

May 29, 2020

To the Village Board
Village of Ridgeway
Ridgeway, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Ridgeway for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 27, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Village of Ridgeway are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Village of Ridgeway during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Village of Ridgeway's financial statements were:

Management's estimate of the depreciable lives of property and equipment is based on expected use of the assets with similar assets that the Village of Ridgeway has previously depreciated. Management's estimate of the value of donated capital assets is based on the estimated fair value at the time the asset was received. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- To record \$25,000 that had not been received from the CDBG grant.

- To remove a prior year construction in progress payable for \$334,990.
- To record the TIF debt payment in the TIF fund for \$51,593.
- To record advance between general and sewer fund for \$12,000.
- To allocate amount for streets project between sewer and water for \$1,274,970.
- To record additional amount from grant application still owed for \$25,000.
- To record retainage for \$34,104 and \$37,663.
- To capitalize construction in progress for \$48,052, \$22,335, and \$4,615,132.
- To adjust depreciation expense to actual for \$23,629.
- To adjust sewer interest to actual for \$29,970.
- To move TIF items to agency fund for \$18,264.
- To record additional taxes and receivables for \$15,338.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 29, 2020. Attached is a copy of management's written representations.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Village of Ridgeway's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Village of Ridgeway's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to statement of revenue, expenditures, and changes in fund balances – budget and actual – general fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on schedule of expenditures of federal awards, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the requirements of the Uniform Guidance and accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period,

and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the village board and management of Village of Ridgeway and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Wegner CPAs, LLP

A handwritten signature in black ink, appearing to read "Scott R. Haumersen". The signature is written in a cursive, flowing style.

Scott R. Haumersen, CPA
Partner



Village of Ridgeway | 113 Dougherty Court | Ridgeway, WI 53582

May 29, 2020

To Wegner CPAs, LLP

This representation letter is provided in connection with your audit of the financial statements of , which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 29, 2020, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 13, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
8. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.



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9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the village is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the village from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the village board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the village and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the village's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
18. We have disclosed to you the identity of the village's related parties and all the related party relationships and transactions of which we are aware.



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Government-specific

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The village has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
22. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
23. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
27. The village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
28. The village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
29. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
31. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
32. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.



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33. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
34. Provisions for uncollectible receivables have been properly identified and recorded.
35. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
36. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
37. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
38. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
41. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
42. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
43. With respect to federal award programs:
 - a. We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b. We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all



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awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

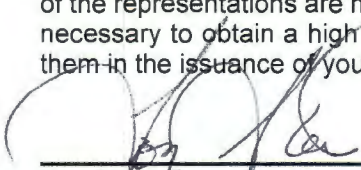
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h. We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.




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- r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - t. We have charged costs to federal awards in accordance with applicable cost principles.
 - u. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
 - v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
44. In regard to the preparation of the financial statements, RSI, schedule of expenditures of federal awards; bookkeeping services; and completion of the appropriate sections of the Data Collection Form performed by you, we have—
- Assumed all management responsibilities.
 - Overseen the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience.
 - Evaluated the adequacy and results of the services performed.
 - Accepted responsibility for the results of the services.

We have carefully read this letter before signing it and understand, while you have provided the language of this letter to us, we are making these representations to you. We understand our obligation to carefully consider the possibility that any of the representations are not accurate. We have inquired of other members of management or employees of to the extent necessary to obtain a high degree of assurance that these representations are true. We know that you will be relying on them in the issuance of your report.



Jon Steen
President



Lori Phelan
Village Clerk

VILLAGE OF RIDGEWAY

Ridgeway, Wisconsin

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

December 31, 2019

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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, each major fund, and the aggregate remaining fund information of the Village of Ridgeway, Wisconsin, as of and for the year ended December 31, 2019, 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, each major fund, and the aggregate remaining fund information of the Village of Ridgeway as of December 31, 2019, 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.

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.

