
Received from (paid to) municipality for services	7,881	(7,881)	-
Payments to suppliers	(285,344)	(818,199)	(1,103,543)
Payments to employees for services	(140,989)	(83,419)	(224,408)
Net cash provided (used) by operating activities	<u>380,765</u>	<u>(122,213)</u>	<u>258,552</u>
<u>Cash Flows From Noncapital Financing Activities:</u>			
Paid to municipality for tax equivalent	(194,749)	-	(194,749)
Net cash provided (used) by noncapital financing activities	<u>(194,749)</u>	<u>-</u>	<u>(194,749)</u>
<u>Cash Flows From Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(1,900,997)	(2,107,326)	(4,008,323)
Proceeds of long-term debt	2,000,000	-	2,000,000
Proceeds from cash advances	-	2,320,000	2,320,000
Principal payments on long-term debt	(19,000)	(158,315)	(177,315)
Interest paid	(37,250)	(1,595)	(38,845)
Contributions for future plant	30,740	247,908	278,648
Net cash used for capital and related financing activities	<u>73,493</u>	<u>300,672</u>	<u>374,165</u>
<u>Cash Flows From Investing Activities:</u>			
Interest on investments	15,877	20,918	36,795
Net cash provided (used) by investing activities	<u>15,877</u>	<u>20,918</u>	<u>36,795</u>
Net increase (decrease) in cash and equivalents	275,386	199,377	474,763
Cash and equivalents - beginning of year	460,767	1,913,893	2,374,660
Cash and equivalents - end of year	<u>\$ 736,153</u>	<u>\$ 2,113,270</u>	<u>\$ 2,849,423</u>
Reconciliation of Cash and Equivalents to Statement of Net Position			
Cash and Investments	\$ 556,820	\$ 1,587,247	\$ 2,144,067
Restricted Cash and Investments	179,333	526,023	705,356
Cash and equivalents - end of year	<u>\$ 736,153</u>	<u>\$ 2,113,270</u>	<u>\$ 2,849,423</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income	\$ 77,654	\$ (84,575)	\$ (6,921)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	255,189	-	255,189
Joint meter	7,881	(7,881)	-
Other income	6,771		6,771
Changes in Assets and Liabilities:			
Customer accounts receivable	20,251	(17,076)	3,175
Special assessment receivables	-	(89,469)	(89,469)
Accounts payable	5,752	68,754	74,506
Other accrued liabilities	7,267	7,868	15,135
Net cash provided (used) by operating activities	<u>\$ 380,765</u>	<u>\$ (122,213)</u>	<u>\$ 258,552</u>

See accompanying notes to the basic financial statements.

**Village of Waterford
Waterford, Wisconsin**

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

	Tax Agency	Municipal Court	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,776,701	\$ 48,204	\$ 3,824,905
Receivables:			
Taxes Receivable	3,395,654	-	3,395,654
Total Assets	\$ 7,172,355	\$ 48,204	\$ 7,220,559
LIABILITIES			
Accounts Payable	\$ -	\$ 48,204	\$ 48,204
Due to Other Governments	7,172,355	-	7,172,355
Total Liabilities	\$ 7,172,355	\$ 48,204	\$ 7,220,559

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF WATERFORD, WISCONSIN
INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2018

	<u>PAGE</u>
Note 1. <u>Summary of Significant Accounting Policies</u>	13
A. Reporting Entity	13
B. Basis of Financial Statement Presentation.....	13 - 16
C. Basis of Accounting	16 - 18
D. Measurement Focus.....	18
E. Cash and Investments	18 - 19
F. Inventories and Prepaid Items	19
G. Capital Assets.....	19 - 20
H. Interfund Receivables and Payables.....	20
I. Allowance for Uncollectible Accounts	20
J. Compensated Absences and Other Employee Benefit Amounts.....	20
K. Long-Term Obligations/Conduit Debt	21
L. Claims and Judgments.....	21
M. Interfund Transactions.....	21
N. Equity Classifications.....	22
O. Basis for Existing Rates – Proprietary Funds.....	23
 Note 2. <u>Stewardship, Compliance, and Accountability</u>	 23
A. Budgetary Information	23
B. Deficit Balances	23
C. Bond Covenant Disclosure.....	23 - 24
 Note 3. <u>Detailed Notes on All Funds</u>	 25
A. Cash and Investments	25 - 27
B. Fair Value Measurement	27 - 28
C. Receivables.....	28
D. Restricted Assets	28
E. Capital Assets.....	29 - 31
F. Interfund Receivables/Payables and Transfers.....	32 - 33
G. Deferred Inflows of Resources.....	33
H. Long-Term Obligations.....	34 - 37
I. Governmental Activities Net Position.....	37
J. Business-Type Activities Net Position.....	38
K. Governmental Fund Balances.....	38 - 39
L. Defined Contribution Benefit Plan.....	40
M. Status of Tax Incremental Financing District.....	40 - 41
 Note 4. <u>Other Information</u>	 42
A. Commitments and Contingencies.....	42
B. Risk Management.....	42
C. Subsequent Events and Commitments	42
D. Future Accounting Standard.....	43

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018

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, 2018

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	Library Capital

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, 2018

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, 2018

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 – 2018 tax roll:

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

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, 2018

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, 2018

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, 2018

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 \$40,975. 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, 2018

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, 2018

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, 2018

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, 2018, the following individual funds held a deficit balance:

Fund	Amount	Reason
Tax Incremental District No. 2 Capital Projects	\$ (84,967)	Expenditures to be paid by future tax increment revenues
Hotel-Room Tax	\$ (9,911)	Expenditures were over revenues
CCCP	\$ (39,000)	Expenditures were over revenues
TIF 3 Capital Projects	\$ (150)	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, 2018

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, 2018:

	Sewer
Residential	1,825
Commercial	151
Industrial	13
Public authority	20
Multi-family	38
Totals	2,047

Insurance Coverage

The utilities were in compliance with combined insurance requirements.

