



W I S C O N S I N

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2018

VILLAGE OF WAUNAKEE
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Independent auditors' report

To the Village Board
Village of Waunakee, 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 Waunakee, Wisconsin ("the Village") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain 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 auditors consider internal control relevant to the Village'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

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

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note IV.B to the financial statements, the Village adopted new accounting guidance, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 management's discussion and analysis on pages iii through xiii and the schedules relating to pensions and other postemployment benefits on pages 67 through 70 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

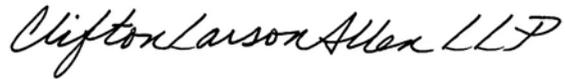
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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.

Prior Year Summarized Financial information

The 2017 financial statements were audited by Schenck SC, whose practice became part of CliftonLarsonAllen LLP as of January 1, 2019, and whose report dated June 21, 2018, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information from which the prior year summarized financial information was derived.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Wausau, Wisconsin

July 3, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended December 31, 2018

The management of the Village of Waunakee, Wisconsin (village) presents this narrative overview and analysis to facilitate both a short and a long-term analysis of the financial activities of the village for the fiscal year ended December 31, 2018. This Management's Discussion and Analysis (MD&A) is based upon currently known facts, decisions, and conditions that existed as of the date of the independent auditors' report.

THE FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the village's operating results. You can think of the village's net position, as measured in the Statement of Net Position, as one way to measure the village's financial health, or financial position. Over time, increases or decreases in the village's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the village's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our village.

- The assets and deferred outflows of resources of the village exceeded its liabilities and deferred inflows of resources as of December 31, 2018, by \$112,834,397 (*net position*). Of this amount, \$9,250,622 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Total net position includes all infrastructure of the governmental funds.
- The village's total net position increased by \$4,077,789.
- As of December 31, 2018, the village's governmental funds reported combined ending fund balances of \$11,416,582 an increase of \$659,728 in comparison with the prior year.
 - 22% of the total or \$2,462,989 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
 - 51% of the total or \$5,765,770 is *Restricted*. This balance relates to fund balances legally restricted.
 - 14% of the total or \$1,623,099 is *Committed* and relates to funds that relate to open contracts or funds constrained due to formal action of the governing body.
 - 12% of the total or \$1,351,790 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
 - Finally, the balance of \$212,934, is labeled *Unassigned* and includes residual positive and negative fund balance amounts. Within this amount in the general fund is an amount that the Village Board has set aside as its "Rainy Day Fund." The amount set aside is \$2,888,797 or 30% of the general fund's 2019 operating budget. The village's policy is that this fund be held between 20% and 25% of the subsequent year's general fund operating budget. The village has chosen to exceed this policy to protect the village's cash flow from the TID No. 5 advance effects.
- The village's total general obligation debt increased by \$4,692,106 (13.5%) during 2018. The village borrowed \$7,450,000 for the new library and for TID No. 8 projects during 2018, but also paid down on its current debt obligations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This following discussion and analysis is intended to serve as an introduction to the village's basic financial statements. The village's basic financial statements comprise three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

Government-wide financial 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, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference 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.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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 the following:

- General government
- Public safety
- Public works
- Health and human services
- Leisure activities
- Conservation and development.

The business-type activities of the village include the following:

- Waunakee Water and Light Commission
- Sewerage Commission.

The government-wide financial statements can be found on pages 1 through 4 of this report.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)

Fund financial statements (cont.)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, 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 near-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 twenty individual governmental funds. 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, Debt Service, Capital Improvements, Library Building, Tax Incremental District No. 5 and Tax Incremental District No. 6 fund. Data from the remaining fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* later in this report.

The village adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5 through 11 of this report.

Proprietary funds. Enterprise funds are 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, only in more detail. The proprietary fund financial statements provide separate information for the electric and water utilities (Water and Light Commission) and the sewer utility (Sewerage Commission), which are considered to be major funds of the village.

The basic proprietary fund financial statements can be found on pages 12 through 16 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 of those funds are not available to support the village's programs. The agency fund maintained by the village is the Tax Collection Fund which records the tax roll and tax collections for other taxing jurisdictions within the village.

The basic agency fund financial statement can be found on page 17 of this report.

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 18 through 66 of this report.

Other information. Required supplementary information related to the pension and postemployment benefit plans and the combining statements referred to earlier in connection with nonmajor governmental funds and other information related to the individual funds are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 67 through 75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Waunakee exceeded liabilities and deferred inflows by \$112,834,397 as of December 31, 2018. The Village's net position increased by \$4,077,789 for the year ended December 31, 2018. However, the largest portion (84.0%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Village of Waunakee uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Waunakee's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Village of Waunakee's net position, \$8,721,093, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,317,582 is unrestricted.