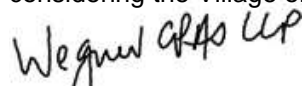
Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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, 2020 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
Madison, Wisconsin
May 29, 2020

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 643,479	\$ 327,429	\$ 970,908
Receivables:			
Taxes	417,736	-	417,736
Accounts	-	28,961	28,961
Special assessments	4,219	-	4,219
Due from governments	25,000	-	25,000
Internal balances	977,391	(205,987)	771,404
Inventories	90,000	15,829	105,829
Capital assets not being depreciated	110,000	48,105	158,105
Capital assets, net of accumulated depreciation	1,449,543	7,031,517	8,481,060
Total assets	3,717,368	7,245,854	10,963,222
LIABILITIES			
Accounts payable and accrued liabilities	52,752	89,014	141,766
Accrued interest	1,805	8,308	10,113
Due to other funds	771,404	-	771,404
Line of credit	230,320	462,485	692,805
Non-current obligations:			
Due within one year	136,858	32,300	169,158
Due in more than one year	208,527	1,946,686	2,155,213
Total liabilities	1,401,666	2,538,793	3,940,459
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	453,792	-	453,792
Unavailable revenue - special assessments	3,020	-	3,020
Total deferred inflows of resources	456,812	-	456,812
NET POSITION			
Net investment in capital assets	983,838	6,758,473	7,742,311
Unrestricted	875,052	(2,051,412)	(1,176,360)
Total net position	\$ 1,858,890	\$ 4,707,061	\$ 6,565,951

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2019

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activity	Business- Type Activities	Total
GOVERNMENTAL ACTIVITIES:						
General government	\$ 118,932	\$ 20,214	\$ -	\$ (98,718)	\$ -	\$ (98,718)
Public safety	185,822	4,947	12,119	(168,756)	-	(168,756)
Public works	184,731	41,558	367,296	224,123	-	224,123
Culture and recreation	7,898	-	-	(7,898)	-	(7,898)
Interest and fiscal charges	902	-	-	902	-	902
Total governmental activities	498,285	66,719	379,415	(50,347)	-	(50,347)
BUSINESS-TYPE ACTIVITIES:						
Water	161,036	256,510	-	-	95,474	95,474
Sewer	200,076	301,062	2,527,966	-	2,628,952	2,628,952
Total business-type activities	361,112	557,572	2,527,966	-	2,724,426	2,724,426
Total primary government	\$ 859,397	\$ 624,291	\$ 2,907,381			
GENERAL REVENUES						
Property taxes				379,552	-	379,552
State shared revenues				125,519	-	125,519
Investment earnings				22,741	4,502	27,243
Gain on sale of capital assets				91,710	-	91,710
Insurance recoveries				-	-	-
Miscellaneous				-	4,094	4,094
Total general revenues				619,522	8,596	628,118
Change in net position				569,175	2,733,022	3,302,197
Net position at beginning of year				1,289,715	1,974,039	3,263,754
Net position at end of year				\$ 1,858,890	\$ 4,707,061	\$ 6,565,951

See accompanying notes.

VILLAGE OF RIDGEWAY
BALANCE SHEET—GOVERNMENTAL FUNDS
December 31, 2019

	General Fund	TIF No. 1 Capital Project Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 637,351	\$ 6,128	\$ 643,479
Receivables:			
Taxes	398,505	18,264	416,769
Special assessments	967	-	967
Accounts receivable - other	4,219	-	4,219
Due from other governments	25,000	-	25,000
Due from other funds	205,987	-	205,987
Inventory	-	90,000	90,000
Advances receivable	771,404	-	771,404
Total assets	\$ 2,043,433	\$ 114,392	\$ 2,157,825
LIABILITIES			
Accounts payable	\$ 52,752	\$ -	\$ 52,752
Advance payable	-	771,404	771,404
Total liabilities	52,752	771,404	824,156
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	435,528	18,264	453,792
Unavailable revenue - special assessments	3,020	-	3,020
Total deferred inflows of resources	438,548	18,264	456,812
FUND BALANCES			
Unassigned	1,552,133	(675,276)	876,857
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,043,433	\$ 114,392	\$ 2,157,825

See accompanying notes.

VILLAGE OF RIDGEWAY
RECONCILIATION OF THE BALANCE SHEET—GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2019

Total fund balances—governmental funds		\$ 876,857
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	\$ 2,183,720	
Accumulated depreciation	<u>(624,177)</u>	
Net capital assets		1,559,543
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as obligations in the funds.		
Bonds and notes payable	(575,705)	
Accrued interest payable	<u>(1,805)</u>	
Total long-term obligations		<u>(577,510)</u>
Total net position—governmental activities		<u><u>\$ 1,858,890</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, 2019

