

**VILLAGE OF RIDGEWAY, WISCONSIN**

**FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the year ended December 31, 2021

DRAFT

Johnson Block and Company, Inc.  
Certified Public Accountants  
2500 Business Park Road  
Mineral Point, Wisconsin 53565  
(608) 987-2206  
Fax: (608) 987-3391

VILLAGE OF RIDGEWAY, WISCONSIN  
DECEMBER 31, 2021  
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## INDEPENDENT AUDITOR'S REPORT

To the Village Board  
Village of Ridgeway, Wisconsin

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ridgeway, Wisconsin ("Village"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ridgeway, Wisconsin, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States or America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Ridgeway's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.  
May 3, 2022

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Basic Financial Statements

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Exhibit A-1  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,668,687	\$ 245,492	\$ 1,914,179
Cash and investments - restricted		126,607	126,607
Receivables:			
Taxes	288,993		288,993
Special assessments	5,438		5,438
Customer		29,610	29,610
Other	23,024		23,024
Internal balances	141,560	(141,560)	
Due from other governments	33,091		33,091
Materials and supplies		5,692	5,692
Prepaid expenses	1,250	2,500	3,750
	<u>2,162,043</u>	<u>268,341</u>	<u>2,430,384</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	3,390,771	9,355,846	12,746,617
Less: accumulated depreciation	(859,752)	(1,804,461)	(2,664,213)
Net book value of capital assets	<u>2,531,019</u>	<u>7,551,385</u>	<u>10,082,404</u>
	<u>2,531,019</u>	<u>7,551,385</u>	<u>10,082,404</u>
Total noncurrent assets			
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized major repairs		294,873	294,873
	<u>4,693,062</u>	<u>8,114,599</u>	<u>12,807,661</u>
Total assets	<u>\$ 4,693,062</u>	<u>\$ 8,114,599</u>	<u>\$ 12,807,661</u>

Exhibit A-1 (Continued)  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 99,134	\$ 9,218	\$ 108,352
Unearned revenue	32,971		32,971
Accrued interest	3,099	1,208	4,307
Current portion of long-term debt	340,587	172,867	513,454
Total current liabilities	475,791	183,293	659,084
Current liabilities payable from restricted assets:			
Accrued interest		7,283	7,283
Current portion of revenue bonds		47,517	47,517
Total liabilities payable from restricted assets		54,800	54,800
Noncurrent liabilities:			
Revenue bonds payable	275,597	2,198,545	2,474,142
Notes payable	1,167,148	617,287	1,784,435
Less: current portion	(340,587)	(220,384)	(560,971)
Total noncurrent liabilities	1,102,158	2,595,448	3,697,606
Total liabilities	1,577,949	2,833,541	4,411,490
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property tax revenues	531,358		531,358
<b>NET POSITION</b>			
Net investment in capital assets	1,147,442	5,275,553	6,422,995
Restricted for:			
Community center	415,519		415,519
Debt service - revenue bonds		35,188	35,188
Equipment replacement		84,136	84,136
Unrestricted	1,020,794	(113,819)	906,975
Total net position	2,583,755	5,281,058	7,864,813
Total liabilities, deferred inflows of resources, and net position	\$ 4,693,062	\$ 8,114,599	\$ 12,807,661

Exhibit A-2  
Village of Ridgeway, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 165,745	\$ 10,476	\$	\$ 24,226	\$ (131,043)	\$	\$ (131,043)
Public safety	208,476	1,413	10,055		(197,008)		(197,008)
Public works	231,096	8,448	44,341	228,967	50,660		50,660
Sanitation	45,790	47,583	2,643		4,436		4,436
Leisure activities	67,415	3,655	400	59,137	(4,223)		(4,223)
Conservation & economic development	10,412				(10,412)		(10,412)
Interest and fiscal charges	35,069				(35,069)		(35,069)
Total governmental activities	<u>764,003</u>	<u>71,575</u>	<u>57,439</u>	<u>312,330</u>	<u>(322,659)</u>		<u>(322,659)</u>
Business-type activities:							
Water	208,738	174,663		199,879		165,804	165,804
Sewer	328,505	232,517		233,245		137,257	137,257
Total business-type activities	<u>537,243</u>	<u>407,180</u>		<u>433,124</u>		<u>303,061</u>	<u>303,061</u>
Total primary government	<u>\$ 1,301,246</u>	<u>\$ 478,755</u>	<u>\$ 57,439</u>	<u>\$ 745,454</u>	<u>(322,659)</u>	<u>303,061</u>	<u>(19,598)</u>
General Revenues and Transfers:							
Property taxes							
General purposes					427,328		427,328
Tax increments					77,478		77,478
Other taxes					35		35
Federal and State aid not restricted for specific purposes							
General					140,273		140,273
Interest and investment earnings					4,530	1,997	6,527
Gain on sale of capital assets					103,553		103,553
Miscellaneous					17,155		17,155
Transfers					46,151	(46,151)	
Total general revenues and transfers					<u>816,503</u>	<u>(44,154)</u>	<u>772,349</u>
Changes in net position					493,844	258,907	752,751
Net position - beginning					2,089,911	5,022,151	7,112,062
Net position - ending					<u>\$ 2,583,755</u>	<u>\$ 5,281,058</u>	<u>\$ 7,864,813</u>

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

Exhibit A-3  
Village of Ridgeway, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2021