VILLAGE OF WAUNAKEE'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 27,132,722	\$ 23,972,617	\$ 14,010,410	\$ 13,961,747	\$ 41,143,132	\$ 37,934,364
Capital assets	89,802,140	83,632,460	47,413,748	46,272,347	137,215,888	129,904,807
Noncurrent assets	3,299,718	2,195,555	260,116	-	3,559,834	2,195,555
Total assets	<u>120,234,580</u>	<u>109,800,632</u>	<u>61,684,274</u>	<u>60,234,094</u>	<u>181,918,854</u>	<u>170,034,726</u>
Deferred outflows of resources	1,724,944	1,842,131	612,542	672,640	2,337,486	2,514,771
Long-term liabilities outstanding	(42,938,639)	(38,141,869)	(8,453,742)	(9,237,878)	(51,392,381)	(47,379,747)
Other liabilities	(2,907,921)	(1,438,020)	(1,703,694)	(1,641,018)	(4,611,615)	(3,079,038)
Total liabilities	<u>(45,846,560)</u>	<u>(39,579,889)</u>	<u>(10,157,436)</u>	<u>(10,878,896)</u>	<u>(56,003,996)</u>	<u>(50,458,785)</u>
Deferred inflows of resources	(14,894,219)	(12,730,277)	(523,728)	(226,081)	(15,417,947)	(12,956,358)
Net position:						
Net Investment in capital assets	55,215,691	54,521,684	39,646,991	37,703,639	94,862,682	92,225,323
Restricted	6,122,690	5,213,763	2,598,403	2,255,596	8,721,093	7,469,359
Unrestricted	(119,636)	(402,850)	9,370,258	9,842,522	9,250,622	9,439,672
Total net position	<u>\$ 61,218,745</u>	<u>\$ 59,332,597</u>	<u>\$ 51,615,652</u>	<u>\$ 49,801,757</u>	<u>\$ 112,834,397</u>	<u>\$ 109,134,354</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

VILLAGE OF WAUNAKEE'S CHANGE IN NET POSITION

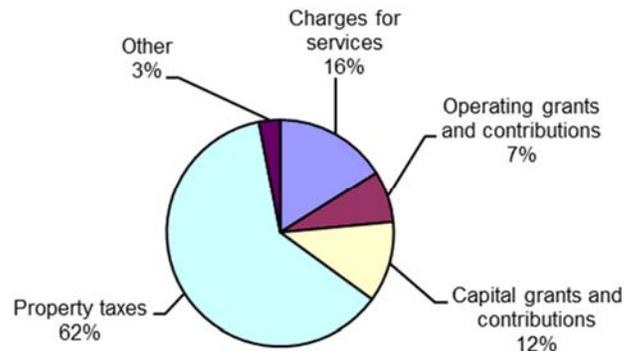
	Governmental		Business-type		Totals	
	Activities		Activites			
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 3,060,781	\$ 2,493,868	\$ 17,351,120	\$ 17,381,287	\$ 20,411,901	\$ 19,875,155
Operating grants and contributions	1,411,390	1,207,500	-	-	1,411,390	1,207,500
Capital grants and contributions	2,191,643	7,084,893	945,929	1,089,104	3,137,572	8,173,997
General revenues:						
Property taxes	11,784,707	10,756,230	-	-	11,784,707	10,756,230
Other taxes	37,550	54,650	-	-	37,550	54,650
Other general revenues	538,910	677,669	229,607	123,809	768,517	801,478
Total revenues	<u>19,024,981</u>	<u>22,274,810</u>	<u>18,526,656</u>	<u>18,594,200</u>	<u>37,551,637</u>	<u>40,869,010</u>
Expenses						
General government	1,348,103	1,406,591	-	-	1,348,103	1,406,591
Public safety	4,075,660	3,671,529	-	-	4,075,660	3,671,529
Public works	6,328,671	6,159,925	-	-	6,328,671	6,159,925
Health and human services	630,968	539,859	-	-	630,968	539,859
Leisure activites	3,279,466	3,387,418	-	-	3,279,466	3,387,418
Conservation and development	767,166	419,239	-	-	767,166	419,239
Interest and fiscal charges	1,304,618	1,340,472	-	-	1,304,618	1,340,472
Electric	-	-	11,911,331	12,265,590	11,911,331	12,265,590
Water	-	-	1,526,177	1,483,747	1,526,177	1,483,747
Sewer	-	-	2,301,688	2,147,794	2,301,688	2,147,794
Total expenses	<u>17,734,652</u>	<u>16,925,033</u>	<u>15,739,196</u>	<u>15,897,131</u>	<u>33,473,848</u>	<u>32,822,164</u>
Increase in net position before transfers	1,290,329	5,349,777	2,787,460	2,697,069	4,077,789	8,046,846
Transfers	<u>871,695</u>	<u>870,428</u>	<u>(871,695)</u>	<u>(870,428)</u>	<u>-</u>	<u>-</u>
Change in net position	2,162,024	6,220,205	1,915,765	1,826,641	4,077,789	8,046,846
Cumulative effect of change in accounting principle	(275,876)	-	(101,870)	-	(377,746)	-
Net position - beginning of year	<u>59,332,597</u>	<u>53,112,392</u>	<u>49,801,757</u>	<u>47,975,116</u>	<u>109,134,354</u>	<u>101,087,508</u>
Net position - end of year	<u>\$ 61,218,745</u>	<u>\$ 59,332,597</u>	<u>\$ 51,615,652</u>	<u>\$ 49,801,757</u>	<u>\$ 112,834,397</u>	<u>\$ 109,134,354</u>

