

# **VILLAGE OF WALWORTH**

Walworth, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

# VILLAGE OF WALWORTH

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# VILLAGE OF WALWORTH

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Walworth  
Walworth, 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 Walworth, Wisconsin, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Walworth'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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fontana-Walworth Water Pollution Control Commission (FWWPCC), a joint venture of the water and sewer utility, which represent 28 percent, 32 percent and 6 percent, respectively, of the assets, net position and expenses of the business-type activities and 28 percent, 32 percent, and 6 percent respectively, of the assets, net position, and expenses of the water and sewer utility fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for FWWPCC, a joint venture of the water and sewer utility, is based solely on the report of the other auditors. 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 auditors' 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 Village of Walworth'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 Village of Walworth'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, based on our audit and the report of other auditors, 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 Walworth, Wisconsin, as of December 31, 2018 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 Matter**

As discussed in Note III. I. to the financial statements, fund balance as of December 31, 2017 has been restated to correct material misstatements. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Walworth's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
August 12, 2019

# VILLAGE OF WALWORTH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

The management of the Village of Walworth ("village") offers this narrative discussion and analysis (MD&A) of the financial performance of the village for the year ended December 31, 2018. The MD&A is designed to: (1) assist the reader in focusing on significant financial issues; (2) provide an overview of the village's financial activity; (3) identify changes in the village's financial position; (4) identify material deviations from the approved budget; and (5) identify individual fund issues or concerns.

Since the MD&A focuses primarily on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the village's more detailed financial statements which follow this section.

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### FINANCIAL HIGHLIGHTS

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When revenues exceed expenses, the result is an increase in net position; when expenses exceed revenues, the result is a decrease in net position. This relationship between revenues and expenses illustrates the village's operating results. The village's net position, as measured in the Statement of Net Position, is an important indicator of the village's financial position or health. Over time, increases or decreases in the village's net position, as measured in the Statement of Activities, are important indicators of whether its financial health is improving or deteriorating. The village's mission, however, is to provide services that improve the quality of life for its residents, rather than generate profits as companies do. For this reason, it is also necessary to consider many other non-financial factors, such as the condition of roads or quality of services, in assessing the overall health of the village.

- > The assets and deferred outflows of resources of the Village of Walworth exceeded its liabilities and deferred inflows of resources as of December 31, 2018 by \$10,565,951 (net position). Of this amount, \$6,614,861 is the village's net investment in capital assets.
- > As of December 31, 2018, the Village of Walworth's governmental funds reported combined ending fund balances of \$799,939, an increase of \$146,297 (22%) from the prior year. The main contributor to the increase in fund balance is a result of unspent bond proceeds in the general fund and revenues exceeding expenditures in the library and TIF No. 1 funds.
- > As of December 31, 2018, the unassigned fund balance for the General Fund was \$141,929. The village's unrestricted fund balance (assigned/unassigned) of \$239,231 as of year-end compared to the 2018 general fund operating expenditures was 12%. The total fund balance in the General Fund – also including Nonspendable, Restricted, and Assigned amounts was \$376,767, an increase of 96,753 (35%) over the previous year. The majority of this increase is related to unspent bond proceeds as noted above.

# VILLAGE OF WALWORTH

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2018

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## FINANCIAL HIGHLIGHTS (cont.)

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- > The Village of Walworth's total general obligation debt decreased \$101,148. The change in outstanding debt included normal debt repayment of \$206,148 offset by new debt issued for \$105,000. At year-end, the village was utilizing 14% of its general obligation debt capacity.
  - > During the 2018 financial statement audit, one prior period adjustment was identified. This adjustment related to allocating exempt computer aid to the TIF district. A total of \$34,396 of exempt computer aid was reclassified from General Fund balance to TIF District 1 fund balance.
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## OVERVIEW OF THE FINANCIAL STATEMENTS

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### *GOVERNMENT-WIDE STATEMENTS*

The government-wide financial statements are designed to provide readers with a broad overview of the village's finances, in a manner similar to a private sector business.

The *Statement of Net Position* presents information on all of the village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or deteriorating. To assess the overall health of the village it is also necessary to consider additional nonfinancial factors such as changes in the village's property tax base and the condition of the village's infrastructure.

The *Statement of Activities* presents information showing how the village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (governmental activities) from those functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the village include general government; public safety; public works; culture, education and recreation; and conservation and development. The business-type activities of the Village of Walworth include the Water and Sewer Utility.

The government-wide financial statements can be found on pages 1 to 2 of this report.

# VILLAGE OF WALWORTH

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2018

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *FUND FINANCIAL STATEMENTS*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The village maintains five (5) individual governmental funds. They include the General Fund, Memorial Library, General Debt Service, Capital Projects Fund, and Tax Increment Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 3 to 6 of this report.

**Proprietary Funds** – The village maintains one proprietary enterprise fund – the Water and Sewer Utility which is a major fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 7 to 11 of this report.

**Agency Funds** – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources for those funds are not available to support village programs and services. The accounting used for agency funds is much like what is used for proprietary funds.

The basic agency fund financial statements can be found on page 12.

# VILLAGE OF WALWORTH

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2018

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## OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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### *FUND FINANCIAL STATEMENTS* (cont.)

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 44 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, required supplementary information presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget and information relating to the village's net pension liability and related contributions. These schedules can be found on pages 45 to 50 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented as supplementary information which follows the required supplementary information and can be found on pages 51 to 53 of this report.

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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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An analysis of the village's financial position should begin with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the village's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

### **NET POSITION**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Walworth, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,565,951 as of December 31, 2018. This an increase of \$36,092 compared to 2017.

The largest portion of the village's net position (approximately 62%) reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated to satisfy these liabilities.

An additional portion of the village's net position (approximately 5%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$3,386,988.

## VILLAGE OF WALWORTH

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

#### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

#### *NET POSITION* (cont.)

A summary of the village's Statement of Net Position is presented in the table below.

#### VILLAGE OF WALWORTH'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 2,610,867	\$ 2,291,157	\$ 3,308,549	\$ 3,168,506	\$ 5,919,416	\$ 5,459,663
Capital assets	3,308,167	3,468,966	4,966,295	5,065,788	8,274,462	8,534,754
Total Assets	<u>5,919,034</u>	<u>5,760,123</u>	<u>8,274,844</u>	<u>8,234,294</u>	<u>14,193,878</u>	<u>13,994,417</u>
Deferred Outflows	<u>330,855</u>	<u>381,080</u>	<u>49,805</u>	<u>67,322</u>	<u>380,660</u>	<u>448,402</u>
Long-term liabilities	989,571	1,042,983	855,014	962,213	1,844,585	2,005,196
Other liabilities	106,960	135,304	122,743	81,646	229,703	216,950
Total Liabilities	<u>1,096,531</u>	<u>1,178,287</u>	<u>977,757</u>	<u>1,043,859</u>	<u>2,074,288</u>	<u>2,222,146</u>
Deferred Inflows	<u>1,894,594</u>	<u>1,661,678</u>	<u>39,705</u>	<u>29,137</u>	<u>1,934,229</u>	<u>1,690,815</u>
Net Position:						
Net investment in capital assets	2,471,602	2,544,854	4,143,259	4,136,622	6,614,861	6,681,476
Restricted	474,102	254,405	90,000	48,245	564,102	302,650
Unrestricted	<u>313,060</u>	<u>501,979</u>	<u>3,073,928</u>	<u>3,043,753</u>	<u>3,386,988</u>	<u>3,545,732</u>
<b>TOTAL NET POSITION</b>	<u>\$ 3,258,764</u>	<u>\$ 3,301,238</u>	<u>\$ 7,307,187</u>	<u>\$ 7,228,620</u>	<u>\$10,565,951</u>	<u>\$ 10,529,858</u>

#### *CHANGES IN NET POSITION*

The following table provides a summary of the village's operations for the year ended December 31, 2018. Governmental activities decreased the Village of Walworth's net position by \$42,474 (1.3%). This compares to a decrease of \$1,649,442 (33%) in 2017.

Business-type activities increased the net position by \$78,566 (1.1%). This compares to an increase of \$1,419,577 (24%) in the prior year.

As previously discussed, the main contributor to changes in net position is a result of the overall increases in revenue and decreases in expenses.

## VILLAGE OF WALWORTH

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

#### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

#### *CHANGES IN NET POSITION* (cont.)

The following tables and narrative review separately the operational results of governmental and business-type activities.