Debt Coverage

2018 required and actual coverage factors are as follows:

Net Revenues	Sewer
REVENUES	
Charges for Services	\$ 893,831
Total Operating Revenues	893,831
OPERATING EXPENSES	
Operation and Maintenance	975,295
Taxes (excluding tax equivalent)	3,111
Total Expenses for Coverage Ratio Calculation	978,406
Net from Operations for Coverage Ratio Calculation	(84,575)
NON-OPERATING REVENUES (EXPENSES)	
Interest and Investment Revenue	20,918
Capital Contributions Received	247,908
Net Revenues per Bond Ordinance	\$ 184,251
Annual debt service requirements	\$ 140,619
2018 calculated coverage ratio	1.31
Required coverage ratio	1.25

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, local cultural arts district, 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.

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

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 6,728,857	\$ 6,937,205	Custodial Credit Risk
Money market funds	1,438,357	1,434,896	
Library mutual funds	53,135	53,135	Credit Risk
Library fixed income	82,016	82,016	Credit Risk, Interest Rate Risk
General fixed income	2,525,443	2,525,443	Credit Risk, Interest Rate Risk
Petty cash	400	-	N/A
	<u>\$ 10,828,208</u>	<u>\$ 11,032,695</u>	

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and investments	\$ 6,297,947
Restricted cash and investments - Utilities	705,356
Fiduciary funds:	
Tax Collection Fund	3,776,701
Municipal Court	48,204
	<u>\$ 10,828,208</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018, the Village had \$7,867,999 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	<u>\$ 7,967,999</u> <u>\$ 7,967,999</u>
--	--

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, 2018, the Village's investments were rated as follows (not all investment rating were available):

	Morningstar Rating					Total
	1 Star	2 Star	3 Star	4 Star	5 Star	
Mutual Funds	\$ -	\$ 4,854	\$ 24,771	\$ 23,510	\$ -	\$ 53,135
Fixed Income	5,348	26,719	12,981	13,644	23,324	82,016
Total	\$ 5,348	\$ 31,573	\$ 37,752	\$ 37,154	\$ 23,324	\$ 135,151

Moody's rating	General Investments
Aaa	\$ 2,019,212
Aa1	184,713
Aa2	225,045
Aa3	96,473
	\$ 2,525,443

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (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, 2018 included the following:

<u>Weighted Average of maturity</u>	<u>Library Fixed Income</u>	<u>Village General Investments</u>
Less than one year	\$ 12,981	\$ 933,297
One to three years	28,673	1,297,228
Three to five years	-	173,703
More than five years	40,362	121,215
	<u>\$ 82,016</u>	<u>\$ 2,525,443</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, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. FAIR VALUE MEASUREMENT (Continued)

	12/31/2018	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				
Stocks	\$ 4,854	\$ 4,854	\$ -	\$ -
Equity Portfolios	48,281	48,281	-	-
Fixed Income Portfolios	2,607,459	2,607,459	-	-
Total Investments by Fair Value Level	<u>\$2,660,594</u>	<u>\$ 2,660,594</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 \$84,967 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, 2018, Water and Sewer restricted assets consisted of the following:

	Water	Sewer
Equipment Replacement Fund	\$ -	\$ 407,719
Utility Impact Fees	179,733	-
Debt Reserves and Special Redemption	-	118,304
Total Restricted Assets	<u>\$ 179,733</u>	<u>\$ 526,023</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 10,375,739	\$ 414,908	\$ -	\$ 10,790,647
Construction in progress	199,309	-	(134,008)	65,301
Total capital assets not being depreciated	<u>10,575,048</u>	<u>414,908</u>	<u>(134,008)</u>	<u>10,855,948</u>
Capital assets being depreciated:				
Land improvements	424,976	-	-	424,976
Buildings and improvements	7,169,773	-	-	7,169,773
Machinery and equipment	4,700,466	455,564	(119,852)	5,275,882
Roads	20,158,976	161,200	-	20,320,176
Storm sewers	4,291,611	82,534	-	4,374,145
Signage	248,140	-	-	248,140
Lighting	68,544	-	-	68,544
Sidewalks	958,398	40,513	-	998,911
Paths	157,331	-	-	157,331
Total capital assets being depreciated	<u>38,178,215</u>	<u>739,811</u>	<u>(119,852)</u>	<u>39,037,878</u>
Less: Accumulated depreciation:				
Land improvements	(151,962)	(18,314)	-	(170,276)
Buildings and improvements	(2,855,727)	(131,768)	-	(2,987,495)
Machinery and equipment	(3,261,315)	(234,429)	119,852	(3,615,596)
Roads	(14,559,414)	(564,574)	-	(15,123,988)
Storm sewers	(1,759,634)	(86,658)	-	(1,846,292)
Signage	(245,460)	(536)	-	(245,996)
Lighting	(68,544)	-	-	(68,544)
Sidewalks	(670,519)	(31,035)	-	(701,554)
Paths	(111,111)	(5,244)	-	(116,355)
Total accumulated depreciation	<u>(23,683,686)</u>	<u>(1,072,558)</u>	<u>119,852</u>	<u>(24,876,096)</u>
Net governmental capital assets	<u>\$ 25,069,577</u>	<u>\$ 82,161</u>	<u>\$ (134,008)</u>	<u>\$ 25,017,730</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Governmental Activities (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 36,137
Public safety	166,187
Public works	778,398
Culture, education and recreation	91,837
Total governmental activities depreciation	<u><u>\$ 1,072,558</u></u>

