



**VILLAGE OF RIDGEWAY, WISCONSIN**

**FINANCIAL STATEMENTS**

Including Independent Auditor's Report

As of and for the year ended December 31, 2020

Johnson Block and Company, Inc.  
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VILLAGE OF RIDGEWAY, WISCONSIN  
DECEMBER 31, 2020  
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## INDEPENDENT AUDITOR'S REPORT

To the Village Board  
Village of Ridgeway, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Ridgeway, Wisconsin ("Village"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Ridgeway, Wisconsin, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the financial statements, effective January 1, 2020, the Village of Ridgeway adopted the provisions of GASB Statement No. 84, Fiduciary Activities.

As discussed in Note 17 to the financial statements, as of January 1, 2020, net position of the governmental activities was decreased by \$40,027. 2019 tax equivalent revenue was deferred in 2019, but it should have been recognized as revenue.

As discussed in Note 17 to the financial statements, as of January 1, 2020, TIF District #1 fund balance was decreased by \$90,000. Land acquired in 2018 was in inventory, but the cost should have been expended.

Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 41 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that governmental 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.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
August 3, 2021

## Basic Financial Statements

Exhibit A-1  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 1,757,909	\$ 735,191	\$ 2,493,100
Cash and investments - restricted		100,113	100,113
Receivables:			
Taxes	245,876		245,876
Customer		29,550	29,550
Other	3,948		3,948
Internal balances	153,760	(153,760)	
Materials and supplies		6,130	6,130
	<u>2,161,493</u>	<u>717,224</u>	<u>2,878,717</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	2,842,851	8,966,768	11,809,619
Less: accumulated depreciation	(734,038)	(1,846,231)	(2,580,269)
Net book value of capital assets	<u>2,108,813</u>	<u>7,120,537</u>	<u>9,229,350</u>
	<u>2,108,813</u>	<u>7,120,537</u>	<u>9,229,350</u>
Total noncurrent assets			
	<u>2,108,813</u>	<u>7,120,537</u>	<u>9,229,350</u>
	<u>\$ 4,270,306</u>	<u>\$ 7,837,761</u>	<u>\$ 12,108,067</u>
Total assets			

Exhibit A-1 (Continued)  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 56,595	\$ 21,707	\$ 78,302
Accrued interest	4,822	1,342	6,164
Current portion of long-term debt	124,085	47,080	171,165
Total current liabilities	<u>185,502</u>	<u>70,129</u>	<u>255,631</u>
Current liabilities payable from restricted assets:			
Accrued interest		7,424	7,424
Current portion of revenue bonds		46,592	46,592
Total liabilities payable from restricted assets		<u>54,016</u>	<u>54,016</u>
Noncurrent liabilities:			
Revenue bonds payable	288,656	2,245,137	2,533,793
Notes payable	1,325,185	540,000	1,865,185
Less: current portion	(124,085)	(93,672)	(217,757)
Total noncurrent liabilities	<u>1,489,756</u>	<u>2,691,465</u>	<u>4,181,221</u>
Total liabilities	<u>1,675,258</u>	<u>2,815,610</u>	<u>4,490,868</u>
<b>DEFERRED INFLAWS OF RESOURCES</b>			
Deferred property tax revenues	<u>505,137</u>		<u>505,137</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,114,972	4,875,400	5,990,372
Restricted for:			
Debt service - revenue bonds		8,680	8,680
Depreciation - revenue bonds		21,985	21,985
Equipment replacement		62,478	62,478
Unrestricted	974,939	53,608	1,028,547
Total net position	<u>2,089,911</u>	<u>5,022,151</u>	<u>7,112,062</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,270,306</u>	<u>\$ 7,837,761</u>	<u>\$ 12,108,067</u>

Exhibit A-2  
Village of Ridgeway, Wisconsin  
Statement of Activities  
For the Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Primary government:							
Governmental activities:							
General government	\$ 168,034	\$ 18,023	\$ 12,190	\$ 10,000	\$ (127,821)	\$	\$ (127,821)
Public safety	192,890	2,524	9,240		(181,126)		(181,126)
Public works	254,431	2,053	38,557	128,635	(85,186)		(85,186)
Sanitation	44,248	44,002	2,634		2,388		2,388
Leisure activities	11,404				(11,404)		(11,404)
Conservation & economic development	1,142				(1,142)		(1,142)
Interest and fiscal charges	17,635				(17,635)		(17,635)
Total governmental activities	<u>689,784</u>	<u>66,602</u>	<u>62,621</u>	<u>138,635</u>	<u>(421,926)</u>		<u>(421,926)</u>
Business-type activities:							
Water	148,848	170,675		73,506		95,333	95,333
Sewer	337,314	232,633		206,413		101,732	101,732
Total business-type activities	<u>486,162</u>	<u>403,308</u>		<u>279,919</u>		<u>197,065</u>	<u>197,065</u>
Total primary government	<u>\$ 1,175,946</u>	<u>\$ 469,910</u>	<u>\$ 62,621</u>	<u>\$ 418,554</u>	<u>(421,926)</u>	<u>197,065</u>	<u>(224,861)</u>
General Revenues and Transfers:							
Property taxes							
General purposes					380,163		380,163
Tax increments					18,264		18,264
Other taxes					35		35
Federal and State aid not restricted for specific purposes							
General					127,226		127,226
Interest and investment earnings					9,029	1,985	11,014
Gain on sale of capital assets					179,195		179,195
Miscellaneous					15,048		15,048
Transfers					(116,040)	116,040	
Total general revenues and transfers					<u>612,920</u>	<u>118,025</u>	<u>730,945</u>
Changes in net position							
					190,994	315,090	506,084
Net position - beginning, as previously reported					1,858,890	4,707,061	6,565,951
Prior period adjustment - see Note 17					40,027		40,027
Net position - beginning, as restated					<u>1,898,917</u>	<u>4,707,061</u>	<u>6,605,978</u>
Net position - ending					<u>\$ 2,089,911</u>	<u>\$ 5,022,151</u>	<u>\$ 7,112,062</u>