#### VILLAGE OF WALWORTH CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 448,603	\$ 438,443	\$ 1,062,655	\$ 968,964	\$ 1,511,258	\$ 1,407,407
Operating grants and contributions	237,856	248,322	-		237,856	248,322
Capital grants and contributions	5,696	23,473	2,744	1,372	8,440	24,845
General Revenues						
Property taxes	1,494,517	1,437,607	-	-	1,494,517	1,437,607
Other taxes	16	2	-	-	16	2
Intergovernmental revenues	97,387	96,050	-	-	97,387	96,050
Investment income	14,921	6,639	12,264	1,693	27,185	8,332
Miscellaneous	76,595	80,368	-	-	76,595	80,368
<b>Total Revenues</b>	<u>2,375,591</u>	<u>2,330,904</u>	<u>1,077,663</u>	<u>972,029</u>	<u>3,453,254</u>	<u>3,302,933</u>
<b>Expenses</b>						
General government	301,797	271,020	-	-	301,797	271,020
Public safety	1,397,372	1,460,885	-	-	1,397,372	1,460,885
Public works	447,294	511,703	-	-	447,294	511,703
Culture, recreation and education	308,253	308,702	-	-	308,253	308,702
Conservation and development	11,991	31,811	-	-	11,991	31,811
Miscellaneous	-	-	58,554	104,490	58,554	104,490
Interest and fiscal charges	28,417	28,209	25,829	25,490	54,246	53,699
Water and sewer operations	-	-	837,655	790,488	837,655	790,488
<b>Total Expenses</b>	<u>2,495,124</u>	<u>2,612,330</u>	<u>922,038</u>	<u>920,468</u>	<u>3,417,162</u>	<u>3,532,798</u>
Increases in Net Position Before Transfers	(119,533)	(281,426)	155,625	51,561	36,092	(229,865)
Transfers	77,059	(1,368,016)	(77,059)	1,368,016	-	-
Change in Net Position	(42,474)	(1,649,442)	78,566	1,419,577	36,092	(229,865)
NET POSITION – Beginning of Year	<u>3,301,238</u>	<u>4,950,680</u>	<u>7,228,621</u>	<u>5,809,043</u>	<u>10,529,859</u>	<u>10,759,723</u>
<b>NET POSITION – End of Year</b>	<u>\$ 3,258,764</u>	<u>\$ 3,301,238</u>	<u>\$ 7,307,187</u>	<u>\$ 7,228,620</u>	<u>\$ 10,565,951</u>	<u>\$ 10,529,858</u>

# VILLAGE OF WALWORTH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

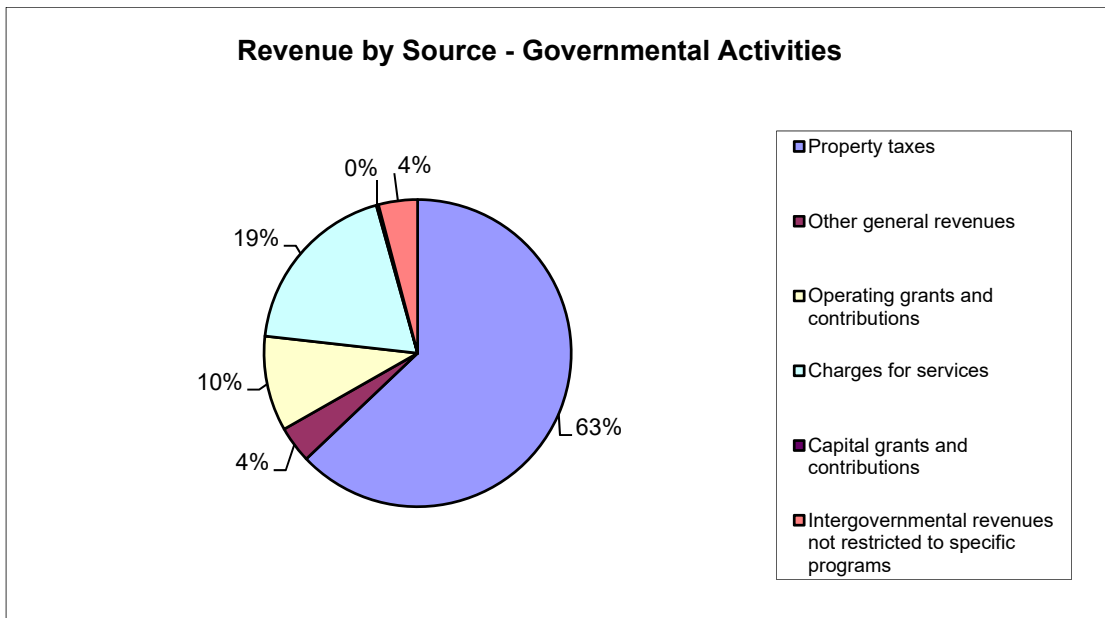
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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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#### GOVERNMENTAL ACTIVITIES

The village received a total of \$2,375,591 in governmental activity revenues in 2018. This is an increase of \$44,687 (2%) from the prior year. As the following chart indicates, property taxes account for about two-thirds of all revenues.



Total governmental activities expenses were \$2,495,124 in 2018, a decrease of \$117,206 (4.5%) from the prior year. The decrease in 2018 is attributed to a decrease in miscellaneous expenses. Revenues were less than expenses by \$119,533 down \$161,893 from the prior year. After transfers, there was a decrease in net position of \$42,474.

In 2018, Public Safety (police, fire, EMS, emergency management) activities accounted for the largest share of village expenditures at 57.2%. This was followed by expenditures on Public Works activities at 18.3%, down from 19.6%. Other expenditure areas included General Government at 10.4%, Culture, recreation and education at 12.4% and Conservation and Development at 0.5%. Interest and fiscal charges accounted for the remaining 1.2% of governmental activity expenses.

# VILLAGE OF WALWORTH

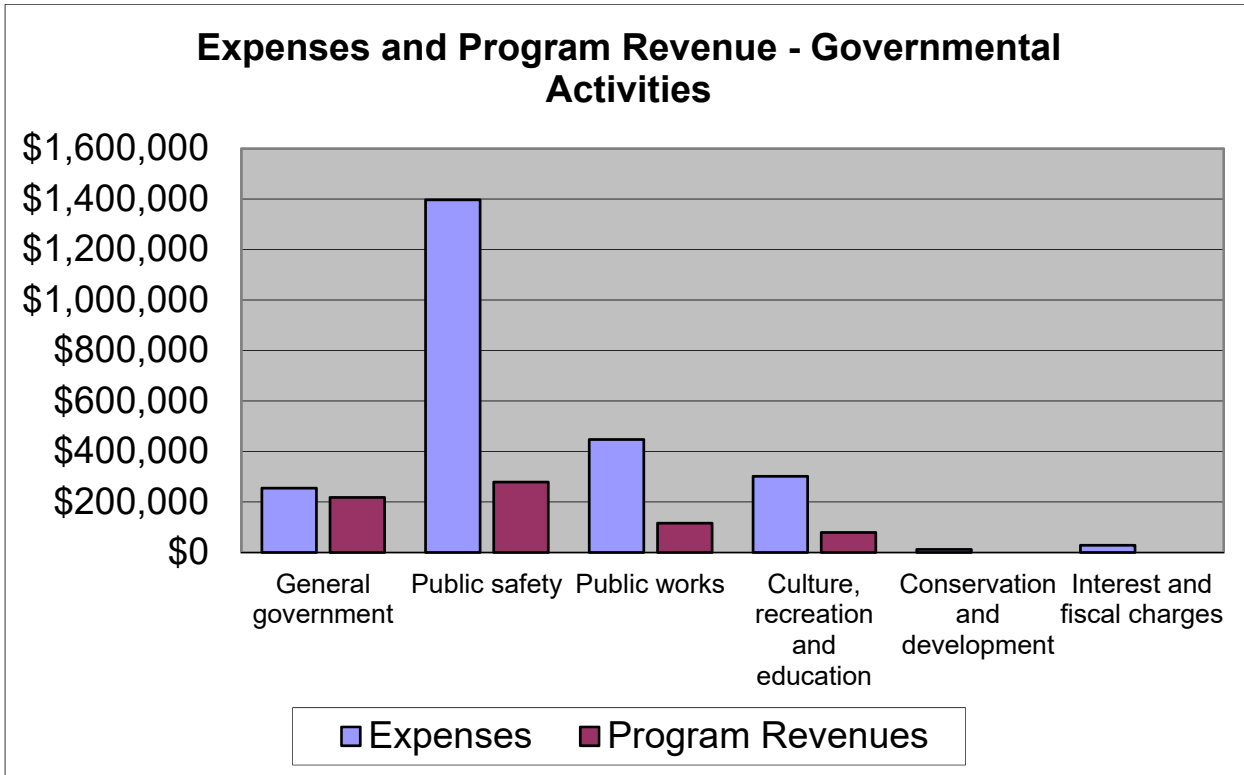
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)  
As of and for the Year Ended December 31, 2018

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## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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### GOVERNMENTAL ACTIVITIES (cont.)



