

VILLAGE OF RIDGEWAY
Ridgeway, Wisconsin

FINANCIAL STATEMENTS

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Ridgeway
Ridgeway, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village of Ridgeway, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Ridgeway's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village of Ridgeway as of December 31, 2018, and the respective changes in financial position, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2019 on our consideration of the Village of Ridgeway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Ridgeway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Ridgeway's internal control over financial reporting and compliance.

Wegner CPAs, LLP

Wegner CPAs, LLP
Madison, Wisconsin
May 29, 2019

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 610,057	\$ 284,287	\$ 894,344
Receivables			
Taxes	363,917	-	363,917
Accounts	4,118	29,527	33,645
Special assessments	3,609	-	3,609
Internal balances	897,971	(178,160)	719,811
Inventories	90,000	15,829	105,829
Capital assets not being depreciated	116,795	1,642,256	1,759,051
Capital assets, net of accumulated depreciation	462,278	1,820,911	2,283,189
Total assets	2,548,745	3,614,650	6,163,395
LIABILITIES			
Accounts payable and accrued liabilities	38,263	441,162	479,425
Accrued interest	8,555	7,697	16,252
Due to other funds	719,811	-	719,811
Line of credit	-	1,177,267	1,177,267
Noncurrent liabilities			
Due within one year	93,991	14,485	108,476
Due in more than one year	28,870	-	28,870
Total liabilities	889,490	1,640,611	2,530,101
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	363,841	-	363,841
Unavailable revenue - special assessments	5,699	-	5,699
Total deferred inflows of resources	369,540	-	369,540
NET POSITION			
Net investment in capital assets	456,212	2,132,335	2,588,547
Unrestricted	833,503	(158,296)	675,207
Total net position	\$ 1,289,715	\$ 1,974,039	\$ 3,263,754

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activity	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 99,605	\$ 16,149	\$ -	\$ -	\$ (83,456)	\$ -	\$ (83,456)
Public safety	169,902	27,566	10,435	-	(131,901)	-	(131,901)
Public works	192,503	39,827	43,399	-	(109,277)	-	(109,277)
Culture and recreation	13,300	-	-	-	(13,300)	-	(13,300)
Conservation and development	16,389	-	-	-	(16,389)	-	(16,389)
Interest and fiscal charges	10,283	-	-	-	(10,283)	-	(10,283)
Total governmental activities	501,982	83,542	53,834	-	(364,606)	-	(364,606)
BUSINESS-TYPE ACTIVITIES							
Water	145,065	156,906	-	-	-	11,841	11,841
Sewer	142,219	217,850	-	-	-	75,631	75,631
Total business-type activities	287,284	374,756	-	-	-	87,472	87,472
Total primary government	\$ 789,266	\$ 458,298	\$ 53,834	\$ -			
GENERAL REVENUES							
Property taxes					376,536	-	376,536
State shared revenues					136,725	-	136,725
Investment earnings					16,258	29,341	45,599
Gain on sale of capital assets					12,730	-	12,730
Total general revenues and transfers					542,249	29,341	571,590
Change in net position					177,643	116,813	294,456
Net position—beginning of year					1,112,072	1,857,226	2,969,298
Net position—end of year					\$ 1,289,715	\$ 1,974,039	\$ 3,263,754

See accompanying notes.

VILLAGE OF RIDGEWAY
BALANCE SHEET—GOVERNMENTAL FUNDS
December 31, 2018

	General Fund	TIF No. 1 Capital Project Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 598,202	\$ 11,855	\$ 610,057
Receivables			
Taxes	363,917	-	363,917
Accounts	4,118	-	4,118
Special assessments	3,609	-	3,609
Due from other funds	178,160	-	178,160
Inventory	-	90,000	90,000
Advances receivable	719,811	-	719,811
Total assets	<u>\$ 1,867,817</u>	<u>\$ 101,855</u>	<u>\$ 1,969,672</u>
LIABILITIES			
Accounts payable	\$ 38,263	\$ -	\$ 38,263
Advance payable	-	719,811	719,811
Total liabilities	38,263	719,811	758,074
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	363,841	-	363,841
Unavailable revenue - special assessments	5,699	-	5,699
Total deferred inflows of resources	369,540	-	369,540
FUND BALANCES			
Unassigned	1,460,014	(617,956)	842,058
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,867,817</u>	<u>\$ 101,855</u>	<u>\$ 1,969,672</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2018