Business-Type Activities

Capital asset activity for enterprise funds for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<u>Sewer</u>				
Capital assets not being depreciated:				
Construction in progress	\$ 107,958	\$ 2,271,375	\$ 2,379,333	\$ -
Total capital assets not being depreciated	<u>107,958</u>	<u>2,271,375</u>	<u>2,379,333</u>	<u>-</u>
Capital assets being depreciated:				
Collecting system	8,972,104	2,379,333	192,700	11,158,737
Collecting system pumping	795,190	-	-	795,190
General	294,126	-	-	294,126
Total capital assets being depreciated	<u>10,061,420</u>	<u>2,379,333</u>	<u>192,700</u>	<u>12,248,053</u>
Less: Accumulated depreciation				
Collecting system	(2,214,277)	(140,918)	(192,700)	(2,162,495)
Collecting system pumping	(152,497)	(11,133)	-	(163,630)
General	(80,091)	(4,117)	-	(84,208)
Total accumulated depreciation	<u>(2,446,865)</u>	<u>(156,168)</u>	<u>(192,700)</u>	<u>(2,410,333)</u>
Total sewer plant	<u><u>\$ 7,722,513</u></u>	<u><u>\$ 4,494,540</u></u>	<u><u>\$ 2,379,333</u></u>	<u><u>\$ 9,837,720</u></u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Business-Type Activities (Continued)

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<u>Water</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 210	\$ -	\$ -	\$ 210
Construction in progress	114,826	1,897,488	1,992,614	19,700
Total capital assets not being depreciated	<u>115,036</u>	<u>1,897,488</u>	<u>1,992,614</u>	<u>19,910</u>
Capital assets being depreciated:				
Source of supply	861,201	-	-	861,201
Pumping	215,753	-	-	215,753
Water treatment	1,675,306	-	-	1,675,306
Transmission and distribution	8,472,892	1,996,165	183,550	10,285,507
General	205,113	-	-	205,113
Total capital assets being depreciated	<u>11,430,265</u>	<u>1,996,165</u>	<u>183,550</u>	<u>13,242,880</u>
	(207,549)	(24,975)	-	
	(58,310)	(9,182)	-	
	(619,289)	(53,618)	-	
	(2,349,386)	(160,558)	(183,550)	
	(220,672)	(14,779)	-	
	<u>(3,455,206)</u>	<u>(263,112)</u>	<u>(183,550)</u>	<u>(3,534,768)</u>
Total water plant	<u>\$ 8,090,095</u>	<u>\$ 3,630,541</u>	<u>\$ 1,992,614</u>	<u>\$ 9,728,022</u>
Total sewer and water plant	<u>\$ 15,812,608</u>	<u>\$ 8,125,081</u>	<u>\$ 4,371,947</u>	<u>\$ 19,565,742</u>

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

Fund	Depreciation Rate	Balance 1/1/2018	2018 Depreciation Expense	2018 Joint Meter Allocation	2018 Retire- ments and Salvage	Balance 12/31/2018
Sewer	1.400%	\$ 2,446,865	\$ 164,091	\$ (7,923)	\$ 192,700	\$ 2,410,333
Water	1.3%-26.7%	3,455,206	255,189	7,923	183,550	3,534,768
		<u>\$ 5,902,071</u>	<u>\$ 419,280</u>	<u>\$ -</u>	<u>\$ 376,250</u>	<u>\$ 5,945,101</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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	CCCP	\$ 50,989
General Fund	Hotel-Room Tax	9,911
General Fund	TIF 3	<u>150</u>
Total fund financial statements due from other funds		61,050
General fund advance due from TIF		84,967
Special funds advance due from Sewer		2,320,000
Less: fund eliminations		<u>(146,017)</u>
Total internal balances - Government-Wide		
Statement of Net Position		<u><u>\$ 2,320,000</u></u>

All due from other funds amounts are due within one year.

The principal purpose of these interfunds is cash flow.

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 \$84,967 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 special fund advanced \$2,320,000 in debt proceeds to the Sewer fund which is anticipated to be repaid upon permanent financing.