Exhibit A-3  
Village of Ridgeway, Wisconsin  
Balance Sheet  
Governmental Funds  
December 31, 2020

	General	TIF District #1	Capital Projects	Total
<b>ASSETS</b>				
Cash and investments	\$1,136,379	\$ 1,530	\$ 620,000	\$1,757,909
Receivables:				
Taxes	208,383	37,493		245,876
Customer receivables	3,948			3,948
Due from other funds	60,877			60,877
Advances to other funds	864,286			864,286
	<u>864,286</u>			<u>864,286</u>
 Total assets	 <u>\$2,273,873</u>	 <u>\$ 39,023</u>	 <u>\$ 620,000</u>	 <u>\$2,932,896</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 27,714	\$ 28,881	\$	\$ 56,595
Advances from other funds		771,404		771,404
		<u>771,404</u>		<u>771,404</u>
 Total liabilities	 <u>27,714</u>	 <u>800,285</u>		 <u>827,999</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues	473,650	77,478		551,128
	<u>473,650</u>	<u>77,478</u>		<u>551,128</u>
<b>FUND BALANCES</b>				
Nonspendable	864,286			864,286
Assigned			620,000	620,000
Unassigned (deficit)	908,223	(838,740)		69,483
	<u>908,223</u>	<u>(838,740)</u>		<u>69,483</u>
 Total fund balances	 <u>1,772,509</u>	 <u>(838,740)</u>	 <u>620,000</u>	 <u>1,553,769</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$2,273,873</u>	 <u>\$ 39,023</u>	 <u>\$ 620,000</u>	 <u>\$2,932,896</u>

Exhibit A-4  
Village of Ridgeway, Wisconsin  
Reconciliation of the Governmental Funds Balance Sheet  
with the Statement of Net Position  
December 31, 2020

Total fund balances - governmental funds: \$ 1,553,769

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

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

Governmental capital assets	2,842,851	
Governmental accumulated depreciation	<u>(734,038)</u>	
		2,108,813

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

2020 tax equivalent from utility	45,992
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

Revenue bonds payable	(288,656)
Notes payable	(1,325,185)
Accrued interest on general obligation debt	<u>(4,822)</u>

Total net position - governmental activities \$ 2,089,911

Exhibit A-5  
Village of Ridgeway, Wisconsin  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2020

	General	TIF District #1	Capital Projects	Total
<b>REVENUES</b>				
Taxes	\$ 380,163	\$ 18,264	\$	\$ 398,427
Special assessments	2,053			2,053
Intergovernmental	318,084	432		318,516
Licenses and permits	13,034			13,034
Fines and forfeits	7,512			7,512
Public charges for services	44,002			44,002
Interest	9,029			9,029
Miscellaneous	12,230	12,823		25,053
Total revenues	<u>786,107</u>	<u>31,519</u>		<u>817,626</u>
<b>EXPENDITURES</b>				
Current:				
General government	165,110	2,664		167,774
Public safety	192,890			192,890
Public works	147,216			147,216
Leisure activities	10,865			10,865
Conservation & economic development		1,142		1,142
Capital outlay:				
General government	18,185			18,185
Public works	83,257			83,257
Leisure activities	3,829			3,829
Conservation & economic development		713,116		713,116
Debt service:				
Principal retirement	270,474	236,460		506,934
Interest and debt issuance costs	6,305	8,313		14,618
Total expenditures	<u>898,131</u>	<u>961,695</u>		<u>1,859,826</u>
Excess (deficiency) of revenues over expenditures	<u>(112,024)</u>	<u>(930,176)</u>		<u>(1,042,200)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	300,149	624,921	620,000	1,545,070
Sale of capital assets		224,015		224,015
Transfers in	40,027	7,776		47,803
Transfers out	<u>(7,776)</u>			<u>(7,776)</u>
Total other financing sources	<u>332,400</u>	<u>856,712</u>	<u>620,000</u>	<u>1,809,112</u>
Net change in fund balances	<u>220,376</u>	<u>(73,464)</u>	<u>620,000</u>	<u>766,912</u>
Fund balance - beginning, as previously reported	1,552,133	(675,276)		876,857
Prior period adjustment - see Note 17		(90,000)		(90,000)
Fund balance - beginning, as restated	<u>1,552,133</u>	<u>(765,276)</u>		<u>786,857</u>
Fund balance - ending	<u>\$ 1,772,509</u>	<u>\$ (838,740)</u>	<u>\$ 620,000</u>	<u>\$ 1,553,769</u>