Total fund balances - governmental funds		\$ 842,058
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds:		
Cost of capital assets	\$ 1,153,787	
Accumulated depreciation	<u>(574,714)</u>	
Net capital assets		579,073
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Bonds and notes payable	(122,861)	
Accrued interest payable	<u>(8,555)</u>	
Total long-term debt liabilities		<u>(131,416)</u>
Total net position - governmental activities		<u><u>\$ 1,289,715</u></u>

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES—GOVERNMENTAL FUNDS
For The Year Ended December 31, 2018

	General Fund	TIF No. 1 Capital Project Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 374,088	\$ -	\$ 374,088
Special assessments	2,447	-	2,447
Intergovernmental revenues	190,560	-	190,560
Licenses and permits	5,709	-	5,709
Fines, forfeits and penalties	27,728	-	27,728
Charges for services	39,827	-	39,827
Miscellaneous revenues	10,277	-	10,277
Interest income	16,259	-	16,259
 Total revenues	 666,895	 -	 666,895
EXPENDITURES			
Current			
General government	99,605	-	99,605
Public safety	169,902	-	169,902
Public works	144,760	-	144,760
Parks and recreation	12,213	-	12,213
Debt service			
Principle payment	43,609	50,000	93,609
Interest and fees	1,445	3,476	4,921
Capital outlay	22,309	875	23,184
 Total expenditures	 493,843	 54,351	 548,194
 Excess (deficiency) of revenues over (under) expenditures	 173,052	 (54,351)	 118,701
 Other financing sources (uses)			
Proceeds from sale of capital assets	-	12,730	12,730
 Net change in fund balances	 173,052	 (41,621)	 131,431
 Fund balances—beginning of year	 1,286,962	 (576,335)	 710,627
 Fund balances—end of year	 <u>\$ 1,460,014</u>	 <u>\$ (617,956)</u>	 <u>\$ 842,058</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES—GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2018

Net change in fund balances—total governmental funds		\$ 131,431
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	\$ 6,795	
Depreciation expense reported in the statement of activities	<u>(48,830)</u>	
		(42,035)
The repayment of the principal of long-term debt consumes the current financial resources of governmental fund, but reduces the liability in the statement of net position.		
		93,609
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Increase in accrued interest payable		<u>(5,362)</u>
Change in net position of governmental activities		<u><u>\$ 177,643</u></u>

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
December 31, 2018

	Water	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 74,277	\$ 210,010	\$ 284,287
Inventories	15,716	113	15,829
Accounts receivable	7,291	22,236	29,527
Total current assets	97,284	232,359	329,643
NONCURRENT ASSETS			
Capital assets			
Land	8,212	18,095	26,307
Construction in progress	21,798	1,594,151	1,615,949
Capital assets	1,826,171	1,869,287	3,695,458
Accumulated depreciation	(502,782)	(1,371,765)	(1,874,547)
Total noncurrent assets	1,353,399	2,109,768	3,463,167
Total assets	1,450,683	2,342,127	3,792,810
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	45,265	395,897	441,162
Accrued liabilities	-	7,697	7,697
Due to other funds	-	60,878	60,878
Line of credit	-	1,177,267	1,177,267
Notes payable	14,485	-	14,485
Total current liabilities	59,750	1,641,739	1,701,489
NONCURRENT LIABILITIES			
Advance from other funds	-	117,282	117,282
Total liabilities	59,750	1,759,021	1,818,771
NET POSITION			
Net investment in capital assets	1,317,116	815,219	2,132,335
Unrestricted	73,817	(232,113)	(158,296)
Total net position	\$ 1,390,933	\$ 583,106	\$ 1,974,039

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION—PROPRIETARY FUNDS
For The Year Ended December 31, 2018