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, 2018:

<u>Transfers Out Fund:</u>	<u>Transfers In Fund:</u>	<u>Purpose:</u>	<u>Amount</u>
General Fund	Hotel Room Tax	Operations	\$ 75,000
General Fund	Library Operations	Operations	97,302
General Fund	Library Capital	Operations	21,730
General Fund	Canoe-Kayak Launch	Close out fund	45,671
General Fund	Debt Service	Debt	29,434
TIF # 2 Debt Service	TIF # 2 Capital Projects	Advance repayment	<u>31,057</u>
			<u><u>\$ 300,194</u></u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018:

Transfers Out:	Transfers In:	Purpose:	Amount
Business-Type Activities	Governmental Activities	Property tax equivalent	\$ 194,749

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, 2018, consist of the following:

	Unavailable	Unearned	Total
2018 tax apportionment	\$ -	\$ 3,384,619	\$ 3,384,619
Special assessments	30,663	-	30,663
EMS charges	50,342	-	50,342
Special charges	425	260,825	261,250
Total deferred inflows for governmental funds	\$ 81,430	\$ 3,645,444	\$ 3,726,874

Deferred inflows of resources for governmental activities at December 31, 2018, consist of the following:

	Governmental Activities
2018 tax apportionment	\$ 3,384,619
Special charges	260,825
Total deferred inflows	\$ 3,645,444

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 5,854,000	\$3,281,927	\$ 1,092,000	\$ 8,043,927	\$ 1,992,927
Add/ (subtract) deferred amounts for:					
(Discounts)/ premiums	88,942	74,134	22,881	140,195	22,881
Subtotal	<u>5,942,942</u>	<u>3,356,061</u>	<u>1,114,881</u>	<u>8,184,122</u>	<u>2,015,808</u>
Other liabilities:					
Vested compensated absences	68,013	1,007	-	69,020	32,238
Total governmental activities long-term liabilities	<u>\$ 6,010,955</u>	<u>\$ 3,357,068</u>	<u>\$ 1,114,881</u>	<u>\$ 8,253,142</u>	<u>\$ 2,048,046</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 571,000	\$ 2,000,000	\$ 58,000	\$ 2,513,000	\$ 2,019,000
Revenue bonds	957,547	-	119,315	838,232	120,504
Subtotal	<u>1,528,547</u>	<u>2,000,000</u>	<u>177,315</u>	<u>3,351,232</u>	<u>2,139,504</u>
Other liabilities:					
Vested compensated absences	27,685	15,135	-	42,820	11,276
Total business-type activities long-term liabilities	<u>\$ 1,556,232</u>	<u>\$ 2,015,135</u>	<u>\$ 177,315</u>	<u>\$ 3,394,052</u>	<u>\$ 2,150,780</u>

Historically the general fund has been used to liquidate compensated absences reported in the governmental activities. Business-Type are liquidated by the water and sewer funds.

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, 2018

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, 2018 was \$23,807,475. Total general obligation debt outstanding at year end was \$10,556,927.

General obligation debt for governmental activities at December 31, 2018 consisted of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018
<u>Governmental Activities</u>					
Community development bonds	2/6/2013	3/1/2024	2.0 - 2.15%	\$ 1,310,000	\$ 800,000
General obligation refunding bonds	9/8/2014	10/1/2024	2.0 - 2.25%	\$ 5,035,000	3,145,000
General obligation promissory notes	1/27/2016	4/1/2025	0.5 - 2.25%	\$ 2,196,000	1,052,000
General obligation promissory notes	2/1/2018	4/1/2027	3.00%	\$ 2,320,000	2,085,000
General obligation promissory notes	5/4/2018	5/4/2019	2.25%	\$ 961,927	961,927
Total governmental activities general obligation debt					<u>\$ 8,043,927</u>
<u>Business-Type Activities</u>					
General obligation promissory notes	1/27/2016	4/1/2025	0.5 - 2.25%	\$ 684,000	\$ 513,000
General obligation promissory note	5/4/2018	5/4/2019	2.25%	\$ 2,000,000	2,000,000
Total business-type activities general obligation debt					<u>\$ 2,513,000</u>

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

Years	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,992,927	\$ 177,079	\$ 2,019,000	\$ 51,859
2020	1,069,000	132,932	161,000	5,793
2021	1,098,000	109,294	167,000	3,700
2022	1,069,000	85,545	166,000	1,287
2023	970,000	63,640	-	-
2024-2027	1,845,000	77,074	-	-
Totals	<u>\$ 8,043,927</u>	<u>\$ 645,564</u>	<u>\$ 2,513,000</u>	<u>\$ 62,639</u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds

Business-type activities revenue bonds at December 31, 2018 consisted of the following:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2018
Sewer Utility					
2012 Refunding bonds	3/7/2012	5/1/2020	1.0 - 2.2%	\$ 570,000	\$ 145,000
2010 Clean Water Fund Loan	7/14/2010	5/1/2030	2.411%	1,050,807	<u>693,232</u>
Total business-type activities revenue debt					<u><u>\$ 838,232</u></u>

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

Years	Business-Type Activities	
	Principal	Interest
2019	\$ 120,504	\$ 18,525
2020	126,721	15,698
2021	52,968	13,611
2022	54,245	12,318
2023	55,553	10,995
2024-2028	298,515	33,974
2029-2030	129,726	3,146
Totals	<u><u>\$ 838,232</u></u>	<u><u>\$ 108,267</u></u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

I. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government-Wide Statement of Net Position at December 31, 2018 include the following:

Net investment in capital assets	
Land and Improvements	\$ 11,402,967
Other capital assets, net of accumulated depreciation	14,161,782
Less: related long-term debt outstanding	(8,184,122)
Plus: non-capital debt proceeds	3,627,668
Total net investment in capital assets	21,008,295
Restricted for special purposes	
Debt service	556,326
Capital Projects	21,410
Impact fees	264,369
Donations and grants	236,720
Fire	5,931
Recycling	19,610
Employee benefits	11,883
Total restricted for special purposes	1,116,249
Unrestricted	1,365,071
Total governmental activities net position	\$ 23,489,615

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. BUSINESS-TYPE ACTIVITIES NET POSITION

Business-type activities net position at December 31, 2018 include the following:

Net investment in capital assets	
Net Capital assets	\$ 19,565,742
Less: related long-term debt outstanding	<u>(5,671,232)</u>
Total net investment in capital assets	<u>13,894,510</u>
Restricted for special purposes	
Debt service	114,480
Equipment replacement	407,719
Impact fees	<u>179,333</u>
Total restricted for special purposes	<u>701,532</u>
Unrestricted	<u>2,622,745</u>
Total business-type activities net position	<u><u>\$ 17,218,787</u></u>

K. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported at December 31, 2018 include the following:

Nonspendable

Major fund:

General fund Advance to TIF District No. 2	\$ 84,967
Special Funds Advance to Sewer	<u>2,320,000</u>
Total	<u><u>\$ 2,404,967</u></u>

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. GOVERNMENTAL FUND BALANCES (Continued)

The unassigned fund balance equals 30% of the 2018 budgeted General Fund expenditures. It is the policy that any amount of fund balance above 30% of the 2018 budgeted expenditures would be transferred to special funds.

Restricted

Nonmajor funds:

Special Revenue Funds:

Library donations	\$ 160,935
Library impact fees	7,535
Library capital projects	21,410
Fire 2% dues	6,230
Act 102 and donations	16,773
Flexible spending	11,883
Fire and rescue donations	38,450
Recycling	19,610
Curb appeal	20,562
Park impact fees	104,544
Fire and rescue impact fees	152,290

Major fund:

TIF expenditures	556,326
Total	\$ 1,116,548

Assigned

Major funds:

General Fund	\$ 501,223
Special Funds	861,163
Capital Projects Fund:	
General capital projects	72,576
Debt Service Fund:	
General debt service	24,621
Special Revenue Fund:	
Library operations - operating reserve	159,931
Total	\$ 1,619,514

Unassigned

Major fund:

General Fund	\$ 1,131,300
--------------	--------------

Nonmajor funds:

TIF 3	(150)
Hotel-Room Tax	(9,911)
CCCP	(39,000)
Capital Projects Fund:	
TIF District No. 2 capital projects	(84,967)
Total	\$ 997,272

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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, 2018 amounted to \$26,749. Total contributions for the years ending December 31, 2016 and 2015 were \$38,835 and \$41,470, 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 un-extended 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, 2018

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, 2018	From Date of Creation
TIF District No. 2		
Revenues:		
Taxes	\$ 761,571	\$ 9,308,609
Payment in lieu of taxes	-	6,549
Intergovernmental revenues	40,024	554,958
Investment income	-	613,360
Miscellaneous income	1,000	49,483
Transfer from other funds	-	200,000
Debt premium	-	139,213
Proceeds - lease revenue bonds	-	16,010,000
Proceeds - general obligation debt	-	7,690,000
	\$ 802,595	\$ 34,572,172
Expenditures:		
Capital expenditures	\$ -	\$ 7,116,407
Interest and fiscal charges	98,021	6,766,300
Principal on long-term debt - paid	600,000	4,515,000
Principal on long-term debt - refunded	-	15,240,000
Loss on refunding of long-term debt	-	463,107
Total expenditures	\$ 698,021	\$ 34,100,814

Advances of \$86,967 have been recorded in the General Fund to reflect costs advanced on behalf of the District. Current valuations of the District are as follows:

	TID No. 2
Current value	\$ 47,759,200
Base value	13,787,500
Increment	\$ 33,971,700

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.

The Village also created TIF#3 in 2018. Capital expenditures are expected to be incurred in 2019.

The Village board approved the creation of TIF#4 in 2019. Capital expenditures are expected to be incurred starting in 2019.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

C. SUBSEQUENT EVENTS AND COMMITMENTS

Land Purchases

Subsequent to year end the Village incurred land purchases of approximately \$5.675 million. \$4.772 million of the purchases were for land held for resale with the remaining amount being for parkland.

Debt Issued

To finance the purchases, the Village made additional draws on its 2018 \$3 million line of credit and secured an additional \$3.5 million short-term note due February 15, 2020.