Exhibit A-6  
Village of Ridgeway, Wisconsin  
Reconciliation of Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds		\$ 766,912
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities</p>		
Capital outlay reported in governmental fund statements	644,131	
Depreciation expenses reported in the statement of activities	<u>(109,861)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		534,270
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) is to decrease net position:</p>		
		(75,000)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities</p>		
The amount of debt principal payments in the current year is:		506,934
<p>The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities.</p>		
		(1,545,070)
<p>In governmental funds, the current year utility tax equivalent is deferred and recognized as revenue in the subsequent year. In the statement of activities, this amount is recognized as a transfer in the year accrued.</p>		
2019 utility tax equivalent recognized as revenue in 2020 in the governmental funds	(40,027)	
2020 utility tax equivalent recognized as a transfer in for the statement of activities	<u>45,992</u>	
		5,965
<p>In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.</p>		
The amount of interest paid during the current period	14,616	
The amount of interest accrued during the current period	<u>(17,635)</u>	
Interest paid is greater (less) than interest expensed by		<u>(3,017)</u>
Change in net position - governmental activities		<u>\$ 190,994</u>

Exhibit A-7  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	Water Utility	Sewer Utility	Total
<b>ASSETS</b>			
Current assets:			
Cash	\$ 540,319	\$ 194,872	\$ 735,191
Restricted cash:			
Debt service		15,650	15,650
Depreciation		21,985	21,985
Replacement		62,478	62,478
Customer accounts receivable	7,234	22,316	29,550
Inventories	5,923	207	6,130
	<u>553,476</u>	<u>317,508</u>	<u>870,984</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Property, plant and equipment	2,377,626	6,589,142	8,966,768
Less: accumulated depreciation	(587,874)	(1,258,357)	(1,846,231)
Net property and plant	<u>1,789,752</u>	<u>5,330,785</u>	<u>7,120,537</u>
	<u>\$ 2,343,228</u>	<u>\$ 5,648,293</u>	<u>\$ 7,991,521</u>
Total assets			

Exhibit A-7 (Continued)  
Village of Ridgeway, Wisconsin  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 14,508	\$ 7,199	\$ 21,707
Due to other funds		60,878	60,878
Accrued interest	1,342		1,342
Current portion of advances from other funds		12,200	12,200
Current portion of notes payable	47,080		47,080
	<u>62,930</u>	<u>80,277</u>	<u>143,207</u>
Total current liabilities			
Current liabilities (payable from restricted assets):			
Accrued interest	454	6,970	7,424
Current portion of revenue bonds	7,462	39,130	46,592
	<u>7,916</u>	<u>46,100</u>	<u>54,016</u>
Total current liabilities (payable from restricted assets)			
Long-term liabilities:			
Advances from other funds		92,882	92,882
Revenue bonds	164,946	2,080,191	2,245,137
Notes payable	540,000		540,000
Less: current portion	(54,542)	(51,330)	(105,872)
	<u>650,404</u>	<u>2,121,743</u>	<u>2,772,147</u>
Total long-term liabilities			
<b>NET POSITION</b>			
Net investment in capital assets	1,624,806	3,250,594	4,875,400
Restricted for:			
Debt service - revenue bonds		8,680	8,680
Depreciation - revenue bonds		21,985	21,985
Equipment replacement		62,478	62,478
Unrestricted (deficit)	(2,828)	56,436	53,608
	<u>1,621,978</u>	<u>3,400,173</u>	<u>5,022,151</u>
Total net position			
Total liabilities and net position	<u>\$ 2,343,228</u>	<u>\$ 5,648,293</u>	<u>\$ 7,991,521</u>

Exhibit A-8  
Village of Ridgeway, Wisconsin  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended December 31, 2020

	Water Utility	Sewer Utility	Total
<b>OPERATING REVENUES</b>			
Sales of water	\$ 136,344	\$	\$ 136,344
Measured sewer service		231,879	231,879
Penalties	149	754	903
Other	34,182		34,182
Total operating revenues	<u>170,675</u>	<u>232,633</u>	<u>403,308</u>
<b>OPERATING EXPENSES</b>			
Operation	89,652	123,385	213,037
Depreciation	46,851	169,612	216,463
Taxes	2,021	2,859	4,880
Total operating expenses	<u>138,524</u>	<u>295,856</u>	<u>434,380</u>
Operating income (loss)	<u>32,151</u>	<u>(63,223)</u>	<u>(31,072)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest on investments	722	1,263	1,985
Interest expense	<u>(10,324)</u>	<u>(41,458)</u>	<u>(51,782)</u>
Net nonoperating revenues (expenses)	<u>(9,602)</u>	<u>(40,195)</u>	<u>(49,797)</u>
Income before contributions and transfers	22,549	(103,418)	(80,869)
Capital grants and contributions	153,859	288,092	441,951
Transfer of tax equivalent	<u>(45,992)</u>		<u>(45,992)</u>
Change in net position	130,416	184,674	315,090
Net position - beginning	<u>1,491,562</u>	<u>3,215,499</u>	<u>4,707,061</u>
Net position - ending	<u>\$ 1,621,978</u>	<u>\$ 3,400,173</u>	<u>\$ 5,022,151</u>