	General Fund	TIF No. 1 Capital Project Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 375,668	\$ 16	\$ 375,684
Intergovernmental revenues	495,854	-	495,854
Licenses and permits	11,506	-	11,506
Fines, forfeits, and penalties	5,242	-	5,242
Charges for services	52,105	-	52,105
Miscellaneous revenues	7,614	-	7,614
Interest income	22,740	-	22,740
Total revenues	973,930	16	973,946
EXPENDITURES			
Current:			
General government	118,932	-	118,932
Public safety	185,822	-	185,822
Public works	135,823	-	135,823
Parks and recreation	7,343	-	7,343
Debt service			
Principal payment	44,200	140,284	184,484
Interest and fees	854	4,994	5,848
Capital outlay	619,157	410,776	1,029,933
Total expenditures	1,112,131	556,054	1,668,185
Excess (deficiency) of revenues over (under) expenditures	(138,201)	(556,038)	(694,239)
Other financing sources (uses)			
Proceeds from long-term obligations	230,320	407,008	637,328
Proceeds from sale of capital assets	-	91,710	91,710
Total other financing sources	230,320	498,718	729,038
Net change in fund balances	92,119	(57,320)	34,799
Fund balances at beginning of year	1,460,014	(617,956)	842,058
Fund balances at end of year	\$ 1,552,133	\$ (675,276)	\$ 876,857

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, 2019

Net change in fund balances—total governmental funds \$ 34,799

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	\$ 1,029,933	
Depreciation expense reported in the statement of activities	<u>(49,463)</u>	
		980,470

Bond, note, and capital lease proceeds are reported as financing sources in governmental funds and contribute to the change in fund balance. In the statement of net assets issuing debt increases long-term obligations and does not affect the statement of activities. (637,328)

The repayment of the principal of long-term obligations consumes the current financial resources of governmental fund, but reduces the liability in the statement of net position. 184,484

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.

Decrease in accrued interest payable		<u>6,750</u>
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Change in net position of governmental activities \$ 569,175

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION—PROPRIETARY FUNDS
December 31, 2019

	Water	Sewer	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 70,383	\$ 257,046	\$ 327,429
Inventories	15,716	113	15,829
Accounts receivable	7,022	21,939	28,961
Total current assets	93,121	279,098	372,219
NONCURRENT ASSETS			
Capital assets			
Land	8,212	18,095	26,307
Construction in progress	21,798	-	21,798
Capital assets	2,215,386	6,800,654	9,016,040
Accumulated depreciation	(539,595)	(1,444,928)	(1,984,523)
Total noncurrent assets	1,705,801	5,373,821	7,079,622
Total assets	1,798,922	5,652,919	7,451,841
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	9,331	79,683	89,014
Accrued liabilities	-	8,308	8,308
Due to other funds	40,027	60,878	100,905
Line of credit	256,016	206,469	462,485
Accrued Interest payable	1,986	-	1,986
Current portion of advances payable	-	12,200	12,200
Current portion of notes payable	-	32,300	32,300
Total current liabilities	307,360	399,838	707,198
NONCURRENT LIABILITIES			
Notes payable	-	1,944,700	1,944,700
Advances payable	-	92,882	92,882
Total noncurrent liabilities	-	2,037,582	2,037,582
Total liabilities	307,360	2,437,420	2,744,780
NET POSITION			
Net investment in capital assets	1,684,003	5,074,470	6,758,473
Unrestricted	(192,441)	(1,858,971)	(2,051,412)
Total net position	\$ 1,491,562	\$ 3,215,499	\$ 4,707,061

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION—PROPRIETARY FUNDS
For The Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Intergovernmental revenues	\$ 96,874	\$ 78,126	\$ 175,000
Charges for services	157,166	222,152	379,318
Other revenue	2,470	784	3,254
Total operating revenues	<u>256,510</u>	<u>301,062</u>	<u>557,572</u>
OPERATING EXPENSES			
Operation and maintenance	84,172	75,543	159,715
Depreciation	35,411	74,564	109,975
Total expenditures	<u>119,583</u>	<u>150,107</u>	<u>269,690</u>
Operating income	136,927	150,955	287,882
NON-OPERATING REVENUES (EXPENSES)			
Grant revenue	-	2,527,966	2,527,966
Amortization	4,094	-	4,094
Interest income	1,061	3,441	4,502
Interest expense	(2,036)	(49,211)	(51,247)
Total non-operating revenues (expenses)	<u>3,119</u>	<u>2,482,196</u>	<u>2,485,315</u>
Income before taxes	140,046	2,633,151	2,773,197
Taxes	<u>(39,417)</u>	<u>(758)</u>	<u>(40,175)</u>
Change in net position	100,629	2,632,393	2,733,022
Net position at beginning of year	<u>1,390,933</u>	<u>583,106</u>	<u>1,974,039</u>
Net position at end of year	<u>\$ 1,491,562</u>	<u>\$ 3,215,499</u>	<u>\$ 4,707,061</u>