Debt Refinancing

Debt issued during 2018 for water infrastructure projects and the land purchases noted above came due on May 4, 2019. In anticipation for long term financing in 2020, the Village refinanced these loans on June 5, 2019. The debt issued to refinance these loans totaled \$4,698,912 with an interest rate of 3.25% due on June 5, 2020.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 4. OTHER INFORMATION (Continued)

C. SUBSEQUENT EVENTS AND COMMITMENTS (Continued)

Developer Commitments

During 2019 the Village approved various developer agreements. A summary of these agreements and Village commitments are as follows:

- Local business development agreement including Village TIF #3 incentive of \$260,000.
- Condo development agreement including payments equal to 50% of the tax increment revenue created, up to \$150,000, contingent on improvements with an assessed value of at least \$2,000,000.
- Apartment complex development agreement including payment equal to 50% of the tax increment revenue created, up to \$200,000, contingent on improvements with an assessed value of at least \$2,000,000.
- A second apartment development agreement including reimbursements to the developer of actual improvement costs up to \$600,000, equal to 100% of the TIF revenue generated by the TIF until paid in full.

Utility Rates

The Village is in the process of reviewing water and sewer utility rates. An application has been filed with the regulatory agency (PSC) for approval of a water rate increase. The Village anticipates new water and sewer rates to be effective for the third quarter of 2019.

D. FUTURE ACCOUNTING STANDARD

Wisconsin Retirement System

The Village became a participant of the Wisconsin Retirement System in 2018. As such, the Village will need to apply GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. As of 12/31/2018, the Village reported no liabilities for the plan since the measurement date is as of 12/31/2017.

Other Accounting Standards

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, GASB Statement No. 87, *Leases*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. When these become effective, application of these standards may restate portions of these financial statements.

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, 2018**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,636,423	\$ 1,636,423	\$ 1,637,381	\$ 958
Other Taxes	121,487	121,487	121,667	180
Special Assessment Revenue	-	-	3,209	3,209
Intergovernmental	197,385	197,385	654,342	456,957
License and Permits	151,260	151,260	176,417	25,157
Fines, Forfeits and Penalties	80,000	80,000	74,903	(5,097)
Public Charges for Services	514,843	514,843	533,470	18,627
Intergovernmental Charges for Services	7,500	7,500	13,000	5,500
Interest Income	74,431	74,431	162,892	88,461
Miscellaneous Income	34,400	34,400	127,520	93,120
Total Revenues	<u>2,817,729</u>	<u>2,817,729</u>	<u>3,504,801</u>	<u>687,072</u>
EXPENDITURES				
Current:				
General Government	804,469	804,469	972,263	(167,794)
Public Safety	1,439,912	1,439,912	1,522,229	(82,317)
Public Works	726,197	726,197	756,461	(30,264)
Health and Human Services	38,752	38,752	57,953	(19,201)
Culture, Recreation and Education	45,445	45,445	26,140	19,305
Conservation and Development	12,980	12,980	96,245	(83,265)
Debt Service				
Interest Expense	-	-	26,456	(26,456)
Total Expenditures	<u>3,067,755</u>	<u>3,067,755</u>	<u>3,457,747</u>	<u>(389,992)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(250,026)</u>	<u>(250,026)</u>	<u>47,054</u>	<u>297,080</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	274,099	61,099	194,749	133,650
Transfers Out	-	-	(269,137)	(269,137)
Total Other Financing Sources (Uses)	<u>274,099</u>	<u>61,099</u>	<u>(74,388)</u>	<u>(135,487)</u>
Net Change in Fund Balances	24,073	(188,927)	(27,334)	161,593
Fund Balances - Beginning	1,744,824	1,744,824	1,744,824	-
Fund Balances - Ending	<u>\$ 1,768,897</u>	<u>\$ 1,555,897</u>	<u>\$ 1,717,490</u>	<u>\$ 161,593</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, 2018**

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 290,048	\$ 290,048	\$ 290,048	\$ -
Intergovernmental	412,486	412,486	407,727	(4,759)
Public Charges for Services	19,900	19,900	14,007	(5,893)
Interest Income	840	840	-	(840)
Total Revenues	<u>727,814</u>	<u>727,814</u>	<u>714,990</u>	<u>(12,824)</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	<u>720,776</u>	<u>720,776</u>	<u>692,379</u>	<u>28,397</u>
Total Expenditures	<u>720,776</u>	<u>720,776</u>	<u>692,379</u>	<u>28,397</u>
Net Change in Fund Balances	12,238	12,238	119,913	107,675
Fund Balances - Beginning	40,018	40,018	40,018	-
Fund Balances - Ending	<u>\$ 52,256</u>	<u>\$ 52,256</u>	<u>\$ 159,931</u>	<u>\$ 107,675</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 61,310	\$ 61,310	\$ 61,310	\$ -
Total Revenues	<u>61,310</u>	<u>61,310</u>	<u>61,310</u>	<u>-</u>
EXPENDITURES				
Current:				
Culture, Recreation and Education	-	-	15,665	(15,665)
Capital Outlay	517,700	517,700	1,527,573	(1,009,873)
Debt Service				
Interest Expense	-	-	29,000	(29,000)
Total Expenditures	<u>517,700</u>	<u>517,700</u>	<u>1,572,238</u>	<u>(1,054,538)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(456,390)</u>	<u>(456,390)</u>	<u>(1,510,928)</u>	<u>(1,054,538)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Long-Term Debt	-	-	3,281,927	(3,281,927)
Other Source	-	-	74,134	(74,134)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>3,356,061</u>	<u>(3,356,061)</u>
Net Change in Fund Balances	(456,390)	(456,390)	1,845,133	2,301,523
Fund Balances - Beginning	1,336,030	1,336,030	1,336,030	-
Fund Balances - Ending	<u>\$ 879,640</u>	<u>\$ 879,640</u>	<u>\$ 3,181,163</u>	<u>\$ 2,301,523</u>

See accompanying notes to the required supplementary information.