	General	TIF District #1	Capital Projects	CDBG	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 1,081,485	\$	\$ 59,168	\$	\$ 528,034	\$ 1,668,687
Receivables:						
Taxes	140,868	64,764	17,407		65,954	288,993
Special assessment receivables	5,438					5,438
Customer receivables	4,420					4,420
Other			18,604			18,604
Due from other funds	94,919					94,919
Due from other governments				33,091		33,091
Advances to other funds	852,086					852,086
Prepaid expenses	1,250					1,250
<b>Total assets</b>	<b>\$ 2,180,466</b>	<b>\$ 64,764</b>	<b>\$ 95,179</b>	<b>\$ 33,091</b>	<b>\$ 593,988</b>	<b>\$ 2,967,488</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 25,414	\$ 10,000	\$	\$ 41,364	\$ 22,356	\$ 99,134
Unearned revenue					32,971	32,971
Due to other funds		22,661		11,380		34,041
Advances from other funds		771,404				771,404
<b>Total liabilities</b>	<b>25,414</b>	<b>804,065</b>		<b>52,744</b>	<b>55,327</b>	<b>937,550</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenues	306,402	120,903	32,500		123,142	582,947
<b>FUND BALANCES</b>						
Nonspendable	853,336					853,336
Restricted					415,519	415,519
Assigned	23,360		62,679			86,039
Unassigned (deficit)	971,954	(860,204)		(19,653)		92,097
<b>Total fund balances</b>	<b>1,848,650</b>	<b>(860,204)</b>	<b>62,679</b>	<b>(19,653)</b>	<b>415,519</b>	<b>1,446,991</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,180,466</b>	<b>\$ 64,764</b>	<b>\$ 95,179</b>	<b>\$ 33,091</b>	<b>\$ 593,988</b>	<b>\$ 2,967,488</b>

Exhibit A-4  
 Village of Ridgeway, Wisconsin  
 Reconciliation of the Governmental Funds Balance Sheet  
 with the Statement of Net Position  
 December 31, 2021

Total fund balances - governmental funds: \$ 1,446,991

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	3,390,771	
Governmental accumulated depreciation	(859,752)	
	<u>2,531,019</u>	2,531,019

Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the fund statements.

2021 tax equivalent from utility		46,151
Special assessments		5,438

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

Revenue bonds payable		(275,597)
Notes payable		(1,167,148)
Accrued interest on general obligation debt		(3,099)
		<u>(1,445,844)</u>

Total net position - governmental activities		<u>\$ 2,583,755</u>
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Exhibit A-5  
Village of Ridgeway, Wisconsin  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2021

	General	TIF District #1	Capital Projects	CDBG	Other Governmental Funds	Total
<b>REVENUES</b>						
Taxes	\$ 298,449	\$ 77,478	\$ 128,879	\$	\$	\$ 504,806
Special assessments	3,010					3,010
Intergovernmental	196,498	849		228,967		426,314
Licenses and permits	10,246					10,246
Fines and forfeits	1,643					1,643
Public charges for services	47,583				425	48,008
Interest	4,530					4,530
Miscellaneous	39,047	4,700	865		59,537	104,149
Total revenues	<u>601,006</u>	<u>83,027</u>	<u>129,744</u>	<u>228,967</u>	<u>59,962</u>	<u>1,102,706</u>
<b>EXPENDITURES</b>						
Current:						
General government	161,679	1,512		25		163,216
Public safety	208,476					208,476
Public works	139,140					139,140
Leisure activities	25,631					25,631
Conservation & economic development		10,412				10,412
Capital outlay:						
General government	380					380
Public works	5,104		60,340	399,926		465,370
Leisure activities	23,446		18,337		104,443	146,226
Conservation & economic development		45,812				45,812
Debt service:						
Principal retirement	13,059	220,437	162,649			396,145
Interest and debt issuance costs	4,655	17,794	14,343			36,792
Total expenditures	<u>581,570</u>	<u>295,967</u>	<u>255,669</u>	<u>399,951</u>	<u>104,443</u>	<u>1,637,600</u>
Excess (deficiency) of revenues over expenditures	<u>19,436</u>	<u>(212,940)</u>	<u>(125,925)</u>	<u>(170,984)</u>	<u>(44,481)</u>	<u>(534,894)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds	17,713	56,004		151,331		225,048
Sale of capital assets	3,000	135,472	18,604			157,076
Transfers in	45,992				460,000	505,992
Transfers out	(10,000)		(450,000)			(460,000)
Total other financing sources	<u>56,705</u>	<u>191,476</u>	<u>(431,396)</u>	<u>151,331</u>	<u>460,000</u>	<u>428,116</u>
Net change in fund balances	76,141	(21,464)	(557,321)	(19,653)	415,519	(106,778)
Fund balance - beginning	<u>1,772,509</u>	<u>(838,740)</u>	<u>620,000</u>			<u>1,553,769</u>
Fund balance - ending	<u>\$ 1,848,650</u>	<u>\$ (860,204)</u>	<u>\$ 62,679</u>	<u>\$ (19,653)</u>	<u>\$ 415,519</u>	<u>\$ 1,446,991</u>

Exhibit A-6  
Village of Ridgeway, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds		\$ (106,778)
Amounts reported for governmental activities in the statement of activities are different because:		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities		
Capital outlay reported in governmental fund statements	613,617	
Depreciation expenses reported in the statement of activities	<u>(137,888)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		475,729
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:		
		(53,523)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities		
The amount of debt principal payments in the current year is:		396,145
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities.		
		(225,049)
In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.		
Amount assessed	5,438	
Amount collected	<u>                    </u>	
		5,438
In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.		
2020 utility tax equivalent recognized as revenue in 2021 in the governmental funds	(45,992)	
2021 utility tax equivalent recognized as a transfer in for the statement of activities	<u>46,151</u>	
		159
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	36,791	
The amount of interest accrued during the current period	<u>(35,070)</u>	
Interest paid is greater (less) than interest expensed by		<u>1,723</u>
Change in net position - governmental activities		<u>\$ 493,844</u>