### BUSINESS-TYPE ACTIVITIES

The village generated \$1,077,663 in business-type activity revenue in 2018 from its Water and Sewer Utility Fund. This is a 10% increase compared to 2017 when revenues were \$972,029. Charges for services are by far the largest revenue source for these operations, representing almost all utility revenues.

# VILLAGE OF WALWORTH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

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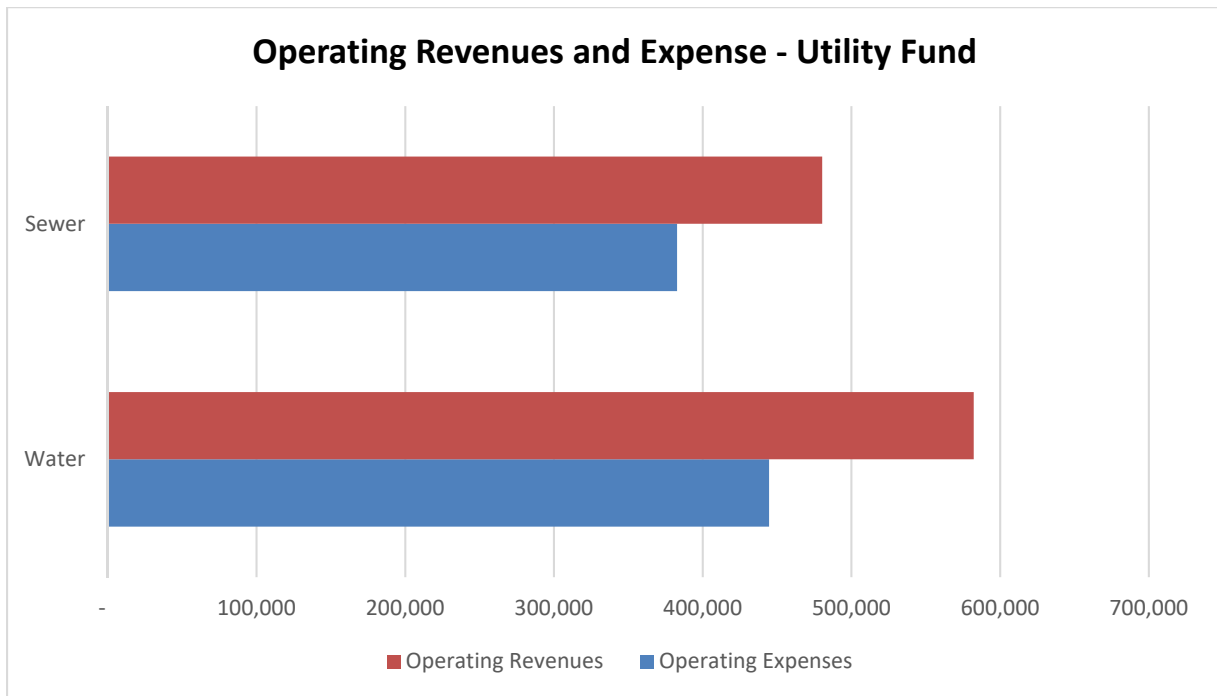
### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

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#### *BUSINESS-TYPE ACTIVITIES* (cont.)

Business-type activities increased the village's net position by \$78,566 in 2018. The main reason for the increase, as discussed previously, was the increase in revenue for charges for services. The operating income of the business-type activities was \$225,000, compared to \$178,476 from the prior year. The increase in net operating income was a result of increased operating revenues. The following graph breaks down the operating revenues and operating expenses for each the water and sewer activity. The water rates in effect during 2018 were implemented on July 1, 2018, and the sewer rates became effective July 1, 2018.

#### Expenses and Program Revenues – Business-type Activities



# VILLAGE OF WALWORTH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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As noted earlier, the village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***GOVERNMENTAL FUNDS***

The focus of the Village of Walworth's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirement. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

General Fund: The General Fund is the main operating fund of the village. The general fund balance increased by \$96,753 from \$280,014 to \$376,767. The increase was related primarily to unspent bond proceeds as of December 31, 2018.

#### ***PROPRIETARY FUNDS***

The Village of Walworth's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The Walworth Water and Sewer Utility is an enterprise fund of the Village of Walworth. The utility's operating expenses in 2018, excluding depreciation, increased by \$43,496 from \$623,608 in 2017 to \$667,104 in 2018. Operating revenues of the utility increased from \$968,964 in 2017 to \$1,062,655 in 2018 as the utilities experienced an increase in gallons sold and the implementation of new rates. The Utility has an unrestricted cash balance of \$568,798.

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### CAPITAL ASSETS

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At the end of 2018, the village has invested a total of \$8,274,462 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, library improvements/collection, infrastructure including utility infrastructure and construction work in progress.

Significant capital asset additions during 2018 included a new police vehicle, emergency vehicle, electric pumping equipment, hydrants, and meters.

# VILLAGE OF WALWORTH

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) As of and for the Year Ended December 31, 2018

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### LONG-TERM DEBT

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During 2018, the village issued \$105,000 in general obligation debt and \$206,148 was retired by the village and the utility. In addition, the utility paid \$11,909 of principal on its outstanding revenue bonds. A total of \$1,586,259 in general obligation debt for governmental activities was outstanding at the end of 2018.

Under Wisconsin State Statutes, Chapter 67, the Village of Walworth's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the village. The net amount of debt at year-end that was applicable to the statutory limit was \$1,586,259, which was 14% of the maximum allowed of \$11,415,685.

### VILLAGE OF WALWORTH'S OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds and notes payable	\$ 917,185	\$ 924,112	\$ 669,078	\$ 763,299	\$ 1,586,263	\$ 1,687,411
Revenue bonds	-	-	153,958	165,867	153,958	165,867
Total Outstanding Debt	<u>\$ 917,185</u>	<u>\$ 924,112</u>	<u>\$ 823,036</u>	<u>\$ 929,166</u>	<u>\$ 1,740,221</u>	<u>\$ 1,853,278</u>

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### CURRENTLY KNOWN FACTS / ECONOMIC CONDITIONS

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The Village of Walworth is located in Walworth County, Wisconsin near Lake Geneva, Wisconsin.

The property tax base remained relatively stable, despite the challenging real estate market. Sales data showed that properties generally maintained their previous value in the market for sales of existing homes.

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### REQUESTS FOR INFORMATION

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the village's finances. If you have any questions about this report or need any additional information, contact the Village of Walworth, 227 North Main Street, PO Box 400, Walworth, WI 53184 or at (262) 275-2127.

General information relating to the Village of Walworth, Wisconsin, can be found at the village's website, [www.villageofwalworth.govoffice2.com](http://www.villageofwalworth.govoffice2.com).

# VILLAGE OF WALWORTH

## STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government		
	Governmental	Business-type	Totals
	Activities	Activities	
<b>ASSETS</b>			
Cash and investments	\$ 746,875	\$ 568,798	\$ 1,315,673
Taxes receivable	1,536,125	-	1,536,125
Other receivables (net)	51,538	292,547	344,085
Prepaid items and inventories	43,240	4,486	47,726
Other assets	-	2,330,200	2,330,200
Internal balances	50,746	(50,746)	-
Restricted assets			
Cash and investments	-	90,000	90,000
Net pension asset	182,343	22,518	204,861
Capital Assets			
Land	403,796	160,623	564,419
Other capital assets, net of depreciation	2,904,371	4,805,672	7,710,043
Total Assets	5,919,034	8,224,098	14,143,132
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	330,855	49,805	380,660
Total Deferred Outflows of Resources	330,855	49,805	380,660
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	95,310	71,997	167,307
Deposits	11,650	-	11,650
Noncurrent Liabilities			
Due within one year	108,338	86,665	195,003
Due in more than one year	881,233	768,349	1,649,582
Total Liabilities	1,096,531	927,011	2,023,542
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	365,208	39,705	404,913
Unearned revenues	1,529,386	-	1,529,386
Total Deferred Inflows of Resources	1,894,594	39,705	1,934,299
<b>NET POSITION</b>			
Net investment in capital assets	2,471,602	4,143,259	6,614,861
Restricted for			
Debt service	45,823	-	45,823
Library	174,080	-	174,080
Pension	182,343	-	182,343
Impact fees	71,856	-	71,856
Capital asset replacement	-	90,000	90,000
Unrestricted	313,060	3,073,928	3,386,988
<b>TOTAL NET POSITION</b>	<b>\$ 3,258,764</b>	<b>\$ 7,307,187</b>	<b>\$ 10,565,951</b>

See accompanying notes to financial statements.