VILLAGE OF WATERFORD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

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:			
General government	\$ 804,469	\$ 972,263	\$ (167,794)
Public Safety	1,439,912	1,522,229	(82,317)
Public Works	726,197	756,461	(30,264)
Health and Human Services	38,752	57,953	(19,201)
Conservation and development	12,980	96,245	(83,265)
Interest Expense	-	26,456	(26,456)
Special Funds:			
Culture, recreation and education	-	15,665	(15,665)
Capital Outlay	517,700	1,363,137	(845,437)
Interest Expense	-	29,000	(29,000)

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, 2018**

	Library Donations	Library Impact Fees	Library Capital	Fire	Act 102 and Donations	Hotel-Room Tax	Page Total
ASSETS							
Cash and Cash Equivalents	\$ 163,335	\$ 7,535	\$ 21,410	\$ 6,230	\$ 16,773	\$ -	\$ 215,283
Receivables:							
Other	425	-	-	-	-	-	425
Total Assets	<u>\$ 163,760</u>	<u>\$ 7,535</u>	<u>\$ 21,410</u>	<u>\$ 6,230</u>	<u>\$ 16,773</u>	<u>\$ -</u>	<u>\$ 215,708</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable	2,400	-	-	-	-	-	2,400
Due to Other Funds	-	-	-	-	-	9,911	9,911
Total Liabilities	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,911</u>	<u>12,311</u>
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	160,935	7,535	21,410	6,230	16,773	-	212,883
Unassigned	-	-	-	-	-	(9,911)	(9,911)
Total Fund Balances (Deficit)	<u>160,935</u>	<u>7,535</u>	<u>21,410</u>	<u>6,230</u>	<u>16,773</u>	<u>(9,911)</u>	<u>202,972</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 163,760</u>	<u>\$ 7,535</u>	<u>\$ 21,410</u>	<u>\$ 6,230</u>	<u>\$ 16,773</u>	<u>\$ -</u>	<u>\$ 215,708</u>

**Village of Waterford
Waterford, Wisconsin**

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

	<u>Flexible Spending</u>	<u>Fire and Rescue Donations</u>	<u>Recycling</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	\$ 11,883	\$ 38,450	\$ 25,995	\$ 20,562	\$ 104,544	\$ 152,290	\$ 353,724
Receivables:							
Total Assets	<u>\$ 11,883</u>	<u>\$ 38,450</u>	<u>\$ 25,995</u>	<u>\$ 20,562</u>	<u>\$ 104,544</u>	<u>\$ 152,290</u>	<u>\$ 353,724</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 6,385	\$ -	\$ -	\$ -	\$ 6,385
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,385</u>
Fund Balances:							
Restricted	11,883	38,450	19,610	20,562	104,544	152,290	347,339
Total Fund Balances (Deficit)	<u>11,883</u>	<u>38,450</u>	<u>19,610</u>	<u>20,562</u>	<u>104,544</u>	<u>152,290</u>	<u>347,339</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,883</u>	<u>\$ 38,450</u>	<u>\$ 25,995</u>	<u>\$ 20,562</u>	<u>\$ 104,544</u>	<u>\$ 152,290</u>	<u>\$ 353,724</u>

**Village of Waterford
Waterford, Wisconsin**

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

	<u>TIF 2 Capital Projects</u>	<u>Canoe Kayak Launch</u>	<u>CCCP</u>	<u>TIF 3 Capital Projects</u>	<u>Page Total</u>	<u>Non-Major Governmental Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 12,888	\$ -	\$ 12,888	\$ 581,895
Receivables:						
Other	-	-	-	-	-	425
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,888</u>	<u>\$ -</u>	<u>\$ 12,888</u>	<u>\$ 582,320</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 899	\$ -	\$ 899	\$ 9,684
Due to Other Funds	-	-	50,989	150	51,139	61,050
Advances Payable	84,967	-	-	-	84,967	84,967
Total Liabilities	<u>84,967</u>	<u>-</u>	<u>51,888</u>	<u>150</u>	<u>137,005</u>	<u>155,701</u>
Deferred Inflows of Resources:						
Deferred Inflows	-	-	-	-	-	425
Fund Balances:						
Restricted	-	-	-	-	-	560,222
Unassigned (deficit)	(84,967)	-	(39,000)	(150)	(124,117)	(134,028)
Total Fund Balances (Deficit)	<u>(84,967)</u>	<u>-</u>	<u>(39,000)</u>	<u>(150)</u>	<u>(124,117)</u>	<u>426,194</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,888</u>	<u>\$ -</u>	<u>\$ 12,888</u>	<u>\$ 582,320</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, 2018**