Exhibit A-7  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2021

	Water Utility	Sewer Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 33,322	\$ 212,170	\$ 245,492
Restricted cash:			
Debt service	19,608	22,863	42,471
Replacement		84,136	84,136
Customer accounts receivable	7,435	22,175	29,610
Prepaid expenses	1,250	1,250	2,500
Inventories	5,486	206	5,692
Total current assets	67,101	342,800	409,901
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	2,672,842	6,683,004	9,355,846
Less: accumulated depreciation	(512,090)	(1,292,371)	(1,804,461)
Net property and plant	2,160,752	5,390,633	7,551,385
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized major repairs	294,873		294,873
Total assets and deferred outflows of resources	\$ 2,522,726	\$ 5,733,433	\$ 8,256,159

Exhibit A-7 (Continued)  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2021

	Water Utility	Sewer Utility	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 3,537	\$ 5,681	\$ 9,218
Due to other funds		60,878	60,878
Accrued interest	1,208		1,208
Current portion of advances from other funds		12,200	12,200
Current portion of notes payable	172,867		172,867
Total current liabilities	177,612	78,759	256,371
Current liabilities (payable from restricted assets):			
Accrued interest	438	6,845	7,283
Current portion of revenue bonds	7,586	39,931	47,517
Total current liabilities (payable from restricted assets)	8,024	46,776	54,800
Long-term liabilities:			
Advances from other funds		80,682	80,682
Revenue bonds	157,484	2,041,061	2,198,545
Notes payable	617,287		617,287
Less: current portion	(180,453)	(52,131)	(232,584)
Total long-term liabilities	594,318	2,069,612	2,663,930
<b>NET POSITION</b>			
Net investment in capital assets	1,925,981	3,349,572	5,275,553
Restricted for:			
Debt service - revenue bonds	19,170	16,018	35,188
Equipment replacement		84,136	84,136
Unrestricted (deficit)	(202,379)	88,560	(113,819)
Total net position	1,742,772	3,538,286	5,281,058
Total liabilities and net position	\$ 2,522,726	\$ 5,733,433	\$ 8,256,159

Exhibit A-8  
Village of Ridgeway, Wisconsin  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2021

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Sales of water	\$ 141,707	\$	\$ 141,707
Measured sewer service		231,625	231,625
Penalties	326	892	1,218
Other	32,630		32,630
Total operating revenues	<u>174,663</u>	<u>232,517</u>	<u>407,180</u>
<b>OPERATING EXPENSES</b>			
Operation	137,545	111,354	248,899
Depreciation	50,522	173,396	223,918
Taxes	2,360	2,449	4,809
Total operating expenses	<u>190,427</u>	<u>287,199</u>	<u>477,626</u>
Operating income (loss)	<u>(15,764)</u>	<u>(54,682)</u>	<u>(70,446)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on investments	1,141	856	1,997
Interest expense	(18,311)	(41,306)	(59,617)
Net nonoperating revenues (expenses)	<u>(17,170)</u>	<u>(40,450)</u>	<u>(57,620)</u>
Income before contributions and transfers	(32,934)	(95,132)	(128,066)
Capital grants and contributions	199,879	233,245	433,124
Transfer of tax equivalent	(46,151)		(46,151)
Change in net position	120,794	138,113	258,907
Net position - beginning	<u>1,621,978</u>	<u>3,400,173</u>	<u>5,022,151</u>
Net position - ending	<u>\$ 1,742,772</u>	<u>\$ 3,538,286</u>	<u>\$ 5,281,058</u>

Exhibit A-9  
Village of Ridgeway Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>			
Received from customers	\$ 174,462	\$ 232,658	\$ 407,120
Payments to employees	(37,439)	(32,818)	(70,257)
Payments for employee benefits	(1,920)	(2,055)	(3,975)
Payments to suppliers	(405,745)	(81,696)	(487,441)
Net cash provided by operating activities	(270,642)	116,089	(154,553)
<b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(46,151)		(46,151)
Payment of advance from the general fund		(12,200)	(12,200)
Net cash provided by operating activities	(46,151)	(12,200)	(58,351)
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(422,980)	(233,245)	(656,225)
Capital grants and contributions received	199,879	233,245	433,124
Debt proceeds	124,367		124,367
Principal payments	(54,543)	(39,129)	(93,672)
Interest payments	(18,460)	(41,432)	(59,892)
Net cash from capital and related financing activities	(171,737)	(80,561)	(252,298)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	1,141	856	1,997
Net change in cash and cash equivalents	(487,389)	24,184	(463,205)
Cash and cash equivalents - beginning of year	540,319	294,985	835,304
Cash and cash equivalents - end of year	\$ 52,930	\$ 319,169	\$ 372,099
<b>Reconciliation of cash and cash equivalents to</b>			
Cash and investments	\$ 33,322	\$ 212,170	\$ 245,492
Restricted cash	19,608	106,999	126,607
Cash and cash equivalents	\$ 52,930	\$ 319,169	\$ 372,099

Exhibit A-9 (Continued)  
Village of Ridgeway Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2021

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ (15,764)	\$ (54,682)	\$ (70,446)
Noncash items in operating income:			
Depreciation expense	51,980	173,397	225,377
Changes in assets and liabilities:			
Customer accounts receivable	(201)	141	(60)
Inventories	437	1	438
Prepaid expenses	(1,250)	(1,250)	(2,500)
Unamortized well repairs	(294,873)		(294,873)
Accounts payable	(10,971)	(1,518)	(12,489)
Net cash provided (used) by operating activities	<u>\$ (270,642)</u>	<u>\$ 116,089</u>	<u>\$ (154,553)</u>

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Exhibit A-10  
 Village of Ridgeway, Wisconsin  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2021

	Custodial Fund
	Tax
	Collection Fund
<b>ASSETS</b>	
Cash and investments	\$ 318,774
Taxes receivable	367,750
Total assets	\$ 686,524
<b>LIABILITIES</b>	
Due to other taxing units	\$ 686,524
<b>NET POSITION</b>	
Restricted	
Total liabilities and net position	\$ 686,524

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Exhibit A-11  
 Village of Ridgeway, Wisconsin  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended December 31, 2021

	<u>Custodial Fund</u> Tax <u>Collection Fund</u>
<b>ADDITIONS</b>	
Property tax collections for other governments	\$ 474,262
<b>DEDUCTIONS</b>	
Payments of taxes to other governments	474,262
Net increase (decrease) in fiduciary net position	
Net position - beginning of year	_____
Net position - end of year	\$ _____

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Notes to the Basic Financial Statements

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Village of Ridgeway, Wisconsin  
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December 31, 2021

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Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Ridgeway is located in Iowa County, Wisconsin. The accounting policies of the Village of Ridgeway conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Significant accounting policies and principles of the Village of Ridgeway are summarized below:

A. Reporting Entity

This report includes all of the funds of the Village of Ridgeway, Wisconsin. 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.

