

Village of Ridgeway
Hailey Roessler, Clerk/Treasurer
Ridgeway, Wisconsin 53582

Dear Hailey,

Enclosed please find 2 copies of the audit report. We have forwarded an electronic copy of the audit report and management letter to you.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

If you have any questions, please contact our office. Thank you.

Sincerely,

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
_____, 2023

VILLAGE OF RIDGEWAY, WISCONSIN

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2022

DRAFT

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

VILLAGE OF RIDGEWAY, WISCONSIN
DECEMBER 31, 2022
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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2022, the Village adopted the provisions of GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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.
_____, 2023

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Basic Financial Statements

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Exhibit A-1
Village of Ridgeway, Wisconsin
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 1,036,200	\$ 254,283	\$ 1,290,483
Cash and investments - restricted		134,481	134,481
Receivables:			
Taxes	377,387		377,387
Special assessments	2,591		2,591
Customer		40,062	40,062
Leases		31,163	31,163
Other	16,573		16,573
Internal balances	141,560	(141,560)	
Materials and supplies		1,797	1,797
Prepaid expenses	7,639	15,278	22,917
	<u>1,581,950</u>	<u>335,504</u>	<u>1,917,454</u>
Total current assets			
Noncurrent assets:			
Lease Receivable		36,185	36,185
Capital assets:			
Property, plant and equipment	4,297,333	9,652,229	13,949,562
Less: accumulated depreciation	(1,031,016)	(1,899,588)	(2,930,604)
Net book value of capital assets	<u>3,266,317</u>	<u>7,752,641</u>	<u>11,018,958</u>
	<u>3,266,317</u>	<u>7,788,826</u>	<u>11,055,143</u>
Total noncurrent assets			
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized major repairs		245,727	245,727
	<u>4,848,267</u>	<u>8,370,057</u>	<u>13,218,324</u>
Total assets	<u>\$ 4,848,267</u>	<u>\$ 8,370,057</u>	<u>\$ 13,218,324</u>

Exhibit A-1 (Continued)
Village of Ridgeway, Wisconsin
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 31,265	\$ 42,722	\$ 73,987
Accrued interest	3,232	1,089	4,321
Current portion of long-term debt	202,021	49,960	251,981
Total current liabilities	236,518	93,771	330,289
Current liabilities payable from restricted assets:			
Accrued interest		8,634	8,634
Current portion of revenue bonds		56,540	56,540
Total liabilities payable from restricted assets		65,174	65,174
Noncurrent liabilities:			
Revenue bonds payable	262,322	2,511,650	2,773,972
Notes payable	859,821	444,382	1,304,203
Less: current portion	(202,021)	(106,500)	(308,521)
Total noncurrent liabilities	920,122	2,849,532	3,769,654
Total liabilities	1,156,640	3,008,477	4,165,117
DEFERRED INFLOWS OF RESOURCES			
Leases		66,036	66,036
Deferred property tax revenues	548,153		548,153
Total deferred inflows of resources	548,153	66,036	614,189
NET POSITION			
Net investment in capital assets	2,171,161	4,898,979	7,070,140
Restricted for:			
Debt service - revenue bonds		40,908	40,908
Environmental projects	100,314		100,314
Equipment replacement		84,939	84,939
Unrestricted	871,999	270,718	1,142,717
Total net position	3,143,474	5,295,544	8,439,018
Total liabilities, deferred inflows of resources, and net position	\$ 4,848,267	\$ 8,370,057	\$ 13,218,324

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

Exhibit A-2
Village of Ridgeway, Wisconsin
Statement of Activities
For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 220,168	\$ 16,653	\$ 600	\$ 1,500	\$ (201,415)	\$	\$ (201,415)
Public safety	235,917	1,458	77,880	500	(156,079)		(156,079)
Public works	349,087	25,000	50,992	215,720	(57,375)		(57,375)
Sanitation	42,796	47,732	2,636		7,572		7,572
Leisure activities	136,149	157,955	500	66,385	88,691		88,691
Conservation & economic development	11,162				(11,162)		(11,162)
Interest and fiscal charges	32,731				(32,731)		(32,731)
Total governmental activities	<u>1,028,010</u>	<u>248,798</u>	<u>132,608</u>	<u>284,105</u>	<u>(362,499)</u>		<u>(362,499)</u>
Business-type activities:							
Water	224,092	217,583				(6,509)	(6,509)
Sewer	335,312	240,405		155,153		60,246	60,246
Total business-type activities	<u>559,404</u>	<u>457,988</u>		<u>155,153</u>		<u>53,737</u>	<u>53,737</u>
Total primary government	<u>\$ 1,587,414</u>	<u>\$ 706,786</u>	<u>\$ 132,608</u>	<u>\$ 439,258</u>	<u>(362,499)</u>	<u>53,737</u>	<u>(308,762)</u>
General Revenues and Transfers:							
Property taxes							
General purposes					410,430		410,430
Tax increments					120,903		120,903
Other taxes					68		68
Federal and State aid not restricted for specific purposes							
General					127,222		127,222
Interest and investment earnings					14,162	4,297	18,459
Gain on sale of capital assets					172,448		172,448
Miscellaneous					33,437		33,437
Transfers					43,548	(43,548)	
Total general revenues and transfers					<u>922,218</u>	<u>(39,251)</u>	<u>882,967</u>
Changes in net position					559,719	14,486	574,205
Net position - beginning					2,583,755	5,281,058	7,864,813
Net position - ending					<u>\$ 3,143,474</u>	<u>\$ 5,295,544</u>	<u>\$ 8,439,018</u>