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF CASH FLOWS—PROPRIETARY FUNDS
For the Year Ended December 31, 2019

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 159,905	\$ 223,233	\$ 383,138
Receipts from government	96,874	78,126	175,000
Paid to suppliers for goods and services	(76,722)	(15,866)	(92,588)
Payments to employees for services	(39,996)	(42,803)	(82,799)
Net cash provided by operating activities	140,061	242,690	382,751
CASH FLOWS FROM NONCAPITAL FINANCING			
Transfers to other funds	(39,417)	(758)	(40,175)
Advances from other funds	40,027	(12,200)	27,827
Net cash used by noncapital financing activities	610	(12,958)	(12,348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,061	3,442	4,503
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from long-term debt	-	1,977,000	1,977,000
Proceeds from line of credit	256,016	970,798	1,226,814
Acquisition and construction of plant assets	(385,121)	(3,084,725)	(3,469,846)
Principal payments on capital debt	(14,485)	-	(14,485)
Interest paid on capital debt	(2,036)	(49,211)	(51,247)
Net cash used by capital and related financing activities	(145,626)	(186,138)	(331,764)
Net increase in cash and cash equivalents	(3,894)	47,036	43,142
Cash and cash equivalents—beginning of year	74,277	210,010	284,287
Cash and cash equivalents—end of year	\$ 70,383	\$ 257,046	\$ 327,429
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 136,927	\$ 150,955	\$ 287,882
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	35,411	74,564	109,975
Depreciation charged to other utilities	1,402	(1,402)	-
Changes in assets and liabilities			
Accounts receivable	269	297	566
Accounts payable	(35,934)	18,276	(17,658)
Due to other governments	1,986	-	1,986
Net cash provided by operating activities	\$ 140,061	\$ 242,690	\$ 382,751

See accompanying notes.

VILLAGE OF RIDGEWAY
STATEMENT OF NET POSITION—FIDUCIARY FUND
December 31, 2019

	Fire Department Investment Fund
ASSETS	
Cash and investments	\$ 378,404
LIABILITIES	
Investment payable	378,404
NET POSITION	\$ -

See accompanying notes.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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 of Ridgeway. 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, proprietary, and fiduciary—are presented. The emphasis on fund financial statements is on major governmental and proprietary funds, each displayed in a separate column.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

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.

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 wastewater treatment and disposal 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.

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 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 obligations and acquisitions under capital leases are reported as other financing sources.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going 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 non-operating 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, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment of the Village's funds are restricted by state statutes 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 non-current 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, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property tax calendar 2019 tax roll is as follows:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale—2018 delinquent real estate taxes	October 2022

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 \$29,970 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, 2019

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, 2019.

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 unavailable revenue from property taxes and 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 obligations are 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, 2019

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

Government-wide financial statements and 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.”

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 2019 were adopted in November 2018.

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 2019 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, 2019

NOTE 3—CASH, CASH EQUIVALENTS, AND INVESTMENTS

At December 31, 2019, 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	1,488,101	1,484,788	Custodial credit
Exchange traded products	63,617	63,617	N/A
Mutual funds	306,043	306,043	N/A
	<u>\$ 1,857,811</u>	<u>\$ 1,854,498</u>	

Reconciliation to the basic financial statements:

Statement of net position	
Governmental activities	\$ 643,479
Business-type activities	327,429
Statement of net position - fiduciary funds	
Tax Agency	505,186
Fire Department Investment Fund	<u>378,404</u>
	<u>\$ 1,854,498</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, 2019:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Exchange traded products	\$ 63,617	\$ 63,617
Mutual Funds	<u>306,043</u>	<u>306,043</u>
Total	<u>\$ 369,660</u>	<u>\$ 369,660</u>

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

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3—CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk

The 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.

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, 2019, \$1,229,017 of the Village's deposits with financial institutions was uninsured and uncollateralized.

NOTE 4—INTERFUND PAYABLES AND ADVANCES

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, 2019 was \$105,082. No interest is charged on the advance.

The Village has advanced the Tax Incremental Financing District No. 1, TIF No. 1, \$771,404 to cover principle, 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, 2019 is as follows:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Sewer fund	\$ 105,082
General fund	TIF fund	771,404
		\$ 876,486

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.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 4—INTERFUND PAYABLES AND ADVANCES (continued)

The following is a schedule of interfund advances for the year ended December 31, 2019:

Advance from	Advance to	Amount
General fund	Sewer fund	\$ 60,878
General fund	Water fund	40,027
		\$ 100,905

NOTE 5—DEFICIT FUND BALANCE

At December 31, 2019, the TIF fund, a major governmental fund, has a deficit fund balance of \$675,276.