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 123,892	\$ 217,247	\$ 341,139
Other revenue	33,014	603	33,617
Total operating revenues	156,906	217,850	374,756
OPERATING EXPENSES			
Operation and maintenance	76,771	92,022	168,793
Depreciation	33,890	49,533	83,423
Total expenditures	110,661	141,555	252,216
Operating income	46,245	76,295	122,540
NONOPERATING REVENUES (EXPENSES)			
Interest income	1,107	2,607	3,714
Interest expense	(427)	(6,212)	(6,639)
Amortization	4,094	-	4,094
Interest charged to construction	-	7,697	7,697
Miscellaneous amortization	20,475	-	20,475
Total nonoperating revenues (expenses)	25,249	4,092	29,341
Income before transfers	71,494	80,387	151,881
Transfers - tax equivalent	(34,404)	(664)	(35,068)
Change in net position	37,090	79,723	116,813
Net position—beginning of year	1,353,843	503,383	1,857,226
Net position—end of year	<u>\$ 1,390,933</u>	<u>\$ 583,106</u>	<u>\$ 1,974,039</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 156,012	\$ 210,222	\$ 366,234
Paid to suppliers for goods and services	(39,629)	(38,387)	(78,016)
Paid to employees for services	(35,759)	(42,781)	(78,540)
Net cash flows from operating activities	80,624	129,054	209,678
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	(34,404)	(664)	(35,068)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,107	2,608	3,715
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from line of credit	-	946,262	946,262
Acquisition and construction of plant assets	(21,798)	(984,100)	(1,005,898)
Payments of long-term debt	(30,090)	-	(30,090)
Interest paid on long-term debt	(427)	-	(427)
Net cash flows from capital and related financing activities	(52,315)	(37,838)	(90,153)
Net change in cash and cash equivalents	(4,988)	93,160	88,172
Cash and cash equivalents—beginning of year	79,265	116,850	196,115
Cash and cash equivalents—end of year	<u>\$ 74,277</u>	<u>\$ 210,010</u>	<u>\$ 284,287</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 46,245	\$ 76,295	\$ 122,540
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	33,890	49,533	83,423
Depreciation charged to other utilities	1,402	(1,402)	-
Changes in assets and liabilities			
Accounts receivable	(894)	(9,113)	(10,007)
Accounts payable	(19)	12,256	12,237
Accrued liabilities	-	1,485	1,485
Net cash flows from operating activities	<u>\$ 80,624</u>	<u>\$ 129,054</u>	<u>\$ 209,678</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2018

	Fire Department Investment Fund	Tax Collection Agency Fund	Total Fiduciary Funds
ASSETS			
Cash and investments	\$ 304,719	\$ 397,478	\$ 702,197
Taxes receivable	-	239,826	239,826
	<u>304,719</u>	<u>637,304</u>	<u>942,023</u>
Total assets	304,719	637,304	942,023
LIABILITIES			
Investment payable	304,719	-	304,719
Due to other governments	-	637,304	637,304
	<u>304,719</u>	<u>637,304</u>	<u>942,023</u>
Total liabilities	304,719	637,304	942,023
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Village reports the following major governmental fund:

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

The Village reports the following nonmajor governmental fund:

TIF No. 1 Capital Project Fund – The TIF No. 1 capital project fund is used to account for the financial resources to be used the Tax Incremental Financing District No. 1.

The Village reports the two major enterprise funds:

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

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

Additionally, the Village reports the following fiduciary funds:

Fire Department Investment Fund—Accounts for investments held by the Fire Department by which the Village acts as an agent on behalf of the Fire Department.

Tax Collection Agency Fund—Accounts for taxes collected by the Village as an agent on behalf of other governmental units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Property tax revenue is recognized as revenue in the subsequent year when services financed by the levy are provided. State shared revenues, grants, contributions and interest associated with the current fiscal period are considered susceptible to accrual and have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligible requirements are met, including any time requirements and the amount is received during the period or within 60 days of year-end. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and the amount is received during the period of 60 days within year-end. All other revenue items are considered to be measurable and available only when the cash is received by the Village.