B. Government-Wide and Fund 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. 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. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

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**

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Funds are organized in major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. 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 of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Major Governmental Funds:

The Village reports the following major governmental funds:

General Fund – Accounts for the Village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

TIF District #1 Fund – Accounts for the activity of tax increment district No. 1, including the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund – Accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

CDBG Fund – Special revenue fund that accounts for the activity of the Village’s community development block grant program.

Nonmajor Governmental Funds:

Special Revenue Funds – Accounts for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Local Fiscal Recovery Fund
- Community Center Fund

Debt Service Fund – Accounts for all financial resources restricted, committed, or assigned to expenditure for principal and interest.

Major Enterprise Funds:

The Village reports the following major enterprise funds:

Water Utility – accounts for the operations of the water system

Sewer Utility – accounts for the operations of the sewer system

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Fiduciary Funds (Not Included in Government-Wide Statements)

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

The Village reports the following fiduciary fund type:

Custodial Funds - 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 Tax Collection Fund accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported 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 recorded when 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. 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 of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

**Fund Financial Statements**

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

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Resources (typically cash) received before all eligibility requirements have been met are reported as assets and offset by unearned revenue (a liability) unless only a time requirement has not been met. In that case, deferred inflows of resources are reported rather than a liability.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments 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.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow or resources (revenue) until that time.

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

**Fund Financial Statements (Continued)**

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 and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues and expenditures arising from nonexchange transactions, such as property and sales taxes, fines, and grants are recorded according to Governmental Accounting Standards Board.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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. Cash and Investments

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

E. Receivables

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 in the accompanying custodial fund balance sheet.

Property tax calendar - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale- 2021 delinquent real estate taxes	October 2025

Delinquent special charges and assessments are not paid in full by the county. Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place delinquent bills on the tax roll.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

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," Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds," Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position, Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories

Inventories of governmental fund types consist of expendable supplies held for consumption. Such items, which are not material, are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet – Governmental Funds.

Inventories of proprietary fund types are valued at the lower-of-cost or market using the first-in, first-out method and are charged as expenses or are capitalized when used.

G. 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.

H. Capital Assets

**Government-Wide Statements**

In the government-wide financial statements, capital assets are defined by the government as assets with an initial cost of more than \$5,000 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 capital 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. 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 Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. 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	20-50 Years
Improvements	20 Years
Machinery and Equipment	5-20 Years
Infrastructure	30-50 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 proprietary fund operations are accounted for the same way as in the government-wide statements.

I. Unearned Revenue

The Village reports unearned revenue on its governmental funds balance sheet. Unearned revenue arises 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 the Village has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

J. Compensated Absences

Under terms of employment, Village employees are granted vacations and sick leave in varying amounts. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Any vacation and sick leave that has been accumulated will be forfeited upon termination or resignation. Compensated absences are immaterial to the financial statements.

K. Long-Term Obligations

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums and less any discounts) 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.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Claims and Judgments

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

M. Equity Classifications

**Government-Wide Statements**

Equity is classified 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 position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position 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, then unrestricted resources as they are needed.

**Fund Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

**Fund Statements (Continued)**

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board. As of December 31, 2021 the Village does not have any reserves that meet this component of fund balance.

The Village has not established a minimum unassigned fund balance policy.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Village to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Village that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Interfund Transactions

The water utility is charged for a tax equivalent due to the municipality. Payments in lieu of taxes are treated as revenues in the general fund.

The general fund pays a fire protection charge to the water utility. In addition, the water and sewer utilities provide basic services to departments in the general fund. Charges for fire protection and basic services are recorded as expenditures in the general fund.

O. Risk Management

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

P. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The Village reports deferred outflows of resources for unamortized major repairs related to painting the water tower in 2021. Tower maintenance costs of \$344,019 are being amortized to expense on a straight-line basis over seven-years per authorization from the PSC.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources for deferred property tax revenue.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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**NOTE 2** EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS  
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

**Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities**

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

**NOTE 3** CASH AND INVESTMENTS

At December 31, 2021, cash and investments included the following:

Deposits with financial institutions	\$ 2,359,498
Cash on hand	62
	\$ 2,359,560

Cash and investments as of December 31, 2021, are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 1,914,179
Cash and investments - restricted	126,607
Exhibit A-10:	
Cash and investments	318,774
Total Cash and Investments	\$ 2,359,560

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

Investment of Village funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
- 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, local arts district, the University of Wisconsin Hospitals and Clinics Authority, a local football stadium, or the Wisconsin Aerospace Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

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

Interest Rate Risk

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

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

*Federal Deposit Insurance Corporation (FDIC) Insurance*

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

*Collateralization of Public Unit Deposits*

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the unlikely event of the failure of an insured bank.