NOTE 6—CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
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	116,795	-	(6,795)	110,000
Capital assets, being depreciated				
Building	162,593	-	-	162,593
Infrastructure	594,219	1,026,578	-	1,620,797
Equipment and vehicles	280,180	10,150	-	290,330
Total capital assets, being depreciated	1,036,992	1,036,728	-	2,073,720
Less accumulated depreciation				
Building	111,647	4,435	-	116,082
Infrastructure	372,757	23,272	-	396,029
Equipment and vehicles	90,310	21,756	-	112,066
Total accumulated depreciation	574,714	49,463	-	624,177
Total capital assets being depreciated, net	462,278	\$ 987,265	\$ -	1,449,543
Governmental activity capital assets, net	\$ 579,073			\$ 1,559,543

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 6—CAPITAL ASSETS (continued)

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

Public works	\$	48,908
Culture and recreation		555
Total depreciation expense - governmental activities	\$	49,463

Capital assets activity for the business-type activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Additions	Retirements	Balance 12/31/2019
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	1,594,151	-	(1,594,151)	-
Total capital assets, not being depreciated	1,642,256	-	(1,594,151)	48,105
Capital assets, being depreciated				
Water utility plant	1,826,171	389,214	-	2,215,385
Sewer utility plant	1,869,287	4,931,367	-	6,800,654
Total capital assets, being depreciated	3,695,458	5,320,581	-	9,016,039
Less accumulated depreciation				
Water utility plant	502,782	36,813	-	539,595
Sewer utility plant	1,371,765	73,162	-	1,444,927
Total accumulated depreciation	1,874,547	109,975	-	1,984,522
Total capital assets being depreciated, net	1,820,911	\$ 5,210,606	\$ -	7,031,517
Business-type activities capital assets, net	\$ 3,463,167			\$ 7,079,622

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 7—SHORT-TERM OBLIGATION

The Village had a line of credit that matured on August 17, 2019, with an interest rate of 3.45%. At maturity, the balance of \$692,805 was rolled into a new line of credit that matures on April 1, 2020 and has an interest rate of 2.55%. Interest for 2019 was \$29,670. Line of credit activity for 2019 was as follows:

	Balance 1/1/2019	Additions	Payments	Balance 12/31/2019
Line of credit	\$ 1,177,267	\$ 1,492,538	\$ 1,977,000	\$ 692,805

NOTE 8—LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019 was as follows:

	Balance 1/1/2019	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Governmental activities:					
Notes payable	\$ 122,861	\$ 407,008	\$ 184,484	\$ 345,385	\$ 136,858
Business-type activities:					
Bonds and notes payable					
Revenue bonds	\$ -	\$ 1,977,000	\$ -	\$ 1,977,000	\$ 32,300
General obligation debt	14,485	-	14,485	-	-
Total business-type activities long-term obligations	\$ 14,485	\$ 1,977,000	\$ 14,485	\$ 1,977,000	\$ 32,300

All general obligation notes payable are backed by the full faith and credit of the Village of Ridgeway. 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, 2019 was \$1,873,180. Total general obligation debt outstanding at December 31, 2019 was \$345,386.

The following is a list of long-term obligations at December 31, 2019:

Description	Issue Date	Interest Rate (%)	Date of Maturity	Original Amounts	Balance 12/31/2019	Amounts Due Within One Year
2015 G.O. Note	12/15/2015	1.35%	12/15/2020	\$ 217,000	\$ 28,661	\$ 28,661
2019 G.O. Note	6/28/2019	2.95%	6/28/2024	500,000	316,724	108,197
2019 Mortgage Revenue Bond #1	5/16/2019	2.00%	5/1/2059	1,791,000	1,791,000	29,500
2019 Mortgage Revenue Bond #2	5/16/2019	2.375%	5/1/2059	186,000	186,000	2,800
					\$ 2,322,385	\$ 169,158

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 8—LONG-TERM OBLIGATIONS (continued)

Debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities		Total	
	G.O. Debt		Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 131,532	\$ 5,161	\$ 32,300	\$ 20,119	\$ 163,832	\$ 25,280
2021	101,176	6,395	33,000	19,791	134,176	26,186
2022	104,202	3,369	33,700	19,455	137,902	22,824
2023	8,476	253	34,300	19,112	42,776	19,365
2024	-	-	35,100	18,764	35,100	18,764
2025-2029	-	-	186,500	158,228	186,500	158,228
2030-2034	-	-	206,600	140,358	206,600	140,358
2035-2039	-	-	228,500	120,579	228,500	120,579
2040-2044	-	-	253,000	98,684	253,000	98,684
2045-2049	-	-	280,300	74,412	280,300	74,412
2050-2054	-	-	310,200	47,541	310,200	47,541
2055-2059	-	-	343,500	17,780	343,500	17,780
	<u>\$ 345,386</u>	<u>\$ 15,178</u>	<u>\$ 1,977,000</u>	<u>\$ 754,823</u>	<u>\$ 2,322,386</u>	<u>\$ 770,001</u>

NOTE 9—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, 2019 was \$4,500.