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

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 principle operating revenues of the water and sewer utilities are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

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

Estimates

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

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

Cash, Cash Equivalents, and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment of the Village's funds are restricted by state statute and are limited to:

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

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

The Village holds agency investments for the Village of Ridgeway's Fire Department. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases to the investment account.

Receivables

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

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

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

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property tax calendar 2018 tax roll is as follows:

Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale — 2018 delinquent real estate taxes	October 2021

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

Inventories

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

Capital Assets

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

Interest incurred during the construction phase of capital assets of the proprietary funds is included in the capitalized value of the assets constructed. Interest totaling \$7,967 was capitalized in the current year.

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

Buildings	20 – 50 years
Improvements	20 years
Machinery and Equipment	5 – 20 years
Water and Light System	3 – 77 years
Wastewater treatment	3 – 60 years
Infrastructure	30 – 50 years

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Contributions

Capital contributions represent contributions received from customers, municipalities and third parties. The value of property contributed to the Village is reported as revenues on the statement of revenues, expenses and changes in net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Village has no qualifying deferred outflows as of December 31, 2018.

In addition to liabilities, the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. Under the modified accrual basis of accounting, the Village reports unearned revenue from property taxes and unavailable revenue for special assessments in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Village employees are granted vacation and sick leave benefits in varying amounts in accordance with Village policies. Compensated absences are accrued as incurred. There is no liability for compensated absences. Unused vacation and sick pay benefits are lost upon termination or retirement.

Bond Premiums, Discounts and Issuance Costs

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

Claims and Judgments

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

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance

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

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

Restricted—Constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

Net Position

Proprietary fund equity is classified as net position and displayed in three components:

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

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

Unrestricted net position—All other net position that do not meet the definition of "restricted or "net investment in capital assets."

Use of Restricted Resources

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

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Basis for Existing Rates

Current water rates were approved by the PSCW effective June 30, 2018.

Current wastewater rates were approved by the Village Board in July 2018.

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Operating budgets are adopted each year for the general fund. The original budgets for 2018 were adopted in November 2017.

Limitations on the Village Tax Levy

Wisconsin law limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2018 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved in a referendum.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3—CASH, CASH EQUIVALENTS, AND INVESTMENTS

At December 31, 2018, cash, cash equivalents, and investments consist of the following:

	Statement Balance	Carrying Value	Risk
Cash on hand	\$ 50	\$ 50	N/A
Deposits with financial institutions	1,201,129	1,299,603	Custodial credit
Exchange traded products	117,366	117,366	N/A
Mutual funds	179,522	179,522	N/A
	<u>\$ 1,498,067</u>	<u>\$ 1,596,541</u>	

Reconciliation to the basic financial statements:

Statement of net position	
Unrestricted cash and investments	\$ 894,344
Statement of net position - fiduciary funds	
Agency fund	<u>702,197</u>
	<u>\$ 1,596,541</u>

The Village categorizes its fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measures as of December 31, 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Exchange traded products	\$ 117,366	\$ 117,366
Mutual Funds	179,522	179,522
	<u>\$ 296,888</u>	<u>\$ 296,888</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the Village would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3—CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

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 will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Bank accounts and the LGIP are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relation to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations. As of December 31, 2018, \$943,298 of the Village's deposits with financial institutions were uncollateralized.

NOTE 4—INTERFUND ADVANCES, PAYABLES AND TRANSFERS

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. The balance of the advance at December 31, 2018 was \$117,282. No interest is charged on the advance.

The Village has advanced the Tax Incremental Financing District No. 1, TIF No. 1, \$719,811 to cover principal, interest and project cost. TIF No. 1 will repay the Village with future tax increments.