Bank accounts are also insured by the State of Wisconsin Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2021, \$500,000 of Village deposits were insured by FDIC and \$1,867,359 of the Village's deposits with financial institutions were in excess of FDIC Insurance limits, \$400,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. Government securities and investments in mutual funds are excluded from this risk. The Village places no limit on the amount the Village may invest in any one issuer.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 125,000	\$	\$ (34,500)	\$ 90,500
Construction work in progress	29,049	104,618	(12,484)	121,183
Total capital assets not being depreciated	<u>154,049</u>	<u>104,618</u>	<u>(46,984)</u>	<u>211,683</u>
Other capital assets				
Buildings and improvements	162,824			162,824
Equipment and vehicles	333,048	59,383	(31,197)	361,234
Infrastructure	2,192,930	462,100		2,655,030
Total other capital assets at historical costs	<u>2,688,802</u>	<u>521,483</u>	<u>(31,197)</u>	<u>3,179,088</u>
Less accumulated depreciation for:				
Buildings and improvements	120,517	4,441		124,958
Equipment and vehicles	139,653	30,097	(12,174)	157,576
Infrastructure	473,868	103,350		577,218
Total accumulated depreciation	<u>734,038</u>	<u>137,888</u>	<u>(12,174)</u>	<u>859,752</u>
Net other capital assets	<u>1,954,764</u>	<u>383,595</u>	<u>(19,023)</u>	<u>2,319,336</u>
Total net capital assets	<u>\$ 2,108,813</u>	<u>\$ 488,213</u>	<u>\$ (66,007)</u>	<u>\$ 2,531,019</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 1,049
Public works, which includes the depreciation of infrastructure	136,662
Leisure activities	177
Total Governmental Activities Depreciation Expense	<u>\$ 137,888</u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 4

CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities:</u></b>				
Capital assets not being depreciated:				
Land and land rights	\$ 26,307	\$	\$	\$ 26,307
Construction work in progress	21,703		(21,703)	
Total capital assets not being depreciated	<u>48,010</u>		<u>(21,703)</u>	<u>26,307</u>
Capital assets being depreciated:				
Water:				
Source of supply	154,455			154,455
Pumping	95,390	20,700	(11,700)	104,390
Water treatment	2,713			2,713
Transmission and distribution	2,027,507	337,248	(116,065)	2,248,690
General plant	67,645	86,735		154,380
Sewer:				
Collecting system	1,221,128	233,245	(139,382)	1,314,991
Pumping system	153,127			153,127
Treatment and disposal	5,064,572			5,064,572
General plant	132,221			132,221
Total capital assets being depreciated	<u>8,918,758</u>	<u>677,928</u>	<u>(267,147)</u>	<u>9,329,539</u>
Less: accumulated depreciation for:				
Water	587,874	51,981	(127,765)	512,090
Sewer	1,258,357	173,396	(139,382)	1,292,371
Total accumulated depreciation	<u>1,846,231</u>	<u>225,377</u>	<u>(267,147)</u>	<u>1,804,461</u>
Net capital assets being depreciated	<u>7,072,527</u>	<u>452,551</u>		<u>7,525,078</u>
Total net capital assets	<u>\$ 7,120,537</u>	<u>\$ 452,551</u>	<u>\$ (21,703)</u>	<u>\$ 7,551,385</u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Sewer utility	\$	173,396
Water utility		51,980
Total depreciation expense		<u>225,376</u>
Less: water depreciation expense allocated to sewer		<u>(1,458)</u>
Total depreciation expense per Exhibit A-8	\$	<u><u>223,918</u></u>

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<b><u>Governmental activities</u></b>					
Direct borrowings and placements:					
General obligation notes	\$ 1,325,185	\$ 225,049	\$ (383,086)	\$ 1,167,148	\$ 327,312
Revenue bonds	288,656		(13,059)	275,597	13,275
Total governmental activities long-term liabilities	<u>\$ 1,613,841</u>	<u>\$ 225,049</u>	<u>\$ (396,145)</u>	<u>\$ 1,442,745</u>	<u>\$ 340,587</u>
<b><u>Business-type activities</u></b>					
Direct borrowings and placements:					
General obligation notes	\$ 540,000	\$ 124,367	\$ (47,080)	\$ 617,287	\$ 172,867
Revenue bonds	300,437		(13,592)	286,845	13,817
Revenue bonds - nondirect	1,944,700		(33,000)	1,911,700	33,700
Total business-type activities long-term liabilities	<u>\$ 2,785,137</u>	<u>\$ 124,367</u>	<u>\$ (93,672)</u>	<u>\$ 2,815,832</u>	<u>\$ 220,384</u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments. Business-type activities debt is payable by revenues from user fees of those funds.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2021
<b>Governmental activities</b>					
General obligation notes	10/13/2020	10/12/2030	2.95%	\$ 624,921	\$ 540,753
General obligation notes	12/10/2020	12/9/2025	2.25%	170,000	66,719
General obligation notes	12/10/2020	12/9/2027	2.60%	450,000	390,632
General obligation notes	2/9/2021	8/8/2022	2.50%	151,331	151,331
General obligation notes	11/9/2021	12/15/2022	1.75%	17,713	17,713
Total governmental activities - general obligation debt					<u>\$ 1,167,148</u>
<b>Business-type activities</b>					
General obligation notes	12/10/2020	12/9/2030	2.95%	\$ 540,000	\$ 492,920
General obligation notes	2/9/2021	8/8/2022	2.50%	124,367	124,367
Total business-type activities - general obligation debt					<u>\$ 617,287</u>

General obligation notes dated October 13, 2020 have a credit limit of \$750,000. As of December 31, 2021, the Village has a credit line available of \$209,247.

General obligation notes dated February 9, 2021 have a credit limit of \$750,000. As of December 31, 2021, the Village has a credit line available of \$474,302.