Exhibit A-9  
Village of Ridgeway Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
<b>CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES</b>			
Received from customers	\$ 170,463	\$ 232,256	\$ 402,719
Payments to employees	(34,766)	(38,414)	(73,180)
Payments for employee benefits	(3,880)	(3,875)	(7,755)
Payments to suppliers	(76,656)	(98,364)	(175,020)
Net cash provided by operating activities	<u>55,161</u>	<u>91,603</u>	<u>146,764</u>
<b>CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES</b>			
Paid to municipality for tax equivalent	(45,992)		(45,992)
Payment of advance from the general fund		(12,200)	(12,200)
Net cash provided by operating activities	<u>(45,992)</u>	<u>(12,200)</u>	<u>(58,192)</u>
<b>CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(51,877)	(105,195)	(157,072)
Capital grants and contributions received	73,506	206,413	279,919
Proceeds from the sale of fixed assets		2,129	2,129
Debt proceeds	711,514	140,886	852,400
Principal payments	(6,568)	(37,695)	(44,263)
Short-term principal payments	(256,016)	(206,469)	(462,485)
Interest payments	(10,514)	(42,796)	(53,310)
Net cash from capital and related financing activities	<u>460,045</u>	<u>(42,727)</u>	<u>417,318</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	722	1,263	1,985
Net change in cash and cash equivalents	469,936	37,939	507,875
Cash and cash equivalents - beginning of year	70,383	257,046	327,429
Cash and cash equivalents - end of year	<u>\$ 540,319</u>	<u>\$ 294,985</u>	<u>\$ 835,304</u>
<b>Reconciliation of cash and cash equivalents to</b>			
Cash and investments	\$ 540,319	\$ 194,872	\$ 735,191
Restricted cash		100,113	100,113
Cash and cash equivalents	<u>\$ 540,319</u>	<u>\$ 294,985</u>	<u>\$ 835,304</u>

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



Exhibit A-9 (Continued)  
Village of Ridgeway Wisconsin  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	Business Type Activities- Enterprise Funds		Total
	Water Utility	Sewer Utility	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 32,151	\$ (63,223)	\$ (31,072)
Noncash items in operating income:			
Depreciation expense	48,279	169,612	217,891
Changes in assets and liabilities:			
Inventories	9,793	(94)	9,699
Accounts payable	5,177	(14,315)	(9,138)
Due to other funds	(40,027)		(40,027)
	<u>\$ 55,161</u>	<u>\$ 91,603</u>	<u>\$ 146,764</u>
<b>Net cash provided (used) by operating activities</b>			
	<u>\$ 55,161</u>	<u>\$ 91,603</u>	<u>\$ 146,764</u>
<b>Noncash capital financing activities:</b>			
Capital additions financed by TIF District #1	\$ 80,353	\$ 81,679	\$ 162,032
	<u>\$ 80,353</u>	<u>\$ 81,679</u>	<u>\$ 162,032</u>

Exhibit A-10  
 Village of Ridgeway, Wisconsin  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 December 31, 2020

	Custodial Fund
	Tax
	Collection Fund
<b>ASSETS</b>	
Cash and investments	\$ 341,952
Taxes receivable	320,637
 Total assets	 \$ 662,589
 <b>LIABILITIES</b>	
Due to other taxing units	\$ 662,589
 <b>NET POSITION</b>	
Restricted	
 Total liabilities and net position	 \$ 662,589

Exhibit A-11  
 Village of Ridgeway, Wisconsin  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended December 31, 2020

	<u>Custodial Fund</u>
	Tax
	<u>Collection Fund</u>
<b>ADDITIONS</b>	
Property tax collections for other governments	<u>\$ 466,358</u>
<b>DEDUCTIONS</b>	
Payments of taxes to other governments	<u>466,358</u>
Net increase (decrease) in fiduciary net position	
Net position - beginning of year	<u>                    </u>
Net position - end of year	<u><u>\$                    </u></u>

## Notes to the Basic Financial Statements

Village of Ridgeway, Wisconsin  
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December 31, 2020

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Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

This report includes all of the funds of the Village of Ridgeway, Wisconsin. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

B. Government-Wide and Fund Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

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

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Funds are organized in major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

Major Governmental Funds:

The Village reports the following major governmental funds:

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

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

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

Major Enterprise Funds:

The Village reports the following major enterprise funds:

Water Utility – accounts for the operations of the water system

Sewer Utility – accounts for the operations of the sewer system

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fiduciary Funds (Not Included in Government-Wide Statements)

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

The Village reports the following fiduciary fund type:

Custodial Funds - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

- Tax Collection

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

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

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



Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Fund Financial Statements**

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

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

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

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**Fund Financial Statements (Continued)**

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Cash and Investments

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

E. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units in the accompanying custodial fund balance sheet.