The composition of interfund balances due as of December 31, 2018 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Sewer fund	\$ 60,878

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

The following is a schedule of interfund transfers for the year ended December 31, 2018:

<u>Transfer in</u>	<u>Transfer out</u>	<u>Amount</u>
General fund	Water fund	\$ 34,404
General fund	Sewer fund	664
		<u>\$ 35,068</u>

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5—CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Construction in progress	-	6,795	-	6,795
Total capital assets not being depreciated	110,000	6,795	-	116,795
Capital assets being depreciated				
Building	162,593	-	-	162,593
Infrastructure	594,219	-	-	594,219
Equipment and vehicles	280,180	-	-	280,180
Total capital assets being depreciated	1,036,992	-	-	1,036,992
Less accumulated depreciation				
Building	107,212	4,435	-	111,647
Infrastructure	348,953	23,804	-	372,757
Equipment and vehicles	69,719	20,591	-	90,310
Total accumulated depreciation	525,884	48,830	-	574,714
Total capital assets being depreciated-net	511,108	\$ (48,830)	\$ -	462,278
Governmental activity capital assets-net	\$ 621,108			\$ 579,073

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

Public works	\$ 47,743
Leisure activities	1,087
Total depreciation expense - governmental activities	\$ 48,830

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 5—CAPITAL ASSETS (continued)

Capital assets activity for the business-type activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Retirements	Balance 12/31/2018
Business-type activities				
Capital assets not being depreciated				
Land	\$ 26,307	\$ -	\$ -	\$ 26,307
Construction in progress - water	-	21,798	-	21,798
Construction in progress - sewer	269,350	1,324,801	-	1,594,151
Total capital assets not being depreciated	295,657	1,346,599	-	1,642,256
Capital assets being depreciated				
Water utility plant	1,826,171	-	-	1,826,171
Sewer utility plant	1,869,287	-	-	1,869,287
Total capital assets being depreciated	3,695,458	-	-	3,695,458
Less accumulated depreciation				
Water utility plant	467,490	35,292	-	502,782
Sewer utility plant	1,323,634	48,131	-	1,371,765
Total accumulated depreciation	1,791,124	83,423	-	1,874,547
Total capital assets being depreciated-net	1,904,334	\$ (83,423)	\$ -	1,820,911
Business-type activities capital assets-net	<u>\$ 2,199,991</u>			<u>\$ 3,463,167</u>

NOTE 6—SHORT-TERM DEBT

The Village had a line of credit that matured on July 10, 2018, with an interest rate of 2.25%. At maturity, the balance of \$340,893 was rolled into a new line of credit that matures on August 17, 2019 and has an interest rate of 3.45%. Interest for 2018 was \$17,667. Line of credit activity for 2018 was as follows:

	Balance 1/1/2018	Additions	Payments	Balance 12/31/2018
Line of credit	<u>\$ 231,005</u>	<u>\$ 1,287,155</u>	<u>\$ 340,893</u>	<u>\$ 1,177,267</u>

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7—LONG-TERM DEBT

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

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental activities:					
General obligation					
Notes payable	\$ 216,470	\$ -	\$ 93,609	\$ 122,861	\$ 93,991
Business-type activities:					
General obligation					
Note payable	\$ 44,575	\$ -	\$ 30,090	\$ 14,485	\$ 14,485

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

Wisconsin State Statute 67.03 limits total general obligation indebtedness of the Village to five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2018 was \$1,746,750. Total general obligation debt outstanding at December 31, 2018 was \$137,346.

The following is a list of long-term obligations at December 31, 2018:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 12/31/2018	Amounts Due Within One Year
2015 G.O. Note	12/15/2015	1.35%	12/15/2020	\$ 217,000	\$ 72,861	\$ 43,991
2016 G.O. Note	12/30/2016	1.35%	12/30/2021	147,403	14,485	14,485
2009 G.O. Note	6/1/2019	3.25%	6/1/2019	500,000	50,000	50,000
					<u>\$ 137,346</u>	<u>\$ 108,476</u>

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 7—LONG-TERM DEBT (continued)

Debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities		Total	
	G.O. Debt		G.O. Debt			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 93,991	\$ 3,344	\$ 14,485	\$ 521	\$ 108,476	\$ 3,865
2020	28,870	460	-	-	28,870	460
	<u>\$ 122,861</u>	<u>\$ 3,804</u>	<u>\$ 14,485</u>	<u>\$ 521</u>	<u>\$ 137,346</u>	<u>\$ 4,325</u>

NOTE 8—EMPLOYEE RETIREMENT PLAN

The Village of Ridgeway implemented a Simple Individual Retirement Account. The plan covers employees earning more than \$5,000 per year and requires the Village to contribute 3% of eligible employee's payroll. The total contribution to the plan for the year ended December 31, 2018 was \$3,600.