Exhibit A-3
Village of Ridgeway, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2022

	General	TIF District #1	CDBG	Community Center	Other Governmental Funds	Total
ASSETS						
Cash and investments	\$ 948,920	\$ 5,639	\$	\$	\$ 81,641	\$ 1,036,200
Receivables:						
Taxes	182,352	105,586			89,449	377,387
Special assessment receivables	2,591					2,591
Customer receivables	4,823					4,823
Other		11,750				11,750
Due from other funds	284,182	195,495				479,677
Advances to other funds	1,047,581					1,047,581
Prepaid expenses	7,637					7,637
	<u>2,478,086</u>	<u>318,470</u>	<u>\$</u>	<u>\$</u>	<u>\$ 171,090</u>	<u>\$ 2,967,646</u>
LIABILITIES						
Accounts payable	\$ 29,164	\$	\$	\$	\$ 2,101	\$ 31,265
Due to other funds			91,057	132,247		223,304
Advances from other funds		966,899				966,899
	<u>29,164</u>	<u>966,899</u>	<u>91,057</u>	<u>132,247</u>	<u>2101</u>	<u>1,221,468</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	503,629	154,916			131,240	789,785
Total deferred inflows of resources	<u>503,629</u>	<u>154,916</u>			<u>131,240</u>	<u>789,785</u>
FUND BALANCES						
Nonspendable	1,055,218					1,055,218
Restricted	100,314				16,047	116,361
Assigned					21,702	21,702
Unassigned (deficit)	789,761	(803,345)	(91,057)	(132,247)		(236,888)
	<u>1,945,293</u>	<u>(803,345)</u>	<u>(91,057)</u>	<u>(132,247)</u>	<u>37,749</u>	<u>956,393</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,478,086</u>	<u>\$ 318,470</u>	<u>\$</u>	<u>\$</u>	<u>\$ 171,090</u>	<u>\$ 2,967,646</u>

Exhibit A-4
 Village of Ridgeway, Wisconsin
 Reconciliation of the Governmental Funds Balance Sheet
 with the Statement of Net Position
 December 31, 2022

Total fund balances - governmental funds: \$ 956,393

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	4,297,333	
Governmental accumulated depreciation	<u>(1,031,016)</u>	
		3,266,317

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

2022 tax equivalent from utility		43,548
Special assessments		2,591

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		(262,322)
Notes payable		(859,821)
Accrued interest on general obligation debt		<u>(3,232)</u>

Total net position - governmental activities		<u><u>\$ 3,143,474</u></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, 2022

	General	TIF District #1	CDBG	Community Center	Other Governmental Funds	Total
REVENUES						
Taxes	\$ 254,788	\$ 120,903	\$	\$	\$ 155,642	\$ 531,333
Special assessments	2,847					2,847
Intergovernmental	193,025	432	215,720		65,941	475,118
Licenses and permits	136,631					136,631
Fines and forfeits	26,838					26,838
Public charges for services	47,732			4,111		51,843
Interest	14,162					14,162
Miscellaneous	17,155	17,329		99,826		134,310
Total revenues	<u>693,178</u>	<u>138,664</u>	<u>215,720</u>	<u>103,937</u>	<u>221,583</u>	<u>1,373,082</u>
EXPENDITURES						
Current:						
General government	214,121	1,874				215,995
Public safety	235,917					235,917
Public works	141,894				56,645	198,539
Leisure activities	26,065			28,440		54,505
Conservation & economic development		11,162				11,162
Capital outlay:						
Public works			325,167			325,167
Leisure activities				630,739	64,169	694,908
Conservation & economic development		54,386				54,386
Debt service:						
Principal retirement	13,275	234,204	196,893		132,174	576,546
Interest and debt issuance costs	4,438	13,627	3,297		11,236	32,598
Total expenditures	<u>635,710</u>	<u>315,253</u>	<u>525,357</u>	<u>659,179</u>	<u>264,224</u>	<u>2,399,723</u>
Excess (deficiency) of revenues over expenditures	<u>57,468</u>	<u>(176,589)</u>	<u>(309,637)</u>	<u>(555,242)</u>	<u>(42,641)</u>	<u>(1,026,641)</u>
OTHER FINANCING SOURCES (USES)						
Loan proceeds			238,233		17,711	255,944
Sale of capital assets	500	233,448				233,948
Transfers in	46,151			7,476		53,627
Transfers out	(7,476)					(7,476)
Total other financing sources	<u>39,175</u>	<u>233,448</u>	<u>238,233</u>	<u>7,476</u>	<u>17,711</u>	<u>536,043</u>
Net change in fund balances	96,643	56,859	(71,404)	(547,766)	(24,930)	(490,598)
Fund balance - beginning	1,848,650	(860,204)	(19,653)	415,519	62,679	1,446,991
Fund balance - ending	<u>\$ 1,945,293</u>	<u>\$ (803,345)</u>	<u>\$ (91,057)</u>	<u>\$ (132,247)</u>	<u>\$ 37,749</u>	<u>\$ 956,393</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, 2022