Property tax calendar - 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale- 2020 delinquent real estate taxes	October 2024

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds," Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds," Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position, Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

F. Inventories

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

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

G. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

H. Capital Assets

**Government-Wide Statements**

In the government-wide financial statements, capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

**Government-Wide Statements (Continued)**

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

Buildings	20-50 Years
Improvements	20 Years
Machinery and Equipment	5-20 Years
Infrastructure	30-50 Years

**Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

I. Compensated Absences

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

J. Long-Term Obligations

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums and less any discounts) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

K. Claims and Judgments

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Statements**

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

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

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board. As of December 31, 2020 the Village does not have any reserves that meet this component of fund balance.

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 1                      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

**Fund Statements (Continued)**

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

M. Interfund Transactions

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

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

N. Risk Management

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

O. Deferred Inflows of Resources

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

P. Change in Accounting Principle

Effective January 1, 2020, the Village adopted provisions of GASB statement No. 84, Fiduciary Activities. GASB No. 84 establishes general criteria for determining what activities should be reported in the fiduciary funds and requires the recognition of a liability when an event has occurred that requires the disbursement of fiduciary resources. Implementation of GASB No. 84 replaces Agency Fund types with Custodial Funds for the accumulation of assets for entities outside of the government's reporting entity. Unlike Agency Funds, Custodial Funds present a statement of net position and a statement of changes in net position. The statement of changes in fiduciary net position reports additions and deductions for taxes collected and distributed on behalf of, or to, other governments.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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

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

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

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

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

NOTE 3 CASH AND INVESTMENTS

At December 31, 2020, cash and investments included the following:

Deposits with financial institutions	\$ 2,935,115
Cash on hand	50
	\$ 2,935,165

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 2,493,100
Cash and investments - restricted	100,113
Exhibit A-10:	
Cash and investments	341,952
Total Cash and Investments	\$ 2,935,165

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

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

Interest Rate Risk

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

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

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices.

Custodial Credit Risk

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



Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 3

CASH AND INVESTMENTS (CONTINUED)

*Federal Deposit Insurance Corporation (FDIC) Insurance*

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

*Collateralization of Public Unit Deposits*

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

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

As of December 31, 2020, \$500,000 of Village deposits were insured by FDIC and \$2,455,628 of the Village's deposits with financial institutions were in excess of FDIC Insurance limits, \$400,000 would be insured by the State of Wisconsin Guarantee Fund, provided funds are available at the time of any potential loss.

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

Concentration of Credit Risk

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 200,000	\$	\$ (75,000)	\$ 125,000
Construction work in progress		29,049		29,049
Total capital assets not being depreciated	<u>200,000</u>	<u>29,049</u>	<u>(75,000)</u>	<u>154,049</u>
Other capital assets				
Buildings and improvements	162,593	231		162,824
Equipment and vehicles	290,331	42,717		333,048
Infrastructure	1,620,796	572,134		2,192,930
Total other capital assets at historical costs	<u>2,073,720</u>	<u>615,082</u>		<u>2,688,802</u>
Less accumulated depreciation for:				
Buildings and improvements	116,082	4,435		120,517
Equipment and vehicles	112,066	27,587		139,653
Infrastructure	396,029	77,839		473,868
Total accumulated depreciation	<u>624,177</u>	<u>109,861</u>		<u>734,038</u>
Net other capital assets	<u>1,449,543</u>	<u>505,221</u>		<u>1,954,764</u>
Total net capital assets	<u>\$ 1,649,543</u>	<u>\$ 534,270</u>	<u>\$ (75,000)</u>	<u>\$ 2,108,813</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 261
Public works, which includes the depreciation of infrastructure	109,061
Leisure activities	539
Total Governmental Activities Depreciation Expense	<u>\$ 109,861</u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 4

CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Salvage</u>	<u>Removals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities:</u></b>					
Capital assets not being depreciated:					
Land and land rights	\$ 26,307	\$	\$	\$	\$ 26,307
Construction work in progress		21,703			21,703
Total capital assets not being depreciated	<u>26,307</u>	<u>21,703</u>			<u>48,010</u>
Capital assets being depreciated:					
Water:					
Source of supply	154,455				154,455
Pumping	95,390				95,390
Water treatment	2,713				2,713
Transmission and distribution	1,941,930	85,577			2,027,507
General plant	42,695	24,950			67,645
Sewer:					
Collecting system	1,139,449	81,679			1,221,128
Pumping system	153,127				153,127
Treatment and disposal	5,412,857	5,026		(353,311)	5,064,572
General plant	95,221	42,000		(5,000)	132,221
Total capital assets being depreciated	<u>9,037,837</u>	<u>239,232</u>		<u>(358,311)</u>	<u>8,918,758</u>
Less: accumulated depreciation for:					
Water	539,595	48,279			587,874
Sewer	1,444,927	169,612	2,129	(358,311)	1,258,357
Total accumulated depreciation	<u>1,984,522</u>	<u>217,891</u>	<u>2,129</u>	<u>(358,311)</u>	<u>1,846,231</u>
Net capital assets being depreciated	<u>7,053,315</u>	<u>21,341</u>	<u>(2,129)</u>		<u>7,072,527</u>
Total net capital assets	<u>\$ 7,079,622</u>	<u>\$ 43,044</u>	<u>\$ (2,129)</u>	<u>\$</u>	<u>\$ 7,120,537</u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 4

CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Sewer utility	\$	169,612
Water utility		48,279
Total depreciation expense		217,891
Less: water depreciation expense allocated to sewer		(1,428)
Total depreciation expense per Exhibit A-8	\$	216,463

NOTE 5

SHORT-TERM OBLIGATIONS

The Village had a line of credit used for interim financing. The line of credit matured on April 1, 2020, with an interest rate of 2.55%. Interest expense and other fiscal charges on the line of credit for the year totaled \$5,374. Line of credit activity for 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b><u>Governmental activities</u></b>				
Line of credit	\$ 230,320	\$	\$ (230,320)	\$
<b><u>Business-type activities</u></b>				
Line of credit	\$ 462,485	\$	\$ (462,485)	\$

NOTE 6

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance		Amounts Due within One Year
<b><u>Governmental activities</u></b>						
Direct borrowings and placements:						
General obligation notes	\$ 345,385	\$ 1,244,921	\$ (265,121)	\$ 1,325,185	\$	111,026
Revenue bonds		300,149	(11,493)	288,656		13,059
Total governmental activities long-term liabilities	\$ 345,385	\$ 1,545,070	\$ (276,614)	\$ 1,613,841	\$	124,085
<b><u>Business-type activities</u></b>						
Direct borrowings and placements:						
General obligation notes	\$	\$ 540,000	\$	\$ 540,000	\$	47,080
Revenue bonds		312,400	(11,963)	300,437		13,592
Revenue bonds - nondirect	1,977,000		(32,300)	1,944,700		33,000
Total business-type activities long-term liabilities	\$ 1,977,000	\$ 852,400	\$ (44,263)	\$ 2,785,137	\$	93,672

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

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

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2020
<b><u>Governmental activities</u></b>					
General obligation notes	6/28/2019	6/28/2024	2.95%	\$ 500,000	\$ 80,264
General obligation notes	10/13/2020	10/12/2030	2.95%	624,921	624,921
General obligation notes	12/10/2020	12/9/2025	2.25%	170,000	170,000
General obligation notes	12/10/2020	12/9/2027	2.60%	450,000	450,000
Total governmental activities - general obligation debt					<u>\$ 1,325,185</u>
<b><u>Business-type activities</u></b>					
General obligation notes	12/10/2020	12/9/2030	2.95%	\$ 540,000	<u>\$ 540,000</u>

General obligation notes dated October 13, 2020 have a credit limit of \$750,000. As of December 31, 2020, the Village has a credit line available of \$125,079.

Debt service requirements to maturity are as follows:

Years	Governmental Activities			Business-type Activities		
	Notes from Direct Borrowings and Direct Placements			Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 111,026	\$ 35,969	\$ 146,995	\$ 47,080	\$ 15,801	\$ 62,881
2022	175,552	33,083	208,635	48,499	14,382	62,881
2023	180,332	28,302	208,634	49,960	12,920	62,880
2024	185,218	23,415	208,633	51,433	11,448	62,881
2025	168,722	18,345	187,067	53,016	9,865	62,881
2026-2030	504,335	37,674	542,009	290,012	24,393	314,405
Totals	<u>\$ 1,325,185</u>	<u>\$ 176,788</u>	<u>\$ 1,501,973</u>	<u>\$ 540,000</u>	<u>\$ 88,809</u>	<u>\$ 628,809</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2020 was \$2,083,685. Total general obligation debt outstanding at year-end was \$1,865,185.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

Revenue bonds are payable only from revenues derived from operations. Revenue debt payable at December 31, 2020 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2020
<b><u>Governmental activities</u></b>					
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	\$ 300,149	\$ 288,656
<b><u>Business-type activities</u></b>					
Sewer system revenue bonds	5/16/2019	5/1/2059	2.00%	\$ 1,791,000	\$ 1,761,500
Sewer system revenue bonds	5/16/2019	5/1/2059	2.38%	186,000	183,200
Water system revenue bonds	1/22/2020	5/1/2039	1.65%	312,400	300,437
Total business-type activities - revenue debt					<u>\$ 2,245,137</u>

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

- Establish and maintain a reserve account in the amount equal to the least of (a) \$7,200, (b) maximum annual debt service on the Bonds in any Bond Year and (c) 125% of average annual debt service on the Bonds in any Bond Year. The reserve account is to be accumulated in semi-annual installments of 5% until the account is equal to the reserve requirement. As of December 31, 2020, the utility had a balance of \$15,650 in the reserve account. This requirement was met for 2020.
- A depreciation fund to be used whenever necessary to restore any deficiency in the debt service reserve. Funds may be used for repairs, replacements, new construction, extensions or additions to the sewer system. The amount required is determined by the Village Board to be sufficient to provide a proper and adequate depreciation account for the sewer system. As of December 31, 2020, the utility had a balance of \$21,985 in the depreciation account.
- Net revenues of the sewer system will be at least 1.10 times the annual debt service requirement for each bond year. Net revenues for 2020 were \$106,389 and the requirement was \$79,470. This requirement was met for 2020.

The January 22, 2020 water system revenue bonds issue requires the Utility's net revenues be at least 1.10 times of the principal and interest coming due on all outstanding bonds payable each year. Net revenues for 2020 were \$79,002 and the requirement was \$39,767. The Utility has met this requirement for 2020.