**VILLAGE OF WALWORTH**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
<b>Primary Government</b>							
Governmental Activities							
General government	\$ 301,797	\$ 186,187	\$ 31,737	\$ -	\$ (83,873)	\$ -	\$ (83,873)
Public safety	1,397,372	257,985	19,136	2,020	(1,118,231)	-	(1,118,231)
Public works	447,294	25	115,784	-	(331,485)	-	(331,485)
Culture, education, and recreation	308,253	4,406	71,199	3,676	(228,972)	-	(228,972)
Conservation and development	11,991	-	-	-	(11,991)	-	(11,991)
Interest and fiscal charges	28,417	-	-	-	(28,417)	-	(28,417)
Total Governmental Activities	<u>2,495,124</u>	<u>448,603</u>	<u>237,856</u>	<u>5,696</u>	<u>(1,802,969)</u>	<u>-</u>	<u>(1,802,969)</u>
Business-type Activities							
Water and Sewer	922,038	1,062,655	-	2,744	-	143,361	143,361
Total Business-type Activities	<u>922,038</u>	<u>1,062,655</u>	<u>-</u>	<u>2,744</u>	<u>-</u>	<u>143,361</u>	<u>143,361</u>
Total Primary Government	<u>\$ 3,417,162</u>	<u>\$ 1,511,258</u>	<u>\$ 237,856</u>	<u>\$ 8,440</u>	<u>(1,802,969)</u>	<u>143,361</u>	<u>(1,659,608)</u>
General Revenues							
Taxes							
Property taxes, levied for general purposes					1,347,174	-	1,347,174
Property taxes, levied for debt service					147,343	-	147,343
Other taxes					16	-	16
Intergovernmental revenues not restricted to specific programs					97,387	-	97,387
Investment income					14,921	12,264	27,185
Miscellaneous					76,595	-	76,595
Transfers					77,059	(77,059)	-
Total General Revenues and Transfers					<u>1,760,495</u>	<u>(64,795)</u>	<u>1,695,700</u>
<b>Change in Net Position</b>					(42,474)	78,566	36,092
NET POSITION - Beginning of Year					3,301,238	7,228,621	10,529,859
<b>NET POSITION - END OF YEAR</b>					<u>\$ 3,258,764</u>	<u>\$ 7,307,187</u>	<u>\$ 10,565,951</u>

See accompanying notes to financial statements.

**VILLAGE OF WALWORTH**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2018

	General	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>			
Cash and investments	\$ 491,870	\$ 255,005	\$ 746,875
Receivables (net)			
Taxes	1,352,155	183,970	1,536,125
Delinquent personal property taxes	17,352	-	17,352
Accounts	32,119	-	32,119
Special assessments	2,067	-	2,067
Due from other funds	57,525	177,236	234,761
Prepaid items	43,240	-	43,240
<b>TOTAL ASSETS</b>	<b>\$ 1,996,328</b>	<b>\$ 616,211</b>	<b>\$ 2,612,539</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 35,138	\$ 2,290	\$ 37,428
Accrued liabilities	50,121	-	50,121
Due to other funds	177,236	6,779	184,015
Deposits	11,650	-	11,650
Total Liabilities	274,145	9,069	283,214
Deferred Inflows of Resources			
Unearned tax revenue	1,345,416	183,970	1,529,386
Total Deferred Inflows of Resources	1,345,416	183,970	1,529,386
Fund Balances			
Nonspendable	62,659	-	62,659
Restricted	74,877	318,490	393,367
Assigned	97,302	104,682	201,984
Unassigned	141,929	-	141,929
Total Fund Balances	376,767	423,172	799,939
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,996,328</b>	<b>\$ 616,211</b>	<b>\$ 2,612,539</b>

See accompanying notes to financial statements.

# VILLAGE OF WALWORTH

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

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Total Fund Balances - Governmental Funds	\$ 799,939
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 funds. See Note III.D.	3,308,167
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	182,343
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	330,855
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds	(365,208)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note III.F.	
Compensated absences	(72,386)
General obligation debt	(917,185)
Accrued interest	<u>(7,761)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 3,258,764</u></b>

See accompanying notes to financial statements.

## VILLAGE OF WALWORTH

### STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes	\$ 1,324,182	\$ 170,351	\$ 1,494,533
Intergovernmental	376,668	81,064	457,732
Licenses and permits	191,089	-	191,089
Public charges for services	135,241	3,006	138,247
Investment income	12,073	2,848	14,921
Miscellaneous	69,932	8,611	78,543
Total Revenues	<u>2,109,185</u>	<u>265,880</u>	<u>2,375,065</u>
<b>EXPENDITURES</b>			
Current			
General government	250,279	-	250,279
Public safety	1,363,953	-	1,363,953
Public works	364,878	192	365,070
Culture, education, and recreation	67,507	211,746	279,253
Conservation and development	9,739	-	9,739
Capital Outlay	-	3,984	3,984
Debt Service			
Principal	-	111,927	111,927
Interest	-	27,148	27,148
Total Expenditures	<u>2,056,356</u>	<u>354,997</u>	<u>2,411,353</u>
Excess (deficiency) of revenues over expenditures	<u>52,829</u>	<u>(89,117)</u>	<u>(36,288)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	105,000	-	105,000
Proceeds from sale of capital assets	526	-	526
Transfers in	97,371	158,973	256,344
Transfers out	(158,973)	(20,312)	(179,285)
Total Other Financing Sources (Uses)	<u>43,924</u>	<u>138,661</u>	<u>182,585</u>
<b>Net Change in Fund Balances</b>	96,753	49,544	146,297
FUND BALANCES - Beginning of Year (as Restated)	<u>280,014</u>	<u>373,628</u>	<u>653,642</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 376,767</u>	<u>\$ 423,172</u>	<u>\$ 799,939</u>

See accompanying notes to financial statements.

## VILLAGE OF WALWORTH

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$ 146,297
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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,984
Items reported as operating expenditures that are capitalized in the government-wide financial statements	69,322
Depreciation is reported in the government-wide statements	(234,105)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(105,000)
Principal repaid	111,927
Some expenses 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.	
Net pension obligation (asset)	230,418
Deferred outflows of resources related to pensions	(50,225)
Deferred inflows of resources related to pensions	(212,231)
Compensated absences	(1,590)
Accrued interest on debt	(1,271)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (42,474)</b>

See accompanying notes to financial statements.

# VILLAGE OF WALWORTH

## STATEMENT OF NET POSITION ENTERPRISE FUND As of December 31, 2018

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	<u>Water and Sewer Utility</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 568,798
Receivables	
Accounts	287,641
Special assessments	4,906
Inventories	4,486
Total Current Assets	<u>865,831</u>
<b>NONCURRENT ASSETS</b>	
Restricted Assets	
Cash and investments	90,000
Net pension asset	22,518
Other Assets	
Equity interest in joint venture	2,330,200
Capital Assets	
Land	160,623
Property and equipment	8,083,467
Less: Accumulated depreciation	<u>(3,277,795)</u>
Total Noncurrent Assets	<u>7,409,013</u>
Total Assets	<u>8,274,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related amounts	<u>49,805</u>

	<u>Water and Sewer Utility</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 59,297
Accrued wages	8,709
Accrued interest	3,991
Due to other funds	50,746
Current portion of general obligation and revenue debt	<u>86,665</u>
Total Current Liabilities	<u>209,408</u>
<b>NONCURRENT LIABILITIES</b>	
Long-Term Debt	
General obligation and revenue debt	736,371
Other Liabilities	
Compensated absences	<u>31,978</u>
Total Noncurrent Liabilities	<u>768,349</u>
Total Liabilities	<u>977,757</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related amounts	<u>39,705</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,143,259
Restricted for capital asset replacement	90,000
Unrestricted	<u>3,073,928</u>
<b>TOTAL NET POSITION</b>	<u>\$ 7,307,187</u>

See accompanying notes to financial statements.