Debt service requirements to maturity are as follows:

Years	Governmental Activities			Business-type Activities		
	Notes from Direct Borrowings and Direct Placements			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 327,312	\$ 32,582	\$ 359,894	\$ 172,867	\$ 17,491	\$ 190,358
2023	162,053	24,528	186,581	49,960	12,920	62,880
2024	132,143	20,165	152,308	51,433	11,448	62,881
2025	135,870	15,636	151,506	53,016	9,865	62,881
2026	139,683	11,214	150,897	54,613	8,268	62,881
2027-2031	270,087	12,506	282,593	235,398	16,126	251,524
Totals	<u>\$ 1,167,148</u>	<u>\$ 116,631</u>	<u>\$ 1,283,779</u>	<u>\$ 617,287</u>	<u>\$ 76,118</u>	<u>\$ 693,405</u>

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, 2021 was \$2,253,075. Total general obligation debt outstanding at year-end was \$1,784,435.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

Revenue bonds are payable only from revenues derived from operations. Revenue debt payable at December 31, 2021 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2021
<b><u>Governmental activities</u></b>					
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	\$ 300,149	<u>\$ 275,597</u>
<b><u>Business-type activities</u></b>					
Sewer system revenue bonds	5/16/2019	5/1/2059	2.00%	\$ 1,791,000	\$ 1,731,400
Sewer system revenue bonds	5/16/2019	5/1/2059	2.38%	186,000	180,300
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	312,400	286,845
Total business-type activities - revenue debt					<u>\$ 2,198,545</u>

The May 16, 2019 sewer system revenue bonds issue has the following requirements:

- Establish and maintain a reserve account in the amount equal to the least of (a) \$7,200, (b) maximum annual debt service on the Bonds in any Bond Year and (c) 125% of average annual debt service on the Bonds in any Bond Year. The reserve account is to be accumulated in semi-annual installments of 5% until the account is equal to the reserve requirement. As of December 31, 2021, the utility had a balance of \$22,863 in the reserve account. This requirement was met for 2021.
- A depreciation fund to be used whenever necessary to restore any deficiency in the debt service reserve. Funds may be used for repairs, replacements, new construction, extensions or additions to the sewer system. The amount required is determined by the Village Board to be sufficient to provide a proper and adequate depreciation account for the sewer system. As of December 31, 2021, the utility had a balance of \$0 in the depreciation account.
- Net revenues of the sewer system will be at least 1.10 times the annual debt service requirement for each bond year. Net revenues for 2021 were \$118,714 and the requirement was \$79,470. This requirement was met for 2021.

The January 22, 2020 water system revenue bonds issue requires the Utility's net revenues be at least 1.10 times of the principal and interest coming due on all outstanding bonds payable each year. Net revenues for 2021 were \$34,758 and the requirement was \$39,763. The Utility has not met this requirement for 2021.

The water system revenue bonds resolution requires for the further protection of bond holders with a statutory mortgage lien, created by Section 66.066 of the Wisconsin Statutes, upon the system which is recognized as valid and binding upon the Village.

Under the provisions of the resolution, a portion of operating revenues must be set aside to the Debt Service Fund. An amount equal to one-sixth (1/6) of the next installment of interest coming due on the bonds and one-twelfth (1/12) of the next installment of principal of the bonds shall be transferred monthly. The balance in this account as of December 31, 2021 was \$19,608 and the requirement was \$19,608. This requirement was met for 2021.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (continued)

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

Years	Governmental Activities		
	Revenue Bonds from Direct		
	Borrowings and Direct Placements		
	Principal	Interest	Total
2022	\$ 13,275	\$ 4,438	\$ 17,713
2023	13,494	4,217	17,711
2024	13,716	3,993	17,709
2025	13,943	3,764	17,707
2026	14,173	3,532	17,705
2027-2031	74,450	14,046	88,496
2032-2036	80,798	7,646	88,444
2037-2039	51,748	1,290	53,038
Totals	\$ 275,597	\$ 42,926	\$ 318,523

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

Years	Business-type Activities					
	Revenue Bonds from Direct			Revenue Bonds - Nondirect		
	Borrowings and Direct Placements			Revenue Bonds - Nondirect		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 13,817	\$ 4,619	\$ 18,436	\$ 33,700	\$ 38,568	\$ 72,268
2023	14,044	4,389	18,433	34,300	37,876	72,176
2024	14,276	4,155	18,431	35,100	37,171	72,271
2025	14,512	3,918	18,430	35,800	36,450	72,250
2026	14,751	3,677	18,428	36,600	35,714	72,314
2027-2031	77,488	14,620	92,108	194,300	166,995	361,295
2032-2036	84,096	7,958	92,054	215,000	146,193	361,193
2037-2041	53,861	1,342	55,203	237,900	123,175	361,075
2042-2046				263,700	97,678	361,378
2047-2051				291,900	69,421	361,321
2052-2056				323,100	38,143	361,243
2057-2059				210,300	6,484	216,784
Totals	\$ 286,845	\$ 44,678	\$ 331,523	\$ 1,911,700	\$ 833,868	\$ 2,745,568

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 6

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables at December 31, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	Sewer	\$ 60,878
General	TIF District #1	22,661
General	CDBG	11,380
		<u>\$ 94,919</u>

The Village has advanced cash to Tax Incremental Financing (TIF) District #1 to cover principal, interest and project costs. TIF #1 will repay the Village with future tax increments. No interest is charged on the advance.

In 1989, the Village of Ridgeway general fund advanced the sewer \$224,000 to assist the utility in payments of improvements to the sewer plant. The utility repays the general fund \$12,200 each year. In 1996, the Village of Ridgeway suspended payments from the utility until 2011 when payments were restarted. No interest is charged on the advance.