	<u>Library Donations</u>	<u>Library Impact Fees</u>	<u>Library Capital</u>	<u>Fire</u>	<u>Act 102 and Donations</u>	<u>Hotel-Room Tax</u>	<u>Page Total</u>
REVENUES							
Other Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,522	\$ 38,522
Intergovernmental	-	-	-	18,738	5,375	-	24,113
Interest Income	(2,299)	-	-	-	-	-	(2,299)
Miscellaneous Income	16,490	2,603	13,000	-	-	-	32,093
Total Revenues	<u>14,191</u>	<u>2,603</u>	<u>13,000</u>	<u>18,738</u>	<u>5,375</u>	<u>38,522</u>	<u>92,429</u>
EXPENDITURES							
Current:							
Public Safety	-	-	-	31,010	2,204	18,733	51,947
Culture, Recreation and Education	17,496	-	-	-	-	-	17,496
Conservation and Development	-	-	-	-	-	96,814	96,814
Total Expenditures	<u>17,496</u>	<u>-</u>	<u>-</u>	<u>31,010</u>	<u>2,204</u>	<u>115,547</u>	<u>166,257</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,305)</u>	<u>2,603</u>	<u>13,000</u>	<u>(12,272)</u>	<u>3,171</u>	<u>(77,025)</u>	<u>(73,828)</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	21,730	-	-	-	-	75,000	96,730
Total Other Financing Sources (Uses)	<u>21,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>96,730</u>
Net Change in Fund Balances	18,425	2,603	13,000	(12,272)	3,171	(2,025)	22,902
Fund Balances - Beginning	142,510	4,932	8,410	18,502	13,602	(7,886)	180,070
Fund Balances - Ending	<u>\$ 160,935</u>	<u>\$ 7,535</u>	<u>\$ 21,410</u>	<u>\$ 6,230</u>	<u>\$ 16,773</u>	<u>\$ (9,911)</u>	<u>\$ 202,972</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, 2018**

	<u>Flexible Spending</u>	<u>Fire and Rescue Donations</u>	<u>Recycling</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	\$ -	\$ -	\$ 9,600	\$ -	\$ -	\$ -	\$ 9,600
Intergovernmental	-	-	12,260	-	-	-	12,260
Public Charges for Services	-	-	62,358	-	-	-	62,358
Miscellaneous Income	-	4,405	-	-	16,200	22,819	43,424
Total Revenues	<u>-</u>	<u>4,405</u>	<u>84,218</u>	<u>-</u>	<u>16,200</u>	<u>22,819</u>	<u>127,642</u>
EXPENDITURES							
Current:							
Public Safety	-	4,491	-	7,584	-	-	12,075
Public Works	-	-	72,876	-	-	-	72,876
Capital Outlay	-	-	-	-	34,432	-	34,432
Total Expenditures	<u>-</u>	<u>4,491</u>	<u>72,876</u>	<u>7,584</u>	<u>34,432</u>	<u>-</u>	<u>119,383</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(86)</u>	<u>11,342</u>	<u>(7,584)</u>	<u>(18,232)</u>	<u>22,819</u>	<u>8,259</u>
Net Change in Fund Balances	-	(86)	11,342	(7,584)	(18,232)	22,819	8,259
Fund Balances - Beginning	11,883	38,536	8,268	28,146	122,776	129,471	339,080
Fund Balances - Ending	<u>\$ 11,883</u>	<u>\$ 38,450</u>	<u>\$ 19,610</u>	<u>\$ 20,562</u>	<u>\$ 104,544</u>	<u>\$ 152,290</u>	<u>\$ 347,339</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, 2018**

	TIF 2 Capital Projects	Canoe Kayak Launch	CCCP	TIF 3 Capital Projects	Page Total	Non-Major Governmental Funds
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,600
Other Taxes	-	-	-	-	-	38,522
Intergovernmental	-	-	-	-	-	36,373
Public Charges for Services	-	-	-	-	-	62,358
Interest Income	-	-	-	-	-	(2,299)
Miscellaneous Income	-	-	-	-	-	75,517
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,071</u>
EXPENDITURES						
Current:						
General Government	-	-	-	150	150	150
Public Safety	-	-	-	-	-	64,022
Public Works	-	-	-	-	-	72,876
Culture, Recreation and Education	-	-	-	-	-	17,496
Conservation and Development	-	-	-	-	-	96,814
Capital Outlay	-	-	-	-	-	34,432
Debt Service:						
Interest Expense	5,261	-	-	-	5,261	5,261
Total Expenditures	<u>5,261</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>5,411</u>	<u>291,051</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,261)</u>	<u>-</u>	<u>-</u>	<u>(150)</u>	<u>(5,411)</u>	<u>(70,980)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	31,057	45,671	-	-	76,728	173,458
Total Other Financing Sources (Uses)	<u>31,057</u>	<u>45,671</u>	<u>-</u>	<u>-</u>	<u>76,728</u>	<u>173,458</u>
Net Change in Fund Balances	25,796	45,671	-	(150)	71,317	102,478
Fund Balances - Beginning	(110,763)	(45,671)	(39,000)	-	(195,434)	323,716
Fund Balances - Ending	<u>\$ (84,967)</u>	<u>\$ -</u>	<u>\$ (39,000)</u>	<u>\$ (150)</u>	<u>\$ (124,117)</u>	<u>\$ 426,194</u>