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

Under the provisions of the resolution, a portion of operating revenues must be set aside to the Debt Service Fund. An amount equal to one-sixth (1/6) of the next installment of interest coming due on the bonds and one-twelfth (1/12) of the next installment of principal of the bonds shall be transferred monthly. The balance in this account as of December 31, 2020 was \$0 and the requirement was \$19,388. This requirement was not met for 2020.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 6

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt (continued)

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

Years	Governmental Activities		
	Revenue Bonds from Direct		
	Borrowings and Direct Placements		
	Principal	Interest	Total
2021	\$ 13,059	\$ 4,655	\$ 17,714
2022	13,275	4,438	17,713
2023	13,494	4,217	17,711
2024	13,716	3,993	17,709
2025	13,943	3,764	17,707
2026-2030	73,241	15,265	88,506
2031-2035	79,486	8,968	88,454
2036-2039	68,442	2,282	70,724
Totals	\$ 288,656	\$ 47,582	\$ 336,238

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

Years	Business-type Activities					
	Revenue Bonds from Direct			Revenue Bonds - Nondirect		
	Borrowings and Direct Placements			Revenue Bonds - Nondirect		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 13,592	\$ 4,845	\$ 18,437	\$ 33,000	\$ 39,246	\$ 72,246
2022	13,817	4,619	18,436	33,700	38,568	72,268
2023	14,044	4,389	18,433	34,300	37,876	72,176
2024	14,276	4,155	18,431	35,100	37,171	72,271
2025	14,512	3,918	18,430	35,800	36,450	72,250
2026-2030	76,231	15,888	92,119	190,400	170,907	361,307
2031-2035	82,731	9,334	92,065	210,700	150,523	361,223
2036-2040	71,234	2,375	73,609	233,200	127,968	361,168
2041-2045				258,300	102,991	361,291
2046-2050				286,000	75,304	361,304
2051-2055				316,600	44,657	361,257
2056-2059				277,600	11,453	289,053
Totals	\$ 300,437	\$ 49,523	\$ 349,960	\$ 1,944,700	\$ 873,114	\$ 2,817,814

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

NOTE 7

INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables at December 31, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	Sewer	<u>\$ 60,877</u>

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

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

Interfund advances were as follows on December 31, 2020:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General	TIF District #1	\$ 771,404
General	Sewer utility	92,882
Total		<u>\$ 864,286</u>

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

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
Governmental Funds:			
General	Water utility	\$ 40,027	Tax equivalent
TIF District #1	General	7,776	2018 and 2019 tax increments
Total		<u>\$ 47,803</u>	

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



Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 8

JOINT VENTURE

Ridgeway Volunteer Fire Department and Barneveld Area Rescue Squad

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

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

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

The municipalities participating in the Barneveld Area Rescue Squad share in the operation of the Rescue Squad based on their proportionate share of the population served. Municipalities participating and their percentages of costs for 2020 were as follows:

Village of Barneveld	38 %
Town of Brigham	32 %
Village of Ridgeway	20 %
Town of Ridgeway	10 %
	100 %

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

NOTE 9

TAX INCREMENTAL DISTRICT

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

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

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

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

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 9

TAX INCREMENTAL DISTRICT (CONTINUED)

Following is the cumulative status of the TIF District as of December 31, 2020:

	TID #1
Project revenues	
Tax increment	\$ 50,754
Intergovernmental	448
Lot sales	328,456
Other	75,966
Total revenues	455,624
Project costs	
Construction	1,864,573
Professional services and DOR fees	8,226
Interest and other fiscal charges	126,750
Total expenditures	1,999,549
Amount to be recovered through future increments	\$ 1,543,925
Reconciliation of recoverable costs	
Long-term notes payable	\$ 705,185
TID #1 fund balance - deficit	838,740
Total	\$ 1,543,925

As shown in Note 7, the general fund advanced cash to TID #1 to pay project costs. The balance of the advance as of December 31, 2020 is \$771,404. No repayment terms have been established. The amounts to be recovered may be increased by interest charged on the advance.

NOTE 10

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2020, the various components of deferred inflows of resources reported in the governmental funds were as follows:

Property tax receivable	\$ 427,328
Tax increment receivable	77,478
2020 Water utility tax equivalent	45,992
Special assessments	330
Total	\$ 551,128

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 11

GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Net investment in capital assets	
Land and other non-depreciated assets	\$ 154,049
Other capital assets, net of accumulated depreciation	1,954,764
Less: related long-term debt outstanding	(1,613,841)
Add: unspent debt proceeds	<u>620,000</u>
Total net investment in capital assets	<u>1,114,972</u>
Unrestricted	<u>974,939</u>
Total governmental activities net position	<u><u>\$ 2,089,911</u></u>

Governmental fund balances reported on the fund financial statements at December 31, 2020 includes the following:

	General Fund	TIF District #1	Capital Projects
Nonspendable:			
Advances to other funds	\$ 864,286	\$	\$
Assigned for:			
Park improvements			100,000
Snow plow			70,000
Cardinal community center			450,000
Unassigned (deficit)	<u>908,223</u>	<u>(838,740)</u>	
Total fund balances	<u><u>\$ 1,772,509</u></u>	<u><u>\$ (838,740)</u></u>	<u><u>\$ 620,000</u></u>

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 12

BUSINESS-TYPE ACTIVITIES RESTRICTED NET POSITION

Restricted assets and restricted net position in the business-type activities and the proprietary funds consist of the following at December 31, 2020:

Sewer utility restricted net position	
Debt service - revenue bonds	\$ 8,680
Depreciation - revenue bonds	21,985
Equipment replacement	62,478
Total restricted net position	<u>\$ 93,143</u>

As described in Note 6, May 16, 2019 sewer system revenue bonds require the utility to establish and maintain debt service and depreciation accounts.