## VILLAGE OF WALWORTH

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION ENTERPRISE FUND

For the Year Ended December 31, 2018

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	Water and Sewer Utility
<b>OPERATING REVENUES</b>	
Charges for services	\$ 1,062,655
Total Operating Revenues	<u>1,062,655</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	667,104
Depreciation	<u>170,551</u>
Total Operating Expenses	<u>837,655</u>
Operating Income	<u>225,000</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	12,264
Loss on joint venture	(58,554)
Interest expense	<u>(25,829)</u>
Total Nonoperating Revenues (Expenses)	<u>(72,119)</u>
Income Before Contributions and Transfers	152,881
<b>CAPITAL CONTRIBUTIONS</b>	2,744
<b>TRANSFER IN (OUT)</b>	(382)
<b>TRANSFERS - TAX EQUIVALENT</b>	<u>(76,677)</u>
Change in Net Position	78,566
NET POSITION - Beginning of Year	<u>7,228,621</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,307,187</u>

See accompanying notes to financial statements.

# VILLAGE OF WALWORTH

## STATEMENT OF CASH FLOWS ENTERPRISE FUND For the Year Ended December 31, 2018

---

	<u>Water and Sewer Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 991,027
Paid to suppliers for goods and services	(626,088)
Paid to employees for services	<u>(140,872)</u>
Net Cash Flows From Operating Activities	<u>224,067</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Debt retired	(106,130)
Interest paid	(26,469)
Acquisition and construction of capital assets	(79,841)
Capital contributions received	<u>2,744</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(209,696)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	<u>12,264</u>
Net Cash Flows From Investing Activities	<u>12,264</u>
<b>Net Increase in Cash and Cash Equivalents</b>	26,635
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>632,163</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 658,798</u>

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	<u>Water and Sewer Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 225,000
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation expense	170,551
Depreciation charged to other funds	8,784
Changes in assets, deferred outflows, liabilities and deferred inflows	
Accounts receivable	(83,719)
Due to / from other funds	(95,455)
Accounts payable	(8,332)
Other current liabilities	10,827
Pension related deferrals and liabilities	<u>(3,589)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 224,067</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>	
Unrestricted cash and investments	\$ 568,798
Restricted cash and investments	<u>90,000</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 658,798</u></b>

See accompanying notes to financial statements.

## VILLAGE OF WALWORTH

### STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,554,311
Taxes receivable	<u>1,501,199</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,055,510</u></u>
<b>LIABILITIES</b>	
Due to others	<u>\$ 3,055,510</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,055,510</u></u>

See accompanying notes to financial statements.

# VILLAGE OF WALWORTH

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Village of Walworth, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

### ***A. REPORTING ENTITY***

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The village has not identified any organizations that meet this criteria.

### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

#### ***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 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 certain legally separate component units 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 village 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 balance, revenues, and expenditures/expenses.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

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

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.

The village reports the following major governmental fund:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

The village reports the following major enterprise fund:

Water and Sewer Fund - accounts for operations of the water and sewer systems

The village reports the following nonmajor governmental funds:

Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Memorial Library Fund

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.



# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### *C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)*

##### ***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 90 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. 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 unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

The preparation of financial statements in conformity with 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.

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### *D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY*

#### **1. Deposits and Investments**

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

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

The village has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. 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 in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

#### **2. 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 on the accompanying statement of assets and liabilities - agency funds.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **2. Receivables (cont.)**

Property tax calendar - 2018 tax roll:

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

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 the water and sewer utility because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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 governmental-wide financial statements as internal balances.

##### **3. Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on average cost, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### **4. Restricted Assets**

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

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **5. Capital Assets**

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 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 acquisition 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. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital 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. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50	Years
Land Improvements	10-50	Years
Machinery and Equipment	3-50	Years
Furniture and Fixtures	5-15	Years
Infrastructure	25-75	Years
Utility infrastructure	7-77	Years

###### ***Fund Financial Statements***

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

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### **6. Other Assets**

The village adopted an ordinance on December 3, 1984 establishing a commission to control the construction and operation of a wastewater plant and interceptors jointly owned with the Village of Fontana. The plant is operated by the Fontana-Walworth Water Pollution Control Commission (the Commission). The village's investment in the commission is accounted for using the equity method of accounting and adjusts its investment annually for the operating results of the commission. Complete financial statements of the Fontana-Walworth Water Pollution Control Commission may be obtained from its office at N840 Chilson Rd., Sharon, Wisconsin 53585.

#### **7. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

#### **8. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Upon retirement, employees with 15 years of service receive up to one half of accumulated sick time; 495 hours of paid sick time for police and 480 hours of paid sick time for general employees.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

#### **9. 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 and accrued compensated absences.

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

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***10. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

#### ***11. 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 (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those 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 positions that do not meet the definitions 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***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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.

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

---

## NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

#### ***11. Equity Classifications (cont.)***

##### ***Fund Statements (cont.)***

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. 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.

Proprietary fund equity is classified the same as in the government-wide statements.

See Note III. G. for further information.

#### ***12. Pension***

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***13. Basis for Existing Rates***

##### ***Water and Sewer Utility***

Current water rates were approved by the Public Service Commission of Wisconsin and went into effect on July 1, 2018.

Current sewer rates were approved by the Village board and were effective July 1, 2018.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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#### A. BUDGETARY INFORMATION

A budget has been adopted for the the general fund, Memorial Library, and the debt service fund. A budget has not been formally adopted for Capital projects fund and the TID No. 1 fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

#### B. LIMITATIONS ON THE VILLAGE'S 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 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

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### NOTE III - DETAILED NOTES ON ALL FUNDS

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#### A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 2,959,104	\$ 2,985,504	Custodial credit
Petty cash	<u>880</u>	<u>-</u>	N/A
 Total Deposits and Investments	 <u>\$ 2,959,984</u>	 <u>\$ 2,985,504</u>	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,315,673		
Restricted cash and investments	90,000		
Per statement of net position - agency funds			
Cash and investments	<u>1,554,311</u>		
 Total Deposits and Investments	 <u>\$ 2,959,984</u>		

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The village maintains collateral agreements with its banks. At December 31, 2018, the banks had pledged various government securities in the amount of \$3,950,000 to secure the village's deposits.

#### **Custodial Credit Risk**

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

See Note I.D.1. for further information on deposit and investment policies.

#### B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year with the exception of the following:

General Fund	<u>\$ 19,419</u>
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Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ <u>1,529,386</u>
Total Unearned/Unavailable Revenue for Governmental Funds	\$ <u>1,529,386</u>

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

### C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

#### **Equipment Replacement Account**

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2018:

Replacement account	\$ 90,000
Net pension asset	\$ 204,861

### D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 403,796	\$ -	\$ -	\$ 403,796
Total Capital Assets Not Being Depreciated	403,796	-	-	403,796
Capital assets being depreciated				
Buildings and structures	1,948,406	-	-	1,948,406
Machinery and equipment	1,970,488	73,306	44,277	1,999,517
Infrastructure	1,280,518	-	-	1,280,518
Total Capital Assets Being Depreciated	5,199,412	73,306	44,277	5,228,441
Total Capital Assets	5,603,208	73,306	44,277	5,632,237
Less: Accumulated depreciation for				
Buildings and structures	(535,630)	(51,709)	-	(587,339)
Machinery and equipment	(1,307,467)	(150,326)	44,277	(1,413,516)
Infrastructure	(291,145)	(32,070)	-	(323,215)
Total Accumulated Depreciation	(2,134,242)	(234,105)	44,277	(2,324,070)
Net Capital Assets Being Depreciated	3,065,170	(160,799)	-	2,904,371
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 3,468,966	\$ (160,799)	\$ -	\$ 3,308,167

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **D. CAPITAL ASSETS** (cont.)