NOTE 9—RISK MANAGEMENT

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

NOTE 10—COMMITMENTS AND CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RIDGEWAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL—GENERAL FUND
For The Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 365,195	\$ 365,195	\$ 374,088	\$ 8,893
Special assessments	3,600	3,600	2,447	(1,153)
Intergovernmental revenues	181,438	181,438	190,560	9,122
Licenses and permits	5,050	5,050	5,709	659
Fines, forfeits and penalties	16,300	16,300	27,728	11,428
Charges for services	40,000	40,000	39,827	(173)
Miscellaneous revenues	12,100	12,100	26,536	14,436
Total revenues	623,683	623,683	666,895	43,212
EXPENDITURES				
Current				
General government	83,010	83,010	99,605	(16,595)
Public safety	212,150	212,150	169,902	42,248
Public works	146,253	146,253	144,760	1,493
Health and human services	500	500	-	500
Parks and recreation	6,655	6,655	12,213	(5,558)
Capital outlay	271,500	271,500	22,309	249,191
Debt service	98,795	98,795	45,054	53,741
Total expenditures	818,863	818,863	493,843	325,020
Excess (deficiency) of revenues over (under) expenditures	(195,180)	(195,180)	173,052	368,232
Net change in fund balances	(195,180)	(195,180)	173,052	368,232
Fund balances—beginning of year	1,286,962	1,286,962	1,286,962	-
Fund balances—end of year	<u>\$ 1,091,782</u>	<u>\$ 1,091,782</u>	<u>\$ 1,460,014</u>	<u>\$ 368,232</u>

See accompanying notes to required supplementary information.

VILLAGE OF RIDGEWAY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1—BUDGETARY INFORMATION

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

Excess Expenditure over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended December 31, 2018:

<u>Function</u>	<u>Excess Expenditures</u>
General government	\$ 16,595
Parks and recreation	5,558

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER AUDITOR'S REPORTS**

VILLAGE OF RIDGEWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2018

<u>Federal Grantor/ Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
Department of Agriculture				
Water and Waste Disposal Systems for Rural Communities	10.760	2018	\$ -	\$ 1,242,870
Total expenditures of federal awards			<u>\$ -</u>	<u>\$ 1,242,870</u>

See accompanying notes to schedule of federal awards.

VILLAGE OF RIDGEWAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2018

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal award activity of the Village under programs of the federal government agencies for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position or changes in net position of the Village.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3—INDIRECT COST RATE

The Village has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4—BALANCES OUTSTANDING

The outstanding balance of loan and loan guarantee programs with continuing compliance requirements which are reported as federal expenditures on the accompanying schedule of federal awards was \$1,977,000 at December 31, 2018.

VILLAGE OF RIDGEWAY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2018

There were no prior year audit findings.

See accompanying notes to schedule of federal awards.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Village of Ridgeway
Ridgeway, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village of Ridgeway, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Ridgeway's basic financial statements, and have issued our report thereon dated May 29, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Ridgeway's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Ridgeway's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Ridgeway's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ridgeway's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wegner CLAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
May 29, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Village of Ridgeway
Ridgeway, Wisconsin

Report on Compliance for Major Federal Program

We have audited the Village of Ridgeway's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Village of Ridgeway's major federal program for the year ended December 31, 2018. The Village of Ridgeway's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Village of Ridgeway's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Ridgeway's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Village of Ridgeway's compliance.

Opinion on Major Federal Program

In our opinion, the Village of Ridgeway complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Village of Ridgeway is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Ridgeway's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the

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purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Village of Ridgeway's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
May 29, 2019

VILLAGE OF RIDGEWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018

Section I—Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

Section II—Financial Statement Findings

No matters were reported.

VILLAGE OF RIDGEWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2018

Section III—Federal Award Findings and Questioned Costs

No matters were reported.

Section IV—Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*: No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner


Scott R. Haumersen, CPA

Date of report

May 29, 2019