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

NOTE 13

DEFINED CONTRIBUTION PLAN

The Village participates in a deferred compensation program with Edward D. Jones. The Village contributes \$100 per month per employee. In 2020, the Village contributed \$5,600 for 5 employees. The Village recognizes pension expense as contributions are made, and there are no assets accumulated in a trust.

NOTE 14

TAX LEVY LIMIT

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

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

NOTE 15

PURCHASE COMMITMENTS / SUBSEQUENT EVENT

Prior to year end the Village approved expenditures of \$59,212 for a plow truck and \$198,541 for community development block grant project engineering and administration.

Subsequent to year end, the Village approved the following purchases: \$321,850 for water tower painting and repair, \$86,735 for water system SCADA upgrade, \$17,900 for tank inspection, and \$39,248 for community center design engineering services.

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020 the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. The full financial impact on the Village is unknown.

Village of Ridgeway, Wisconsin  
Notes to Financial Statements  
December 31, 2020

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NOTE 16      EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT FINANCIAL STATEMENTS

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

NOTE 17      PRIOR PERIOD ADJUSTMENTS

Prior period adjustments were recorded effective January 1, 2020, as follows:

- Governmental activities – 2019 tax equivalent revenue was deferred in 2019, but it should have been recognized as revenue. A prior period adjustment recognized 2019 tax equivalent revenue resulting in an increase in beginning governmental activities net position of \$40,027. This had no impact on the fund financial statements.
- TIF District #1 – Land acquired in 2018 for \$90,000 was in inventory, but the cost should have been expended. A prior period adjustment expended the cost resulting in a decrease in beginning TIF district #1 fund balance of \$90,000. This had no impact on the government-wide financial statements.

Required Supplementary Information

Exhibit B-1  
Required Supplementary Information  
Village of Ridgeway, Wisconsin  
Budgetary Comparison Schedule for the General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
<b>REVENUES</b>					
Taxes	\$ 344,163	\$ 344,163	\$ 380,163	\$ 36,000	\$ 36,000
Special assessments	1,708	1,708	2,053	345	345
Intergovernmental	180,737	180,737	318,084	137,347	137,347
Licenses and permits	5,020	5,020	13,034	8,014	8,014
Fines and forfeitures	3,200	3,200	7,512	4,312	4,312
Public charges for services	36,000	36,000	44,002	8,002	8,002
Interest income	10,000	10,000	9,029	(971)	(971)
Miscellaneous	700	700	12,230	11,530	11,530
Total revenues	<u>581,528</u>	<u>581,528</u>	<u>786,107</u>	<u>204,579</u>	<u>204,579</u>
<b>EXPENDITURES</b>					
Current:					
General government	105,440	105,440	165,110	(59,670)	(59,670)
Public safety	190,140	190,140	192,890	(2,750)	(2,750)
Public works	167,325	167,325	147,216	20,109	20,109
Leisure activities	13,185	13,185	10,865	2,320	2,320
Capital outlay	549,923	549,923	105,271	444,652	444,652
Debt service	150,000	150,000	276,779	(126,779)	(126,779)
Total expenditures	<u>1,176,013</u>	<u>1,176,013</u>	<u>898,131</u>	<u>404,661</u>	<u>404,661</u>
Excess (deficiency) of revenues over expenditures	<u>(594,485)</u>	<u>(594,485)</u>	<u>(112,024)</u>	<u>609,240</u>	<u>609,240</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds	558,485	558,485	300,149	(258,336)	(258,336)
Transfers in	36,000	36,000	40,027	4,027	4,027
Transfers out			(7,776)	(7,776)	(7,776)
Total other financing sources	<u>594,485</u>	<u>594,485</u>	<u>332,400</u>	<u>(262,085)</u>	<u>(262,085)</u>
Net changes in fund balance			220,376	347,155	347,155
Fund balance - beginning	<u>1,552,133</u>	<u>1,552,133</u>	<u>1,552,133</u>		
Fund balance - ending	<u>\$ 1,552,133</u>	<u>\$ 1,552,133</u>	<u>\$ 1,772,509</u>	<u>\$ 347,155</u>	<u>\$ 347,155</u>

Village of Ridgeway, Wisconsin  
Notes to Required Supplementary Information  
December 31, 2020

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NOTE 1

BUDGET SCHEDULE

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1C to the financial statements.

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

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

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

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2020:

Expenditure	Excess Expenditures
General fund	
Current:	
General government	\$ 59,670
Public safety	2,750
Debt service	126,779
Other financing sources (uses):	
Transfers out	7,776