Depreciation expense was charged to functions as follows:

#### **Governmental Activities**

General government	\$ 4,787
Public works	79,076
Public safety	109,729
Culture, education and recreation	<u>40,513</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 234,105</u></u>

#### **Business-type Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated				
Land	\$ 92,533	\$ -	\$ -	\$ 92,533
Total Capital Assets Not Being Depreciated	<u>92,533</u>	<u>-</u>	<u>-</u>	<u>92,533</u>
Capital assets being depreciated				
Source of supply	565,483	-	-	565,483
Pumping	1,174,663	57,116	14,250	1,217,529
Water treatment	33,051	-	-	33,051
Transmission and distribution	3,125,787	22,726	3,270	3,145,243
General	<u>299,475</u>	<u>-</u>	<u>-</u>	<u>299,475</u>
Total Capital Assets Being Depreciated	<u>5,198,459</u>	<u>79,842</u>	<u>17,520</u>	<u>5,260,781</u>
Total Capital Assets	<u>5,290,992</u>	<u>79,842</u>	<u>17,520</u>	<u>5,353,314</u>
Less: Accumulated depreciation	<u>(2,064,385)</u>	<u>(136,352)</u>	<u>17,520</u>	<u>(2,183,217)</u>
Net Capital Assets Being Depreciated	<u>3,134,074</u>	<u>(56,510)</u>	<u>-</u>	<u>3,077,564</u>
Net Water Capital Assets	<u><u>\$ 3,226,607</u></u>	<u><u>\$ (56,510)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,170,097</u></u>

**VILLAGE OF WALWORTH**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Business-type Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Sewer</u>				
Capital assets not being depreciated				
Land	\$ 68,090	\$ -	\$ -	\$ 68,090
Total Capital Assets Not Being Depreciated	68,090	-	-	68,090
Capital assets being depreciated				
Collecting system	2,233,828	-	-	2,233,828
Collecting system pumping	180,821	-	-	180,821
General	408,037	-	-	408,037
Total Capital Assets Being Depreciated	2,822,686	-	-	2,822,686
Total Capital Assets	2,890,776	-	-	2,890,776
Less: Accumulated depreciation	(1,051,595)	(42,983)	-	(1,094,578)
Net Capital Assets Being Depreciated	1,771,091	(42,983)	-	1,728,108
Net Wastewater Capital Assets	\$ 1,839,181	\$ (42,983)	\$ -	\$ 1,796,198
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 5,065,788	\$ (99,493)	\$ -	\$ 4,966,295

Depreciation expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 127,568
Sewer	42,983
Total Business-type Activities Depreciation Expense	\$ 170,551

Depreciation expense is different from business-type activity accumulated depreciation additions because of joint metering, salvage cost of removal, and cost associated with the disposal of assets.

**VILLAGE OF WALWORTH**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS***

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General fund	Water and Sewer Utility fund	\$ 50,746
TIF fund	General fund	18,970
Capital Project fund	General fund	104,682
Debt Service fund	General fund	53,584
General fund	Library	6,779
Total - Fund Financial Statements		234,761
Less: Government-wide eliminations		(184,015)
Total Internal Balances - Government-Wide Statement of Net Position		\$ 50,746
Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	\$ 50,746
Total Government-Wide Financial Statements		\$ 50,746

All interfund amounts are due within one year.

**VILLAGE OF WALWORTH**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

**NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

***E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)***

***Transfers***

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Library fund	General fund	\$ 158,973	Tax revenue
General fund	Capital projects fund	20,312	Impact and connection fees
General fund	Water and Sewer Utility fund	76,677	Payment in lieu of taxes
General fund	Water and Sewer Utility fund	<u>382</u>	Impact fees
Sub-Total		256,344	
Less: Fund eliminations		<u>(179,285)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 77,059</u>	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 77,059	
Business-type Activities	Governmental Activities	<u>-</u>	
Total Government-wide Financial Statements		<u>\$ 77,059</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 924,112	\$ 105,000	\$ 111,927	\$ 917,185	\$ 108,338
Sub-totals	924,112	105,000	111,927	917,185	108,338
Other Liabilities					
Vested compensated absences	70,796	1,590	-	72,386	-
Net pension liability	48,075	-	48,075	-	-
Total Other Liabilities	118,871	1,590	48,075	72,386	-
Total Governmental Activities Long-Term Liabilities	\$ 1,042,983	\$ 106,590	\$ 160,002	\$ 989,571	\$ 108,338
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 763,299	\$ -	\$ 94,221	\$ 669,078	\$ 74,438
Revenue bonds	165,867	-	11,909	153,958	12,227
Sub-totals	929,166	-	106,130	823,036	86,665
Other Liabilities					
Vested compensated absences	23,891	8,087	-	31,978	-
Net pension liability	9,156	-	9,156	-	-
Total Other Liabilities	33,047	8,087	9,156	31,978	-
Total Business-type Activities Long-Term Liabilities	\$ 962,213	\$ 8,087	\$ 115,286	\$ 855,014	\$ 86,665

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2018, was \$11,415,685. Total general obligation debt outstanding at year end was \$1,586,263.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### **General Obligation Debt**

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 accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

##### **Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
Promissory note	02/16/10	03/01/25	3.80%	\$ 355,000	\$ 150,772
Promissory note	11/18/10	11/18/24	3.80%	378,439	239,036
Promissory note	12/30/11	12/29/21	3.80%	72,000	24,511
Promissory note	01/21/15	09/01/24	3.00%	300,000	258,998
Promissory note	05/20/16	05/20/20	3.50%	30,000	11,750
Promissory note	05/20/16	05/20/21	3.50%	62,000	32,366
Promissory note	12/27/16	12/27/19	3.75%	20,000	6,920
Promissory note	05/12/17	05/12/22	3.50%	27,500	19,759
Promissory note	10/17/17	10/17/24	3.30%	74,458	68,073
Promissory note	04/03/18	04/03/23	2.5%	105,000	<u>105,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 917,185</u>

##### **Business-type Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
Promissory note	11/10/14	11/01/27	3.00%	\$ 906,491	\$ 649,319
Promissory note	05/12/17	05/12/22	3.50%	27,500	<u>19,759</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 669,078</u>

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2019	\$ 108,338	\$ 24,295	\$ 74,438	\$ 19,614
2020	100,494	23,967	76,668	17,384
2021	92,768	20,817	79,066	14,986
2022	76,862	18,156	78,468	12,563
2023	76,037	15,951	77,771	10,229
2024-2027	<u>462,686</u>	<u>40,086</u>	<u>282,667</u>	<u>16,844</u>
Totals	<u>\$ 917,185</u>	<u>\$ 143,272</u>	<u>\$ 669,078</u>	<u>\$ 91,620</u>

##### **Revenue Debt**

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Water and Sewer Utility .

The water and sewer utilities has pledged future utility revenues, net of specified operating expenses, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for the plant construction capital projects. The bonds are payable solely from water and wastewater revenues and are payable through 2029. Annual principal and interest payments on the bonds are expected to require 4.06% of net revenues. The total principal and interest remaining to be paid on the bonds is \$177,630. Principal and interest paid for the current year and total customer net revenues were \$16,176 and \$420,322, respectively.

Revenue debt payable at December 31, 2018, consists of the following:

##### **Business-type Activities Revenue Debt**

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
<u>Wastewater Utility</u>					
Clean water revenue bonds	11/25/09	05/01/29	2.67%	\$ 252,220	<u>\$ 153,958</u>

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

## NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

### F. LONG-TERM OBLIGATIONS (cont.)

#### Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2019	\$ 12,227	\$ 3,944
2020	12,553	3,614
2021	12,888	3,275
2022	13,232	2,926
2023	13,585	2,568
2024-2028	73,563	7,132
2029	15,910	213
Totals	\$ 153,958	\$ 23,672

### G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2018, includes the following:

#### Governmental Activities

Net Investment in Capital Assets	
Land	\$ 403,796
Other capital assets, net of accumulated depreciation	2,904,371
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	(878,565)
Plus: Noncapital debt proceeds	42,000
Total Net Investment in Capital Assets	2,471,602
Restricted	
Debt service	45,823
Pension	182,343
Library	174,080
Impact fees	71,856
Total Restricted	474,102
Unrestricted	313,060
Total Governmental Activities Net Position	\$ 3,258,764

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### G. NET POSITION/FUND BALANCES (cont.)

##### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2018, include the following:

	General Fund	Nonmajor Funds	Totals
<b>Fund Balances</b>			
<b>Nonspendable:</b>			
Prepaid items	\$ 43,240	\$ -	\$ 43,240
Special Assessments	2,067	-	2,067
Delinquent personal property taxes	<u>17,352</u>	-	<u>17,352</u>
Sub-total	<u>62,659</u>	<u>-</u>	<u>62,659</u>
<b>Restricted for:</b>			
Debt service	74,877	53,584	128,461
Library purposes	-	174,080	174,080
Impact fees	-	71,856	71,856
TIF related projects	-	<u>18,970</u>	<u>18,970</u>
Sub-total	<u>74,877</u>	<u>318,490</u>	<u>393,367</u>
<b>Assigned to:</b>			
Park projects - transfer from PP trust fund	20,625	-	20,625
Property tax equivalent	76,677	-	76,677
Capital projects	-	<u>104,682</u>	<u>104,682</u>
Sub-total	<u>97,302</u>	<u>104,682</u>	<u>201,984</u>
<b>Unassigned:</b>	<u>141,929</u>	<u>-</u>	<u>141,929</u>
 <b>Total Fund Balances</b>	 <u><u>\$ 376,767</u></u>	 <u><u>\$ 423,172</u></u>	 <u><u>\$ 799,939</u></u>

##### **Business-type Activities**

Net Investment in Capital Assets	
Land	\$ 160,623
Other capital assets net of depreciation	4,805,672
Less: Long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(823,036)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 4,143,259</u></u>

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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#### *H. RESTATEMENT OF FUND BALANCES*

Fund balance has been restated to correct an error in TID No. 1

#### **Nonmajor Funds**

Nonmajor Fund balance - December 31, 2017 (as reported)	\$ 339,232
Add: Exempt Computer Aid not allocated properly	<u>34,396</u>
Fund Balance - December 31, 2017 (as restated)	<u><u>\$ 373,628</u></u>

#### **General Fund**

General Fund balance - December 31, 2017 (as reported)	\$ 314,410
Less: Exempt Computer Aid not allocated properly	<u>(34,396)</u>
Fund Balance - December 31, 2017 (as restated)	<u><u>\$ 280,014</u></u>

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### NOTE IV - OTHER INFORMATION

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#### *A. EMPLOYEES' RETIREMENT SYSTEM*

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4.0

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$70,803 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

#### ***Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2018, the village reported an asset of \$204,861 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.00689971%, which was a decrease of 0.00004376% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$105,309.

## VILLAGE OF WALWORTH

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

#### NOTE IV - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2018, the village reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 260,280	\$ 121,749
Changes in assumptions	40,476	-
Net differences between projected and actual earnings on pension plan investments	-	281,562
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,047	1,602
Employer contributions subsequent to the measurement date	76,857	-
Totals	\$ 380,660	\$ 404,913

\$140,255 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018.. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 22,891
2020	(1,259)
2021	(70,377)
2022	(52,860)
2023	495

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset):	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

# VILLAGE OF WALWORTH

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.31%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE IV - OTHER INFORMATION (cont.)

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### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of the village's proportionate share of the net pension (asset)/liability to changes in the discount rate.** The following presents the village's proportionate share of the net pension (asset)/liability calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension (asset)/liability	\$530,044	\$(204,861)	\$(763,410)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2018, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

### C. COMMITMENTS AND CONTINGENCIES

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 are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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 attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

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

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## NOTE IV - OTHER INFORMATION (cont.)

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### *D. JOINT VENTURES*

#### *Fontana-Walworth Water Pollution Control Commission*

In 1986, the village entered into an intergovernmental agreement to Fontana Walworth Water Pollution Control Commission (FWWPCC). The FWWPCC, organized as an Intergovernmental Cooperation established under Section 66.30 of the Wisconsin Statutes, is governed by a nine-member commission consisting of four members each from the Villages of Walworth and Fontana, and a nonvoting member from Kikkoman Foods, Inc. The FWWPCC was established to provide a single contractual relationship for the joint participation in the collection, treatment, and disposal of sewage for the participating entities. The municipalities own all property, real and personal, as tenants-in-common. Upon dissolution, the assets are distributed based on the percentages as set forth in the Intergovernmental Agreement, Amended Exhibit "G". This agreement is recorded as a joint venture investment of the proprietary fund with a balance of \$2,330,200 at December 31, 2018. The proprietary share of the joint venture's loss for 2018 was \$58,554.

#### *Walworth Fire Department*

The village has entered into an intergovernmental agreement with the Town of Walworth to share the cost of operating a fire department and rescue squad to provide fire protection and rescue services to the village and township.

### *E. SUBSEQUENT EVENTS*

On January 15, 2019, the village issued general obligation promissory notes in the amount of \$110,000 with an interest rate of 2.850%. This amount will be used to finance new accounting and utility software, new ADA accessible Village Hall doors and pay for the costs associated with the codification of the municipal code.

On January 15, 2019, the village issued general obligation promissory notes in the amount of \$40,000 with an interest rate of 2.850%. This amount will be used to purchase a new police car.

# VILLAGE OF WALWORTH

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2018

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## **NOTE IV - OTHER INFORMATION** (cont.)

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### ***F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 81, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF WALWORTH

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
General property taxes for village purposes	\$ 1,324,167	\$ 1,324,167	\$ 1,324,166	\$ (1)
Interest on taxes	300	300	16	(284)
Totals	<u>1,324,467</u>	<u>1,324,467</u>	<u>1,324,182</u>	<u>(285)</u>
<b>INTERGOVERNMENTAL</b>				
Transportation aid	107,383	107,383	107,276	(107)
State shared revenues	48,585	48,585	77,398	28,813
Fire insurance from state	8,500	8,500	8,681	181
Exempt computer aid	19,990	19,990	7,209	(12,781)
State aid - police training	1,280	1,280	1,280	-
State aid - police grants	4,000	4,000	1,255	(2,745)
State aid - rescue squad	4,000	4,000	1,500	(2,500)
State aid - recycling	8,500	8,500	8,508	8
Police service/crossing guards	9,883	9,883	9,635	(248)
County drug enforcement unit	100	100	78	(22)
County traffic task force	7,000	7,000	6,342	(658)
Fire service	101,206	101,206	101,206	-
Rescue service	46,300	46,300	46,300	-
Other	723	723	-	(723)
Totals	<u>367,450</u>	<u>367,450</u>	<u>376,668</u>	<u>9,218</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	6,200	6,200	5,840	(360)
Operator licenses	1,600	1,600	1,870	270
Cigarette licenses	700	700	700	-
Other licenses	350	350	585	235
Building permits	30,000	30,000	34,410	4,410
Dog licenses	250	250	384	134
Court penalties and fees	134,433	134,433	144,075	9,642
Parking violations	2,500	2,500	3,225	725
Totals	<u>176,033</u>	<u>176,033</u>	<u>191,089</u>	<u>15,056</u>

See independent auditors' report and accompanying notes to required supplementary information.

**VILLAGE OF WALWORTH**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (cont.)  
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	\$ 125	\$ 125	\$ 67	\$ (58)
Awards and judgements	-	-	440	440
Clerk fees	1,000	1,000	2,230	1,230
Police fees	150	150	547	397
Rescue squad fees	49,000	49,000	77,572	28,572
Public works fees	800	800	25	(775)
Fire department fees	-	-	10	10
Park reservation fees	1,200	1,200	1,400	200
Rezoning and planning fees	750	750	-	(750)
Cost recovery reimbursements	-	-	29,894	29,894
Miscellaneous	6,500	6,500	23,056	16,556
Totals	<u>59,525</u>	<u>59,525</u>	<u>135,241</u>	<u>75,716</u>
<b>INVESTMENT INCOME</b>				
Interest on investments	<u>3,500</u>	<u>3,500</u>	<u>12,073</u>	<u>8,573</u>
Totals	<u>3,500</u>	<u>3,500</u>	<u>12,073</u>	<u>8,573</u>
<b>MISCELLANEOUS REVENUES</b>				
Donations & gifts	-	-	16,919	16,919
Utility rent revenue	18,000	18,000	15,000	(3,000)
Cablevision fees	33,000	33,000	35,108	2,108
Refund of prior year expenditures	-	-	2,905	2,905
Totals	<u>51,000</u>	<u>51,000</u>	<u>69,932</u>	<u>18,932</u>
<b>OTHER FINANCING SOURCES</b>				
Debt proceeds	105,000	105,000	105,000	-
Transfer in - Capital projects fund	-	-	20,312	20,312
Transfer in - Water and sewer	-	-	382	382
Transfer in - Water - tax equivalent	80,000	80,000	76,677	(3,323)
Proceeds from sale of capital assets	67,500	67,500	526	(66,974)
Totals	<u>252,500</u>	<u>252,500</u>	<u>202,897</u>	<u>(49,603)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>2,234,475</u>	<u>2,234,475</u>	<u>2,312,082</u>	<u>77,607</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF WALWORTH