Net change in fund balances - total governmental funds		\$ (490,598)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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</p>		
Capital outlay reported in governmental fund statements	971,137	
Depreciation expenses reported in the statement of activities	<u>(174,339)</u>	
Right-to-use leased assets, net of accumulated amortization		
Amount by which capital outlays are greater (less) than depreciation in the current period.		796,798
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:</p>		
		(61,500)
<p>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</p>		
The amount of debt principal payments in the current year is:		576,546
<p>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.</p>		
		(255,944)
<p>In governmental funds, special assessment collections are reflected as revenue when received. In the statement of activities, revenue is recognized when assessed.</p>		
Amount assessed	(2,847)	
Amount collected		
	<u> </u>	(2,847)
<p>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.</p>		
2021 utility tax equivalent recognized as revenue in 2022 in the governmental funds	(46,151)	
2022 utility tax equivalent recognized as a transfer in for the statement of activities	<u>43,548</u>	
		(2,603)
<p>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.</p>		
The amount of interest paid during the current period	29,228	
The amount of interest accrued during the current period	<u>(29,361)</u>	
Interest paid is greater (less) than interest expensed by		<u>(133)</u>
Change in net position - governmental activities		<u><u>\$ 559,719</u></u>

Exhibit A-7
Village of Ridgeway, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2022

	Water Utility	Sewer Utility	Total
ASSETS			
Current assets:			
Cash	\$ 7,207	\$ 247,076	\$ 254,283
Restricted cash:			
Debt service	19,388	30,154	49,542
Replacement		84,939	84,939
Receivables:			
Customer	13,439	26,623	40,062
Lease	31,163		31,163
Prepaid expenses	7,639	7,639	15,278
Materials and supplies	1,764	33	1,797
Total current assets	<u>80,600</u>	<u>396,464</u>	<u>477,064</u>
Noncurrent assets:			
Lease receivable	36,185		36,185
Capital assets:			
Property, plant and equipment	2,892,161	6,760,068	9,652,229
Less: accumulated depreciation	(504,385)	(1,395,203)	(1,899,588)
Net property and plant	<u>2,387,776</u>	<u>5,364,865</u>	<u>7,752,641</u>
Total noncurrent assets	<u>2,423,961</u>	<u>5,364,865</u>	<u>7,788,826</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized major repairs	<u>245,727</u>		<u>245,727</u>
Total assets and deferred outflows of resources	<u>\$ 2,750,288</u>	<u>\$ 5,761,329</u>	<u>\$ 8,511,617</u>

Exhibit A-7 (Continued)
Village of Ridgeway, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2022

	Water Utility	Sewer Utility	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 30,692	\$ 12,030	\$ 42,722
Due to other funds		60,878	60,878
Accrued interest	1,089		1,089
Current portion of advances from other funds		6,334	6,334
Current portion of notes payable	49,960		49,960
Total current liabilities	81,741	79,242	160,983
Current liabilities (payable from restricted assets):			
Accrued interest	1,920	6,714	8,634
Current portion of revenue bonds	22,240	34,300	56,540
Total current liabilities (payable from restricted assets)	24,160	41,014	65,174
Long-term liabilities:			
Advances from other funds		80,682	80,682
Revenue bonds	510,520	2,001,130	2,511,650
Notes payable	444,382		444,382
Less: current portion	(72,200)	(40,634)	(112,834)
Total long-term liabilities	882,702	2,041,178	2,923,880
Total Liabilities	988,603	2,161,434	3,150,037
DEFERRED INFLOWS OF RESOURCES			
Leases	66,036		66,036
Total deferred inflows of resources	66,036		66,036
NET POSITION			
Net investment in capital assets	1,535,244	3,363,735	4,898,979
Restricted for:			
Debt service - revenue bonds	17,468	23,440	40,908
Equipment replacement		84,939	84,939
Unrestricted (deficit)	142,937	127,781	270,718
Total net position	1,695,649	3,599,895	5,295,544
Total liabilities and net position	\$ 2,750,288	\$ 5,761,329	\$ 8,511,617