NOTE 10—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 11—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 of 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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 366,472	\$ 366,472	\$ 375,668	\$ 9,196
Special assessments	3,390	3,390	2,401	(989)
Intergovernmental revenues	415,859	415,859	495,854	79,995
Licenses and permits	18,980	18,980	11,506	(7,474)
Fines, forfeits, and penalties	7,600	7,600	5,242	(2,358)
Charges for services	40,813	40,813	52,105	11,292
Miscellaneous revenues	20,700	20,700	31,154	10,454
Total revenues	873,814	873,814	973,930	100,116
EXPENDITURES				
Current:				
General government	86,346	86,346	118,932	(32,586)
Public safety	172,616	172,616	185,822	(13,206)
Public works	153,949	153,949	135,823	18,126
Health and human services	500	500	-	500
Parks and recreation	6,742	6,742	7,343	(601)
Capital outlay	1,076,274	1,076,274	619,157	457,117
Debt service	96,700	96,700	45,054	51,646
Total expenditures	1,593,127	1,593,127	1,112,131	480,996
Excess (deficiency) of revenues over (under) expenditures	(719,313)	(719,313)	(138,201)	(380,880)
Other financing sources (uses)	-	-	230,320	230,320
Net change in fund balances	(719,313)	(719,313)	92,119	811,432
Fund balances at beginning of year	1,460,014	1,460,014	1,460,014	-
Fund balances at end of year	\$ 740,701	\$ 740,701	\$ 1,552,133	\$ 811,432

See accompanying notes to required supplementary information.

VILLAGE OF RIDGEWAY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

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 the 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 Expenditures over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended December 31, 2019:

<u>Function</u>	<u>Excess Expenditures</u>
General government	\$ 32,586
Public safety	13,206
Health and human services	(500)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND OTHER AUDITORS' REPORTS**

VILLAGE OF RIDGEWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2019

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant ID	Passed Through to Subrecipients	Accrued or (Unearned) Revenue at 1/1/19	Receipts	Expenditures	Accrued or (Unearned) Revenue at 12/31/19
U.S. Department of Housing and Urban Development							
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	2019	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
U.S. Department of Agriculture							
Water and Waste Disposal Systems for Rural Communities	10.760	2019	-	-	3,045,568	3,045,568	-
Total Federal Programs			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,545,568</u>	<u>\$ 3,545,568</u>	<u>\$ -</u>

VILLAGE OF RIDGEWAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2019

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Village under programs of the federal government agencies for the year ended December 31, 2019. 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 modified accrual basis of accounting. Specifically, debt service payments, as well as, expenditures related to claims and judgments and compensated absences are recorded only when payment is due. 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.

VILLAGE OF RIDGEWAY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2019

There were no prior year audit findings.

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 Village Board
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, each major fund, and the aggregate remaining fund information of the Village of Ridgeway, as of and for the year ended December 31, 2019, 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, 2020.

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.

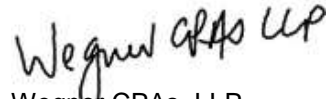
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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*.

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 CPAs, LLP
Madison, Wisconsin
May 29, 2020

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

To the Village Board
Village of Ridgeway
Ridgeway, Wisconsin

Report on Compliance for Major Federal Program

We have audited 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, 2019. 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; and 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, 2019.