Interfund advances were as follows on December 31, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	TIF District #1	\$ 771,404
General	Sewer utility	80,682
Total		<u>\$ 852,086</u>

For the government-wide statement of net position, interfund balances which are owned within the governmental activities or business-type activities are netted and eliminated.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Governmental Funds:			
General	Water utility	\$ 45,992	Tax equivalent
Community Center	General	10,000	Donations received in 2020
Community Center	Capital projects	450,000	Capital improvements
Total		<u>\$ 505,992</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund the budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

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NOTE 7

JOINT VENTURE

Ridgeway Volunteer Fire Department and Barneveld Area Rescue Squad

The Ridgeway Volunteer Fire Department volunteers elect a board to administer the business and decisions of the Department. The Board consists of eight members. The Department is funded primarily through equal appropriations from the Town of Ridgeway and the Village of Ridgeway.

Each municipality's cost is based on the amount of funds budgeted in the current year to be provided by each respective municipality. The participating municipalities and their percentage of costs are as follows:

Village of Ridgeway	50 %
Town of Ridgeway	50 %
	100 %

The municipalities participating in the Barneveld Area Rescue Squad share in the operation of the Rescue Squad based on their proportionate share of the population served. Municipalities participating and their percentages of costs for 2021 were as follows:

Village of Barneveld	38 %
Town of Brigham	33 %
Village of Ridgeway	19 %
Town of Ridgeway	10 %
	100 %

Summary financial information of the Ridgeway Fire District and Barneveld Area Rescue Squad are available at their offices. Transactions are not reflected in these financial statements.

NOTE 8

TAX INCREMENTAL DISTRICT

The Village of Ridgeway, Wisconsin Tax Incremental Financing District was created under the provisions of Wisconsin Statute Section 66.46. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the Districts. The tax on the increased value is called a tax increment.

Project costs may be incurred up to five years before the District's mandatory termination date. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum number of years. An industrial and mixed-use TID has the option to extend the maximum life by 5-years. Project costs uncollected at the dissolution date are absorbed by the municipality.

The Village approved a 3-year technical college extension. This extension is reflected in the table below.

	Creation Date	Last Date to Incur Project Costs	Final Dissolution Date
District #1	8/7/2007	8/7/2022	8/7/2030

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 8

TAX INCREMENTAL DISTRICT (CONTINUED)

Following is the cumulative status of the TIF District as of December 31, 2021:

	TID #1
Project revenues	
Tax increment	\$ 128,232
Intergovernmental	1,297
Lot sales	463,928
Other	80,666
Total revenues	674,123
Project costs	
Construction	1,910,386
Administration	10,412
Professional services and DOR fees	9,738
Interest and other fiscal charges	144,544
Total expenditures	2,075,080
Amount to be recovered through future increments	\$ 1,400,957
Reconciliation of recoverable costs	
Long-term notes payable	\$ 540,753
TID #1 fund balance - deficit	860,204
Total	\$ 1,400,957

As shown in Note 6, the general fund advanced cash to TID #1 to pay project costs. The balance of the advance as of December 31, 2021 is \$771,404. No repayment terms have been established. The amounts to be recovered may be increased by interest charged on the advance.

NOTE 9

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2021, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 410,430
Tax increment receivable	120,903
2021 Water utility tax equivalent	46,151
Special assessments	5,438
Garbage and recycling penalties	25
Total	\$ 582,947

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 10

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2021 includes the following:

	General Fund	TIF District #1	Capital Projects	CDBG Fund	Other Governmental Funds
Nonspendable:					
Advances to other funds	\$ 852,086	\$	\$	\$	\$
Prepaid expenses	1,250				
Restricted for:					
Community center					415,519
Assigned for:					
Recreation	23,360				
Park improvements			62,679		
Unassigned (deficit)	971,954	(860,204)		(19,653)	
Total fund balances	\$ 1,848,650	\$ (860,204)	\$ 62,679	\$ (19,653)	\$ 415,519

NOTE 11

BUSINESS-TYPE ACTIVITIES RESTRICTED NET POSITION

Restricted assets and restricted net position in the business-type activities and the proprietary funds consist of the following at December 31, 2021:

Sewer utility restricted net position	
Debt service - revenue bonds	\$ 16,018
Equipment replacement	84,136
Total sewer restricted net position	100,154
Water utility restricted net position	
Debt service - revenue bonds	19,170
Total utility restricted net position	\$ 119,324

As described in Note 5, May 16, 2019 sewer system revenue bonds require the utility to establish and maintain debt service and depreciation accounts. January 22, 2020 water system revenue bonds require the utility to establish and maintain a debt service account.

Equipment replacement – Funds collected for recovery of construction costs are segregated and restricted as to use at the discretion of the Village board. A portion of the funds is to be used only for replacements or additions to the sewer plant.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2021

NOTE 12

DEFINED CONTRIBUTION PLAN

The Village participates in a deferred compensation program with Edward D. Jones. The Village contributes \$100 per month per employee. In 2021, the Village contributed \$5,600 for 5 employees. The Village recognizes pension expense as contributions are made, and there are no assets accumulated in a trust.

NOTE 13

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. All exceptions and modifications to levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the Village adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the Village must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions. Covered services include garbage collection, snow plowing, and street sweeping.

NOTE 14

PURCHASE COMMITMENTS / SUBSEQUENT EVENT

Prior to December 31, 2021, the Village approved the following projects:

Project/Purchase	Approved Costs	Expenditures through 12/31/2021	Purchase Commitments
2020 CDBG-PF project eng.	\$ 188,520	\$ 148,933	\$ 39,587
2020 CDBG-PF grant admin	20,000	12,000	8,000
2021 infrastructure project	1,460,387	827,275	633,112
Park bathroom	22,339	12,000	10,339
Community Center rooftop units	120,000		120,000
Meter software and meters	10,000		10,000
	<u>\$ 1,821,246</u>	<u>\$ 1,000,208</u>	<u>\$ 821,038</u>

Subsequent to December 31, 2021, the Village approved the following purchases:

Purchase	Amount
Lift station radios	\$ 10,100
ATV/UTV	13,511
Water meter purchases	20,940
WWTP samplers	17,000
Community Center renovations	493,313

NOTE 15

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021, and GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. When these become effective, application of these standards may restate portions of these financial statements.