Exhibit A-8
Village of Ridgeway, Wisconsin
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Water Utility	Sewer Utility	Total
OPERATING REVENUES			
Sales of water	\$ 186,559	\$	\$ 186,559
Measured sewer service		239,486	239,486
Penalties	350	919	1,269
Other	30,674		30,674
Total operating revenues	<u>217,583</u>	<u>240,405</u>	<u>457,988</u>
OPERATING EXPENSES			
Operation	135,888	117,197	253,085
Depreciation	54,184	174,826	229,010
Taxes	2,326	2,769	5,095
Total operating expenses	<u>192,398</u>	<u>294,792</u>	<u>487,190</u>
Operating income (loss)	<u>25,185</u>	<u>(54,387)</u>	<u>(29,202)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on investments	2,934	1,363	4,297
Interest expense	(31,694)	(40,520)	(72,214)
Net nonoperating revenues (expenses)	<u>(28,760)</u>	<u>(39,157)</u>	<u>(67,917)</u>
Income before contributions and transfers	(3,575)	(93,544)	(97,119)
Capital grants and contributions		155,153	155,153
Transfer of tax equivalent	(43,548)		(43,548)
Change in net position	(47,123)	61,609	14,486
Net position - beginning	<u>1,742,772</u>	<u>3,538,286</u>	<u>5,281,058</u>
Net position - ending	<u>\$ 1,695,649</u>	<u>\$ 3,599,895</u>	<u>\$ 5,295,544</u>

Exhibit A-9
Village of Ridgeway Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			
Received from customers	\$ 211,579	\$ 235,956	\$ 447,535
Payments to employees	(36,435)	(40,645)	(77,080)
Payments for employee benefits	(1,920)	(2,055)	(3,975)
Payments to suppliers	(24,474)	(77,132)	(101,606)
Net cash provided by operating activities	<u>148,750</u>	<u>116,124</u>	<u>264,874</u>
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(43,548)		(43,548)
Net cash provided by operating activities	<u>(43,548)</u>		<u>(43,548)</u>
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(282,959)	(149,058)	(432,017)
Capital grants and contributions received		155,153	155,153
Debt proceeds	583,462		583,462
Principal payments	(403,331)	(39,931)	(443,262)
Interest payments	(31,643)	(40,651)	(72,294)
Net cash from capital and related financing activities	<u>(134,471)</u>	<u>(74,487)</u>	<u>(208,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	2,934	1,363	4,297
Net change in cash and cash equivalents	(26,335)	43,000	16,665
Cash and cash equivalents - beginning of year	52,930	319,169	372,099
Cash and cash equivalents - end of year	<u>\$ 26,595</u>	<u>\$ 362,169</u>	<u>\$ 388,764</u>
Reconciliation of cash and cash equivalents to			
Cash and investments	\$ 7,207	\$ 247,076	\$ 254,283
Restricted cash	19,388	115,093	134,481
Cash and cash equivalents	<u>\$ 26,595</u>	<u>\$ 362,169</u>	<u>\$ 388,764</u>

Exhibit A-9 (Continued)
Village of Ridgeway Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 25,185	\$ (54,387)	\$ (29,202)
Noncash items in operating income:			
Depreciation expense	55,935	174,826	230,761
Changes in assets and liabilities:			
Customer accounts receivable	(6,004)	(4,448)	(10,452)
Inventories	3,722	173	3,895
Prepaid expenses	(6,389)	(6,389)	(12,778)
Unamortized well repairs	49,146		49,146
Accounts payable	27,155	6,349	33,504
	<u>\$ 148,750</u>	<u>\$ 116,124</u>	<u>\$ 264,874</u>
Net cash provided (used) by operating activities	<u>\$ 148,750</u>	<u>\$ 116,124</u>	<u>\$ 264,874</u>

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Exhibit A-10
 Village of Ridgeway, Wisconsin
 Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2022

	Custodial Fund
	Tax
	Collection Fund
ASSETS	
Cash and investments	\$ 235,613
Taxes receivable	504,308
 Total assets	 \$ 739,921
 LIABILITIES	
Due to other taxing units	\$ 739,921
 NET POSITION	
Restricted	
 Total liabilities and net position	 \$ 739,921

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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, 2022

	<u>Custodial Fund</u> Tax <u>Collection Fund</u>
ADDITIONS	
Property tax collections for other governments	\$ 420,441
DEDUCTIONS	
Payments of taxes to other governments	420,441
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, 2022

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Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

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, 2022

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.

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

Community Center Fund – Account for Village’s Community Center.

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

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

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

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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, 2022

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, 2022

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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale- 2022 delinquent real estate taxes	October 2026

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, 2022

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.