Report on Internal Control over Compliance

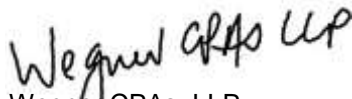
Management of the Village of Ridgeway is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village of Ridgeway's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the 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 the 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
Madison, Wisconsin
May 29, 2020

VILLAGE OF RIDGEWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2019

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, 2019

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* :

Department of Agriculture 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, 2020

VILLAGE OF RIDGEWAY

COMPILED REPORT OF
TAX INCREMENTAL FINANCING (TIF)
DISTRICT NO. 1

December 31, 2019

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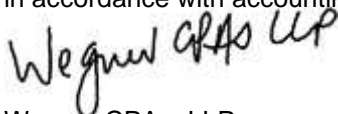
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ACCOUNTANT'S COMPILATION REPORT

To the Village Board
Village of Ridgeway
Ridgeway, Wisconsin

Management is responsible for the accompanying Balance Sheet, Historical Summary of Project Costs, Project Revenues, and Net Costs to be Recovered through Tax Increments, Historical Summary of Sources, Uses, and Status of Funds, and the Detailed Summary of Sources, Uses, and Status of Funds of the Village of Ridgeway's Tax Increment District No. 1 (the "District"), as of and for the year ended December 31, 2019 and from the date of creation through December 31, 2019, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the *Accounting and Review Services Committee* of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As discussed in Note 1, the financial statements present only the transaction of the District and do not purport to, and do not, present fairly the financial position of the Village of Ridgeway as of December 31, 2019, the changes in its financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Wegner CPAs, LLP
Madison, Wisconsin
March 11, 2020

VILLAGE OF RIDGEWAY
TAX INCREMENTAL DISTRICT NO. 1
BALANCE SHEET
December 31, 2019

ASSETS	
Cash and cash equivalents	\$ 6,128
Inventory	<u>90,000</u>
Total assets	<u>\$ 96,128</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Advance from general fund	\$ 771,404
FUND BALANCE	
	<u>(675,276)</u>
Total liabilities and fund balance	<u>\$ 96,128</u>

See accountant's compilation report.

VILLAGE OF RIDGEWAY
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES,
AND NET COSTS TO BE RECOVERED THROUGH TAX INCREMENTS
For the Year Ended December 31, 2019
and From the Date of Creation through December 31, 2019

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 410,776	\$ 1,047,424
Interest on loans	4,995	118,439
Administration and establishment costs	-	18,451
Total costs	415,771	1,184,314
PROJECT REVENUES		
Tax increments	-	24,714
Proceeds from property sales	91,711	104,441
Intergovernmental revenue	16	16
Iowa County Hwy - portion of road	-	63,143
Total revenues	91,727	192,314
Net costs to be recovered as of December 31, 2019	<u>\$ (324,044)</u>	(992,000)
RECONCILIATION OF RECOVERABLE COSTS		
Long-term debt outstanding		316,724
TIF No. 1 fund balance		675,276
Total		<u>\$ 992,000</u>

See accountant's compilation report.

VILLAGE OF RIDGEWAY
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
For the Year Ended December 31, 2019
and From the Date of Creation through December 31, 2019

	Year Ended	From Date of Creation
SOURCES OF FUNDS		
Advances from other funds	\$ 51,593	\$ 771,404
Tax increment	-	24,714
Intergovernmental revenues	16	16
Iowa County Hwy - portion of road	-	63,143
Proceeds from property sales	91,711	104,441
Proceeds from long-term debt	407,008	997,008
Total sources	550,328	1,960,726
USES OF FUNDS		
Interest paid	4,995	118,439
Principal on long-term debt	140,284	680,282
Purchase of inventory	-	90,000
Project costs	410,776	1,065,877
Total uses	556,055	1,954,598
Excess (deficiency) of sources of funds over uses of funds	(5,727)	6,128
Beginning cash balance	11,855	11,855
Ending cash balance	\$ 6,128	\$ 17,983

See accountant's compilation report.

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Ridgeway Tax Incremental District No. 1 conform to accounting principles generally accepted in the United States of America as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

The Village uses the criteria set forth by the *Governmental Accounting Standards Board* to determine the scope of the Village of Ridgeway Tax Incremental District No. 1. The accompanying financial statements reflect all the significant operations of the Village of Ridgeway Tax Incremental District No. 1.

Description of Fund and Account Group Structure

This report contains the financial information of the Village of Ridgeway Tax Incremental District No. 1. The summary statements were prepared from data recorded in the general fund.

The data was consolidated for purposes of this report. Therefore, the amounts shown in the accompanying statements will not directly correlate with amounts shown in the financial statements of the Village.

The District was created under the provisions of Wisconsin Statute Section 66.1105. 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 District. 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 of 23 years (TIDs created before October 1, 1995) or 20 years (TIDs created after September 30, 1995). TIDs created after October 1, 2004 will have a maximum life of 27 years for blight elimination districts and 20 years for industrial and mixed-use TIDs. 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. During 2019, the Village was granted a 3-year extension, with the last date to incur project costs extended to August 6, 2025 and the final dissolution date extended to August 6, 2030.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Final Dissolution Date</u>
District #1	8/7/2007	8/6/2025	8/6/2030

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulatory Basis of Accounting

The Village of Ridgeway Tax Incremental District No. 1 prepares its financial statements on a regulatory basis in conformity with accounting practices prescribed by the Wisconsin Department of Revenue which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenues are recorded when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related liability is incurred.