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (cont.) For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Village board	\$ 30,994	\$ 30,994	\$ 29,664	\$ 1,330
Village president	8,400	8,400	7,850	550
Municipal court	40,775	40,775	38,513	2,262
Clerk/treasurer	98,540	98,540	88,154	10,386
Elections	10,600	10,600	6,007	4,593
Assessment of property	13,500	13,500	13,654	(154)
Accounting and auditing	10,000	10,000	14,172	(4,172)
Legal	10,000	10,000	14,887	(4,887)
Prosecution expense	10,000	10,000	8,162	1,838
Flexible spending	1,500	1,500	1,422	78
Municipal building	21,250	21,250	20,246	1,004
Codification expense	13,000	13,000	4,287	8,713
Rental expense	-	-	2,097	(2,097)
Insurance expense	6,412	6,412	1,164	5,248
Contingency	9,990	9,990	-	9,990
Totals	<u>284,961</u>	<u>284,961</u>	<u>250,279</u>	<u>34,682</u>
<b>PUBLIC SAFETY</b>				
Police	807,691	807,691	845,597	(37,906)
Crossing guards	22,124	22,124	21,482	642
Fire suppression	214,190	214,190	202,746	11,444
Hydrant rental	210,010	210,010	91,309	118,701
Building inspection	24,000	24,000	31,024	(7,024)
Emergency government	2,500	2,500	2,091	409
Rescue squad	164,036	164,036	167,814	(3,778)
Jail detention	2,500	2,500	1,890	610
Totals	<u>1,447,051</u>	<u>1,447,051</u>	<u>1,363,953</u>	<u>83,098</u>
<b>PUBLIC WORKS</b>				
Engineering	10,000	10,000	9,066	934
Streets and alleys	235,797	235,797	126,121	109,676
Snow and ice control	36,633	36,633	32,866	3,767
Traffic control	4,000	4,000	2,852	1,148
Street lighting	29,000	29,000	30,537	(1,537)
Sidewalks and crosswalks - other	8,000	8,000	5,019	2,981
Storm sewer - other	4,500	4,500	5,832	(1,332)
Garbage and refuse collection	89,000	89,000	88,855	145
Maintenance	14,250	14,250	6,598	7,652
Recycling	52,975	52,975	57,132	(4,157)
Totals	<u>484,155</u>	<u>484,155</u>	<u>364,878</u>	<u>119,277</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF WALWORTH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND (cont.)  
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>CULTURE, EDUCATION, AND RECREATION</b>				
Recreation	\$ 1,100	\$ 1,100	\$ 100	\$ 1,000
Celebrations	500	500	259	241
Parks and playgrounds	59,700	59,700	67,148	(7,448)
Totals	<u>61,300</u>	<u>61,300</u>	<u>67,507</u>	<u>(6,207)</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Weed control	2,000	2,000	485	1,515
Plan commission	5,573	5,573	7,950	(2,377)
Zoning	500	500	57	443
TIF expense	1,000	1,000	-	1,000
Development	1,747	1,747	1,247	500
Totals	<u>10,820</u>	<u>10,820</u>	<u>9,739</u>	<u>1,081</u>
<b>OTHER FINANCING USES</b>				
Transfer out - library	166,188	166,188	158,973	7,215
Totals	<u>166,188</u>	<u>166,188</u>	<u>158,973</u>	<u>7,215</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>				
	<u>2,454,475</u>	<u>2,454,475</u>	<u>2,215,329</u>	<u>239,146</u>
Net change in fund balance	(220,000)	(220,000)	96,753	316,753
FUND BALANCE - Beginning of Year (as restated)	<u>280,014</u>	<u>280,014</u>	<u>280,014</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 60,014</u>	<u>\$ 60,014</u>	<u>\$ 376,767</u>	<u>\$ 316,753</u>

See independent auditors' report and accompanying notes to required supplementary information.

## VILLAGE OF WALWORTH

### SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Fiscal Year Ending	Proportion of the Net Pension Liability/(Asset)	Proportionate Share of the Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/18	0.00689971%	\$ (204,861)	\$ 802,046	(25.54%)	102.93%
12/31/17	0.00694347%	57,231	793,471	7.21%	99.12%
12/31/16	0.00683877%	111,129	788,578	14.09%	98.20%
12/31/15	0.00695964%	(170,948)	792,252	21.58%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2018

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 70,803	\$ 70,803	\$ -	868,834	8.15%
12/31/17	79,161	79,161	-	802,046	9.87%
12/31/16	66,759	66,759	-	793,471	8.06%
12/31/15	64,598	64,598	-	788,578	8.19%

See independent auditors' report and accompanying notes to the required supplementary information.

# VILLAGE OF WALWORTH

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

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### ***BUDGETARY INFORMATION***

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 I.C.

The budgeted amounts presented include any amendments made. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The village is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF WALWORTH**  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2018

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Memorial Library	Debt Service	Capital Projects	TID No. 1	
<b>ASSETS</b>					
Cash and investments	\$ 183,149	\$ -	\$ 71,856	\$ -	\$ 255,005
Receivables (net)					
Taxes	-	160,723	-	23,247	183,970
Due from other funds	-	53,584	104,682	18,970	177,236
<b>TOTAL ASSETS</b>	<b>\$ 183,149</b>	<b>\$ 214,307</b>	<b>\$ 176,538</b>	<b>\$ 42,217</b>	<b>\$ 616,211</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,290	\$ -	\$ -	\$ -	\$ 2,290
Due to other funds	6,779	-	-	-	6,779
Total Liabilities	9,069	-	-	-	9,069
Deferred Inflows of Resources					
Unearned tax revenue	-	160,723	-	23,247	183,970
Total Deferred Inflows of Resources	-	160,723	-	23,247	183,970
Fund Balances					
Restricted	174,080	53,584	71,856	18,970	318,490
Assigned	-	-	104,682	-	104,682
Total Fund Balances	174,080	53,584	176,538	18,970	423,172
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 183,149</b>	<b>\$ 214,307</b>	<b>\$ 176,538</b>	<b>\$ 42,217</b>	<b>\$ 616,211</b>

**VILLAGE OF WALWORTH**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
	Memorial Library	Debt Service	Capital Projects	TID No. 1	
<b>REVENUES</b>					
Taxes	\$ -	\$ 147,343	\$ -	\$ 23,008	\$ 170,351
Intergovernmental	68,284	-	-	12,780	81,064
Public charges for services	3,006	-	-	-	3,006
Investment income	1,780	-	1,068	-	2,848
Miscellaneous	2,915	-	5,696	-	8,611
<b>Total Revenues</b>	<u>75,985</u>	<u>147,343</u>	<u>6,764</u>	<u>35,788</u>	<u>265,880</u>
<b>EXPENDITURES</b>					
Current					
Public works	-	-	192	-	192
Culture, education, and recreation	211,364	-	382	-	211,746
Capital Outlay	-	-	-	3,984	3,984
Debt Service					
Principal	-	111,927	-	-	111,927
Interest	-	27,148	-	-	27,148
<b>Total Expenditures</b>	<u>211,364</u>	<u>139,075</u>	<u>574</u>	<u>3,984</u>	<u>354,997</u>
Excess (deficiency) of revenues over expenditures	<u>(135,379)</u>	<u>8,268</u>	<u>6,190</u>	<u>31,804</u>	<u>(89,117)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	158,973	-	-	-	158,973
Transfers out	-	-	(20,312)	-	(20,312)
<b>Total Other Financing Sources (Uses)</b>	<u>158,973</u>	<u>-</u>	<u>(20,312)</u>	<u>-</u>	<u>138,661</u>
<b>Net Change in Fund Balances</b>	23,594	8,268	(14,122)	31,804	49,544
FUND BALANCES (DEFICIT) - Beginning of Year (as Restated)	<u>150,486</u>	<u>45,316</u>	<u>190,660</u>	<u>(12,834)</u>	<u>373,628</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 174,080</u>	<u>\$ 53,584</u>	<u>\$ 176,538</u>	<u>\$ 18,970</u>	<u>\$ 423,172</u>

# VILLAGE OF WALWORTH

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

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	<u>Municipal Court</u>	<u>Community Chest</u>	<u>Tax Roll</u>	<u>Totals</u>
<b>ASSETS</b>				
Cash and investments	\$ 17,769	\$ 6,469	\$ 1,530,073	\$ 1,554,311
Taxes receivable	<u>-</u>	<u>-</u>	<u>1,501,199</u>	<u>1,501,199</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,769</u>	<u>\$ 6,469</u>	<u>\$ 3,031,272</u>	<u>\$ 3,055,510</u>
<b>LIABILITIES</b>				
Due to others	<u>\$ 17,769</u>	<u>\$ 6,469</u>	<u>\$ 3,031,272</u>	<u>\$ 3,055,510</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 17,769</u>	<u>\$ 6,469</u>	<u>\$ 3,031,272</u>	<u>\$ 3,055,510</u>