Lease Receivable

The Village's lease receivables are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Continued)

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.

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, 2022 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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Q. Change in Accounting Principle

Effective January 1, 2022, the Village adopted GASB Statement No. 87, Leases. GASB 87 replaces previous lease accounting methodology and establishes a single model for lease accounting based on the foundation principle that leases are a financing right to use an underlying asset. GASB No. 87 requires recognition of certain lease assets and liabilities for lessee agreements and lease receivables and deferred inflows of resources for lessor agreements. The adoption of GASB 87 has no effect on the beginning balance on the statement of activities.

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS

At December 31, 2022, cash and investments included the following:

Deposits with financial institutions	\$ 1,660,514
Cash on hand	<u>62</u>
	<u>\$ 1,660,576</u>

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 1,290,482
Cash and investments - restricted	134,481
Exhibit A-10:	
Cash and investments	<u>235,613</u>
Total Cash and Investments	<u>\$ 1,660,576</u>

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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.

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, 2022, \$500,000 of Village deposits were insured by FDIC and \$1,151,995 of the Village's deposits with financial institutions were in excess of FDIC Insurance limits, all of this amount is insured by collateral pledged by the financial institution.

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.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

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.

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 90,500	\$	\$ (61,500)	\$ 29,000
Construction work in progress	121,183		(121,183)	
Total capital assets not being depreciated	211,683		(182,683)	29,000
Other capital assets				
Buildings and improvements	162,824	732,326		895,150
Equipment and vehicles	361,234	23,758	(3,075)	381,917
Infrastructure	2,655,030	336,236		2,991,266
Total other capital assets at historical costs	3,179,088	1,092,320	(3,075)	4,268,333
Less accumulated depreciation for:				
Buildings and improvements	124,958	9,593		134,551
Equipment and vehicles	157,576	33,143	(3,075)	187,644
Infrastructure	577,218	131,603		708,821
Total accumulated depreciation	859,752	174,339	(3,075)	1,031,016
Net other capital assets	2,319,336	917,981		3,237,317
Total net capital assets	\$ 2,531,019	\$ 917,981	\$ (182,683)	\$ 3,266,317

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 4,193
Public works, which includes the depreciation of infrastructure	167,654
Leisure activities	2,492
Total Governmental Activities Depreciation Expense	\$ 174,339

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 4

CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Land and land rights	\$ 26,307	\$	\$	\$ 26,307
Construction work in progress		29,844		29,844
Total capital assets not being depreciated	<u>26,307</u>			<u>56,151</u>
Capital assets being depreciated:				
Water:				
Source of supply	154,455			154,455
Pumping	104,390			104,390
Water treatment	2,713			2,713
Transmission and distribution	2,248,690	253,115	(63,641)	2,438,164
General plant	154,380			154,380
Sewer:				
Collecting system	1,314,991	122,189	(64,837)	1,372,343
Pumping system	153,127			153,127
Treatment and disposal	5,064,572	16,769	(7,156)	5,074,185
General plant	132,221	10,100		142,321
Total capital assets being depreciated	<u>9,329,539</u>	<u>402,173</u>	<u>(135,634)</u>	<u>9,596,078</u>
Less: accumulated depreciation for:				
Water	512,090	55,935	(63,640)	504,385
Sewer	1,292,371	174,826	(71,994)	1,395,203
Total accumulated depreciation	<u>1,804,461</u>	<u>230,761</u>	<u>(135,634)</u>	<u>1,899,588</u>
Net capital assets being depreciated	<u>7,525,078</u>	<u>171,412</u>		<u>7,696,490</u>
Total net capital assets	<u>\$ 7,551,385</u>	<u>\$ 171,412</u>	<u>\$</u>	<u>\$ 7,752,641</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Sewer utility	\$ 174,826
Water utility	55,935
Total depreciation expense	<u>230,761</u>
Less: water depreciation expense allocated to sewer	(1,751)
Total depreciation expense per Exhibit A-8	<u>\$ 229,010</u>

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 5

LONG-TERM AND SHORT-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due within One Year
<u>Governmental activities</u>					
Direct borrowings and placements:					
General obligation notes	\$ 1,167,148	\$ 17,711	\$ (517,709)	\$ 667,150	\$ 180,711
Revenue bonds	275,597	192,671	(13,275)	454,993	21,310
Total governmental activities long-term liabilities	<u>\$ 1,442,745</u>	<u>\$ 210,382</u>	<u>\$ (530,984)</u>	<u>\$ 1,122,143</u>	<u>\$ 202,021</u>
<u>Business-type activities</u>					
Direct borrowings and placements:					
General obligation notes	\$ 617,287	\$	\$ (172,905)	\$ 444,382	\$ 49,960
Revenue bonds	286,845	360,622	(13,817)	633,650	28,673
Revenue bonds - nondirect	1,911,700		(33,700)	1,878,000	34,300
Total business-type activities long-term liabilities	<u>\$ 2,815,832</u>	<u>\$ 360,622</u>	<u>\$ (220,422)</u>	<u>\$ 2,956,032</u>	<u>\$ 112,933</u>

Short-term obligation activity for the year ended December 31, 2022 was limited to one borrowing. In 2022, \$268,403 was issued and repaid. The borrowing was issued to pay contractors while the revenue bonds were being issued.