District increments are recorded as revenue in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the Village is entitled to the aids.

NOTE 2 – LONG-TERM DEBT

All general obligation notes are backed by the full faith and credit of the municipality. Notes borrowed to finance TIF expenditures will be retired by tax increments. If those revenues are not sufficient, payments will be made by future tax levies.

Title of Issue	Original Issue	Date of Issue	Date Due	Interest Rate	Balance 12/31/2019
G.O. promissory note	\$ 50,000	6/2/2009	6/1/2019	4.50%	\$ -
G.O. promissory note	<u>407,008</u>	6/28/2019	6/28/2024	2.75%	<u>316,724</u>
Total general obligation promissory notes	<u>\$ 457,008</u>				<u>\$ 316,724</u>
		Balance 1/1/2019	Issued	Repaid	Balance 12/31/2019
General obligation promissory note		\$ 50,000	\$ -	\$ (50,000)	\$ -
General obligation promissory note		<u>-</u>	<u>407,008</u>	<u>(90,284)</u>	<u>316,724</u>
Total		<u>\$ 50,000</u>	<u>\$ 407,008</u>	<u>\$ (140,284)</u>	<u>\$ 316,724</u>

VILLAGE OF RIDGEWAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 3 – ADVANCES DUE TO OTHER FUNDS

The following is a schedule of advances between the District and other Village of Ridgeway funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Incremental District No. 1	<u>\$ 771,404</u>

These amounts do not include any accrued interest on these advances.

No repayment terms have been established. The amount to be recovered shown above may be increased in the future by interest charged on the advance, if approved by the Village Board.

VILLAGE OF RIDGEWAY
TAX INCREMENTAL DISTRICT NO. 1
DETAILED SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS
From the Date of Creation through December 31, 2019

	2007	2008	2009	2010	2011	2012	2013
<u>Sources of Funds</u>							
Tax increments	\$ -	\$ -	\$ 7,428	\$ 9,543	\$ 7,743	\$ -	\$ -
Proceeds of long-term debt	-	90,000	500,000	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	-
Proceeds from property sales	-	-	-	-	-	-	-
Iowa County Hwy - portion of road	-	-	63,143	-	-	-	-
Total sources of funds	\$ -	\$ 90,000	\$ 570,571	\$ 9,543	\$ 7,743	\$ -	\$ -
<u>Uses of Funds</u>							
Interest paid on loans	\$ -	\$ -	\$ 3,627	\$ 24,705	\$ 23,160	\$ 19,021	\$ 12,476
Principal repayment	-	-	12,271	62,273	62,126	62,300	62,300
Capital and administration	12,300	90,509	540,921	250	1,250	-	-
Total uses of funds	\$ 12,300	\$ 90,509	\$ 556,819	\$ 87,228	\$ 86,536	\$ 81,321	\$ 74,776

TAX INCREMENTAL DISTRICT NO. 1
DETAILED SUMMARY OF SOURCES, USES, AND STATUS OF FUNDS (CONTINUED)
From the Date of Creation through December 31, 2019

	2014	2015	2016	2017	2018	2019	Totals
<u>Sources of Funds</u>							
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,714
Proceeds of long-term debt	-	-	-	-	-	407,008	997,008
Intergovernmental revenues	-	-	-	-	-	16	16
Proceeds from property sales	-	-	-	-	12,730	91,711	104,441
Iowa County Hwy - portion of road	-	-	-	-	-	-	63,143
Total sources of funds	\$ -	\$ -	\$ -	\$ -	\$ 12,730	\$ 498,735	1,189,322
<u>Uses of Funds</u>							
Interest paid on loans	\$ 8,247	\$ 7,511	\$ 6,549	\$ 4,672	\$ 3,476	\$ 4,995	118,439
Principal repayment	62,300	66,428	50,000	50,000	50,000	140,284	680,282
Capital and administration	-	1,895	6,951	150	875	410,776	1,065,877
Total uses of funds	\$ 70,547	\$ 75,835	\$ 63,500	\$ 54,822	\$ 54,351	\$ 556,055	1,864,598
Fund balance (deficit) - December 31, 2019							<u><u>\$(675,276)</u></u>