Required Supplementary Information

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Exhibit B-1  
Required Supplementary Information  
Village of Ridgeway, Wisconsin  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 298,449	\$ 298,449	\$ 298,449	\$	\$
Special assessments			3,010	3,010	3,010
Intergovernmental	197,680	197,680	196,498	(1,182)	(1,182)
Licenses and permits	8,220	8,220	10,246	2,026	2,026
Fines and forfeitures	2,700	2,700	1,643	(1,057)	(1,057)
Public charges for services	43,938	43,938	47,583	3,645	3,645
Interest income	10,000	10,000	4,530	(5,470)	(5,470)
Miscellaneous	5,111	5,111	39,047	33,936	33,936
Total revenues	<u>566,098</u>	<u>566,098</u>	<u>601,006</u>	<u>34,908</u>	<u>34,908</u>
<b>EXPENDITURES</b>					
Current:					
General government	175,423	175,423	161,679	13,744	13,744
Public safety	204,488	204,488	208,476	(3,988)	(3,988)
Public works	153,709	153,209	139,140	14,569	14,069
Leisure activities	52,983	53,483	25,631	27,352	27,852
Capital outlay			28,930	(28,930)	(28,930)
Debt service	19,495	19,495	17,714	1,781	1,781
Total expenditures	<u>606,098</u>	<u>606,098</u>	<u>581,570</u>	<u>22,747</u>	<u>22,747</u>
Excess (deficiency) of revenues over expenditures	<u>(40,000)</u>	<u>(40,000)</u>	<u>19,436</u>	<u>57,655</u>	<u>57,655</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds			17,713	17,713	17,713
Sale of capital assets			3,000	3,000	3,000
Transfers in	40,000	40,000	45,992	5,992	5,992
Transfers out			(10,000)	(10,000)	(10,000)
Total other financing sources	<u>40,000</u>	<u>40,000</u>	<u>56,705</u>	<u>16,705</u>	<u>16,705</u>
Net changes in fund balance			76,141	74,360	74,360
Fund balance - beginning	<u>1,772,509</u>	<u>1,772,509</u>	<u>1,772,509</u>		
Fund balance - ending	<u>\$ 1,772,509</u>	<u>\$ 1,772,509</u>	<u>\$ 1,848,650</u>	<u>\$ 74,360</u>	<u>\$ 74,360</u>

Exhibit B-2  
Required Supplementary Information  
Village of Ridgeway, Wisconsin  
Budgetary Comparison Schedule for the CDBG Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Intergovernmental	\$	\$	\$ 228,967	\$ 228,967	\$ 228,967
Total revenues			228,967	228,967	228,967
<b>EXPENDITURES</b>					
Current:					
General government			25	(25)	(25)
Capital outlay			399,926	(399,926)	(399,926)
Total expenditures			399,951	(399,951)	(399,951)
Excess (deficiency) of revenues over over expenditures			(170,984)	(170,984)	(170,984)
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds			151,331	(151,331)	(151,331)
Net changes in fund balance			(19,653)	(19,653)	(19,653)
Fund balance - beginning					
Fund balance - ending	\$	\$	\$ (19,653)	\$ (19,653)	\$ (19,653)

Village of Ridgeway, Wisconsin  
Notes to Required Supplementary Information  
December 31, 2021

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NOTE 1

BUDGET SCHEDULE

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 1C to the financial statements.

The Village budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and designated carryovers from prior years. Revisions to the original budget are required by a statutory provision, which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Changes to the overall budget must be approved by a two-thirds board action. A formal budget is not required for the capital project fund and TIF district #1. Control for the TIF district is maintained by comparison to the project plan. Budgetary comparisons are not required for proprietary funds.

Appropriations for the general fund lapse at year-end unless specifically carried forward by Board action.

The Village does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations for the year ended December 31, 2021:

Expenditure	Excess Expenditures
General fund	
Current:	
Public safety	\$ 3,988
Capital outlay	28,930
CDBG fund	
Current:	
General government	25
Capital outlay	399,926

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Supplementary Information

Exhibit C-1  
Village of Ridgeway, Wisconsin  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2021

	Special Revenue		Debt Service	Totals
	Local Fiscal Recovery Fund	Community Center		
<b>ASSETS</b>				
Cash and investments	\$ 32,971	\$ 437,875	\$ 57,188	\$ 528,034
Taxes receivable			65,954	65,954
Total assets	<u>\$ 32,971</u>	<u>\$ 437,875</u>	<u>\$ 123,142</u>	<u>\$ 593,988</u>
<b>LIABILITIES</b>				
Accounts payable	\$	\$ 22,356	\$	\$ 22,356
Unearned revenue	32,971			32,971
Total liabilities	<u>32,971</u>	<u>22,356</u>		<u>55,327</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues			123,142	123,142
<b>FUND BALANCES</b>				
Restricted		415,519		415,519
Total fund balances		<u>415,519</u>		<u>415,519</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,971</u>	<u>\$ 437,875</u>	<u>\$ 123,142</u>	<u>\$ 593,988</u>

Exhibit C-2  
Village of Ridgeway, Wisconsin  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021

	<u>Special Revenue Community Center</u>	<u>Totals</u>
<b>REVENUES</b>		
Public charges for services	\$ 425	\$ 425
Miscellaneous	59,537	59,537
Total revenues	59,962	59,962
<b>EXPENDITURES</b>		
Capital outlay:		
Leisure activities	104,443	104,443
Excess (deficiency) of revenues over expenditures	(44,481)	(44,481)
<b>OTHER FINANCING SOURCES</b>		
Transfer in	460,000	460,000
Net change in fund balances	415,519	415,519
Fund balance - beginning		
Fund balance - ending	\$ 415,519	\$ 415,519

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