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 12/31/2022
<u>Governmental activities</u>					
General obligation notes	10/13/2020	10/12/2030	2.95%	\$ 624,921	\$ 306,549
General obligation notes	12/10/2020	12/9/2025	2.25%	170,000	13,209
General obligation notes	12/10/2020	12/9/2027	2.60%	450,000	329,681
General obligation notes	12/21/2022	12/22/2023	3.75%	17,711	17,711
Total governmental activities - general obligation debt					<u>\$ 667,150</u>
<u>Business-type activities</u>					
General obligation notes	12/10/2020	12/9/2030	2.95%	\$ 540,000	<u>\$ 444,382</u>

General obligation notes dated October 13, 2020 have a credit limit of \$750,000. As of December 31, 2022, the Village has a credit line available of \$443,451.

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 5

LONG-TERM AND SHORT-TERM OBLIGATIONS (CONTINUED)

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
2023	\$ 180,711	\$ 19,511	\$ 200,222	\$ 49,960	\$ 12,920	\$ 62,880
2024	154,005	13,111	167,116	51,433	11,448	62,881
2025	158,377	8,738	167,115	53,016	9,865	62,881
2026	104,655	4,261	108,916	54,613	8,268	62,881
2026	69,402	1,375	70,777	56,259	6,622	62,881
2028-2032				179,101	9,504	188,605
Totals	\$ 667,150	\$ 46,996	\$ 714,146	\$ 444,382	\$ 58,627	\$ 503,009

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, 2022 was \$2,777,940. Total general obligation debt outstanding at year-end was \$1,111,532.

Revenue Debt

Revenue bonds are payable only from revenues derived from operations. Revenue debt payable at December 31, 2022 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2022
Governmental activities					
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	\$ 300,149	\$ 262,322
Water system revenue bonds	5/1/2022	5/1/1942	2.15%	192,671	192,671
					<u>\$ 454,993</u>
Business-type activities					
Sewer system revenue bonds	5/16/2019	5/1/2059	2.00%	\$ 1,791,000	\$ 1,700,700
Sewer system revenue bonds	5/16/2019	5/1/2059	2.38%	186,000	177,300
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	312,400	273,028
Water system revenue bonds	5/1/2022	5/1/1942	2.15%	360,622	360,621
Total business-type activities - revenue debt					<u>\$ 2,511,649</u>

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 5

LONG-TERM AND SHORT-TERM OBLIGATIONS (CONTINUED)

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, 2022, the utility had a balance of \$30,154 in the reserve account. This requirement was met for 2022.
- 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, 2022, 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 2022 were \$120,439 and the requirement was \$79,394. This requirement was met for 2022.

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 2022 were \$79,369 and the requirement was \$39,759. The Utility met this requirement for 2022.

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, 2022 was \$19,388 and the requirement was \$19,608. This requirement was not met for 2022.

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
2023	\$ 21,310	\$ 4,217	\$ 25,527
2024	21,700	3,993	25,693
2025	22,097	3,764	25,861
2026	22,502	3,532	26,034
2027	22,915	3,297	26,212
2028-2032	121,037	12,808	133,845
2033-2037	132,568	6,302	138,870
2038-2042	90,864	576	91,440
Totals	\$ 454,993	\$ 38,489	\$ 493,482

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 5

LONG-TERM AND SHORT-TERM OBLIGATIONS (CONTINUED)

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

Years	Business-type Activities					
	Revenue Bonds from Direct Borrowings and Direct Placements			Revenue Bonds - Nondirect		
	Principal	Interest	Total	Principal	Interest	Total
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	14,995	3,431	18,426	37,300	34,962	72,262
2028-2032	78,767	13,331	92,098	198,300	163,002	361,302
2033-2037	85,483	6,559	92,042	219,400	141,775	361,175
2038-2042	36,200	599	36,799	242,800	118,284	361,084
2043-2047				269,200	92,255	361,455
2048-2052				297,800	63,418	361,218
2053-2057				329,800	31,494	361,294
2058-2059				141,600	2,899	144,499
Totals	\$ 273,028	\$ 40,059	\$ 313,087	\$ 1,878,000	\$ 795,300	\$ 2,673,300

NOTE 6

LEASES

Lease Receivable

The Village has entered into a lease arrangement where the Village leases land for commercial use. In the statement of activities, lease revenue for the year ended December 31, 2022 was as follows:

	Year ending December 31, 2022
Lease-related revenue	
Lease Revenue	
Land	\$ 31,938
Interest Revenue	2,058
Total	\$ 33,996

Aggregate cash flows for the revenue generated by the lease receivable and interest at December 31, 2022 are as follows:

Years Ended December 31,	Principal	Interest	Total
2023	\$ 31,163	\$ 1,639	\$ 32,802
2024	33,011	679	33,690
2025	3,174	97	3,271
	\$ 67,348	\$ 2,415	\$ 69,763

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 7

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables at December 31, 2022:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	Sewer	\$ 60,878
General	Community Center	132,247
General	CDBG	91,057
TIF #1	General	195,495
		<u>\$ 479,677</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, 2022:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	TIF District #1	\$ 966,899
General	Sewer utility	80,682
Total		<u>\$ 1,047,581</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	\$ 46,151	Tax equivalent
Community Center	General	7,476	Donations received in 2022
Total		<u>\$ 53,627</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, 2022

NOTE 8

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 2022 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 9

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, 2022

NOTE 9

TAX INCREMENTAL DISTRICT (CONTINUED)

Following is the cumulative status of the TIF District as of December 31, 2022:

	TID #1
Project revenues	
Tax increment	\$ 249,135
Intergovernmental	1,729
Lot sales	697,376
Other	97,995
Total revenues	1,046,235
Project costs	
Construction	1,972,987
Administration	13,359
Professional services and DOR fees	11,612
Interest and other fiscal charges	158,171
Total expenditures	2,156,129
Amount to be recovered through future increments	\$ 1,109,894
Reconciliation of recoverable costs	
Long-term notes payable	\$ 306,549
TID #1 fund balance - deficit	803,345
Total	\$ 1,109,894

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, 2022 is \$966,899. No repayment terms have been established. The amounts to be recovered may be increased by interest charged on the advance.

NOTE 10

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, 2022, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 393,207
Tax increment receivable	154,916
2022 Water utility tax equivalent	43,548
Special assessments	2,592
Garbage and recycling penalties	27
TID #1 Interest	195,495
Total	\$ 789,785

Village of Ridgeway, Wisconsin
Notes to Financial Statements
December 31, 2022

NOTE 11

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2022 includes the following:

	General Fund	TIF District #1	CDBG Fund	Community Center	Other Governmental Funds
Nonspendable:					
Advances to other funds	\$ 1,047,581	\$	\$	\$	\$
Prepaid expenses	7,637				
Restricted for:					
Community center					
Debt service					16,047
Environmental Projects	100,314				
Assigned for:					
Park improvements					21,702
Unassigned (deficit)	789,761	(803,345)	(91,057)	(132,247)	
Total fund balances	\$ 1,945,293	\$ (803,345)	\$ (91,057)	\$ (132,247)	\$ 37,749

NOTE 12

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, 2022:

Sewer utility restricted net position	
Debt service - revenue bonds	\$ 23,440
Equipment replacement	84,939
Total sewer restricted net position	108,379
Water utility restricted net position	
Debt service - revenue bonds	17,468
Total utility restricted net position	\$ 125,847

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, 2022

NOTE 13

DEFINED CONTRIBUTION PLAN

The Village participates in a deferred compensation program with Edward D. Jones. The Village contributes \$100 per month per employee. In 2022, the Village contributed \$5,900 for 4 employees. The Village recognizes pension expense as contributions are made, and there are no assets accumulated in a trust.

NOTE 14

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 15

PURCHASE COMMITMENTS / SUBSEQUENT EVENT

Prior to December 31, 2022, the Village approved design and construction document preparation for \$18,470.

Subsequent to December 31, 2022, the Village Board approved paying off the street portion of the 2018 CDBG project loan for \$17,866.

Subsequent to December 31, 2022, the Village Board approved repairs to the gym roof and Marshal's office roof at the community center and caulking of 20 windows for a cost not to exceed \$58,700. The Village Board also approved sealcoating for \$6,600.

NOTE 16

EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, effective for periods beginning after June 15, 2022. When this becomes effective, application of this standard 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, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 254,788	\$ 254,788	\$ 254,788	\$	\$
Special assessments	3,010	3,010	2,847	(163)	(163)
Intergovernmental	191,381	198,381	193,025	1,644	(5,356)
Licenses and permits	6,650	6,650	136,631	129,981	129,981
Fines and forfeitures	1,750	1,750	26,838	25,088	25,088
Public charges for services	45,250	45,250	47,732	2,482	2,482
Interest income	33,275	33,275	14,162	(19,113)	(19,113)
Miscellaneous	17,763	18,263	17,155	(608)	(1,108)
Total revenues	<u>553,867</u>	<u>561,367</u>	<u>693,178</u>	<u>139,311</u>	<u>131,811</u>
EXPENDITURES					
Current:					
General government	182,911	203,783	214,121	(31,210)	(10,338)
Public safety	207,324	209,534	235,917	(28,593)	(26,383)
Public works	170,150	170,150	141,894	28,256	28,256
Leisure activities	24,971	24,971	26,065	(1,094)	(1,094)
Debt service	0	0	17,713	(17,713)	(17,713)
Total expenditures	<u>585,356</u>	<u>608,438</u>	<u>635,710</u>	<u>(32,641)</u>	<u>(9,559)</u>
Excess (deficiency) of revenues over expenditures	<u>(31,489)</u>	<u>(47,071)</u>	<u>57,468</u>	<u>106,670</u>	<u>122,252</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets			500	500	500
Transfers in	50,000	50,000	46,151	(3,849)	(3,849)
Transfers out			(7,476)	(7,476)	(7,476)
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>39,175</u>	<u>(10,825)</u>	<u>(10,825)</u>
Net changes in fund balance	18,511	2,929	96,643	95,845	111,427
Fund balance - beginning	1,848,650	1,848,650	1,848,650		
Fund balance - ending	<u>\$ 1,867,161</u>	<u>\$ 1,851,579</u>	<u>\$ 1,945,293</u>	<u>\$ 95,845</u>	<u>\$ 111,427</u>

Exhibit B-2
Required Supplementary Information
Village of Ridgeway, Wisconsin
Budgetary Comparison Schedule for the CDBG Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Intergovernmental	\$	\$	\$ 215,720	\$ 215,720	\$ 215,720
Total revenues			215,720	215,720	215,720
EXPENDITURES					
Capital outlay			325,167	(325,167)	(325,167)
Debt Service:					
Principal retirement			196,893	(196,893)	(196,893)
Interest and debt issuance costs			3,297	(3,297)	(3,297)
Total expenditures			525,357	(525,357)	(525,357)
Excess (deficiency) of revenues over over expenditures			(309,637)	(309,637)	(309,637)
OTHER FINANCING SOURCES (USES)					
Loan proceeds			238,233	(238,233)	(238,233)
Net changes in fund balance			(71,404)	(71,404)	(71,404)
Fund balance - beginning	(19,653)	(19,653)	(19,653)		
Fund balance - ending	\$ (19,653)	\$ (19,653)	\$ (91,057)	\$ (71,404)	\$ (71,404)

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Village of Ridgeway, Wisconsin
Notes to Required Supplementary Information
December 31, 2022

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, 2022:

Expenditure	Excess Expenditures
General fund	
Current:	
General government	\$ 10,338
Public safety	26,383
Leisure activities	1,094
Debt service	17,713
CDBG fund	
Capital outlay	325,167
Debt service:	
Principal retirement	196,893
Interest and debt issuance costs	3,297

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Supplementary Information

Exhibit C-1
Village of Ridgeway, Wisconsin
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 26,987	\$ 54,654	\$ 81,641
Taxes receivable	6,816	82,633	89,449
Total assets	<u>\$ 33,803</u>	<u>\$ 137,287</u>	<u>\$ 171,090</u>
LIABILITIES			
Accounts payable	\$ 2,101	\$	\$ 2,101
Total liabilities	<u>2,101</u>		<u>2,101</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues	<u>10,000</u>	<u>121,240</u>	<u>131,240</u>
FUND BALANCES			
Restricted		16,047	16,047
Assigned	<u>21,702</u>		<u>21,702</u>
Total fund balances	<u>21,702</u>	<u>16,047</u>	<u>37,749</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,803</u>	<u>\$ 137,287</u>	<u>\$ 171,090</u>

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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, 2022

	<u>Special Revenue</u>			<u>Totals</u>
	<u>Local Fiscal Recovery Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
REVENUES				
Property taxes	\$	\$ 32,500	\$ 123,142	\$ 155,642
Intergovernmental	65,941			65,941
Total revenues	<u>65,941</u>	<u>32,500</u>	<u>123,142</u>	<u>221,583</u>
EXPENDITURES				
Capital outlay:				
Public works	27,034	29,611		56,645
Leisure activities	38,907	25,262		64,169
Debt service:				
Principal retirement		18,604	113,570	132,174
Interest and fiscal charges			11,236	11,236
Total expenditures	<u>65,941</u>	<u>73,477</u>	<u>124,806</u>	<u>264,224</u>
Excess (deficiency) of revenues over expenditures		(40,977)	(1,664)	(42,641)
OTHER FINANCING SOURCES				
Loan proceeds			17,711	17,711
Net change in fund balances		(40,977)	16,047	(24,930)
Fund balance - beginning		62,679		62,679
Fund balance - ending	<u>\$</u>	<u>\$ 21,702</u>	<u>\$ 16,047</u>	<u>\$ 37,749</u>