Governmental activities. As identified above, property taxes are typically the largest revenue source for governmental activities accounting for approximately 62% of total revenues. Charges for services, operating grants, capital grants and other account 16%, 7%, 12% and 3% of total revenues, respectively.

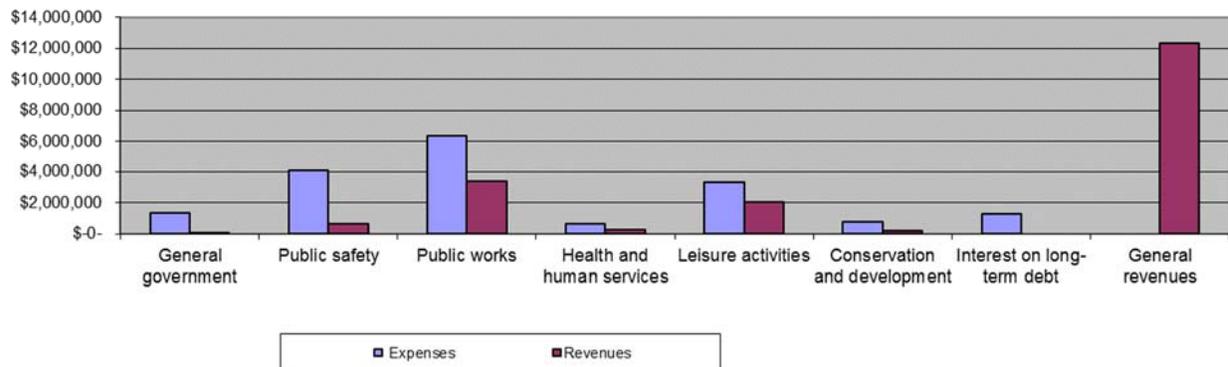
As shown by the following graph and identified by the Statement of Activities on pages 3 through 4, property taxes and other general revenues not restricted or applicable to specific programs provide the major revenue sources for governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



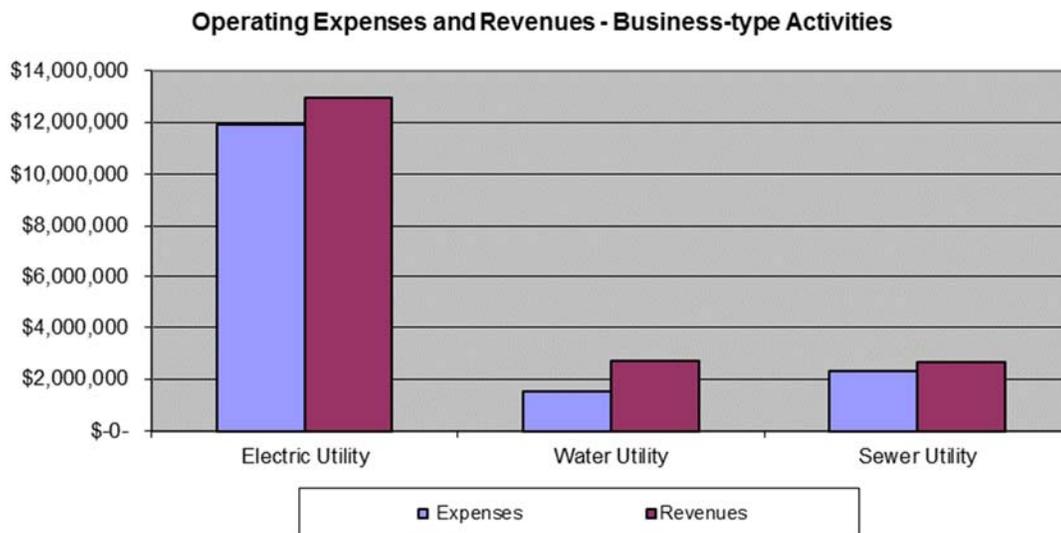
Governmental activities increased the village's net position by \$2,162,024. In typical years, the village realizes an increase to net position due to the method in which the village finances the purchases of capital assets and debt payments. The village finances some asset purchases through the levy on a pay-as-you-go basis and the village levies for debt payments. This sets the village up for having positive results on an ongoing basis. In years of growth, the village receives many developer related infrastructure assets which significantly increases the capital grant contributions revenue.

Property taxes increased by \$1,028,477 (9.56%) during the year. The increase is due to an increase in operating costs in the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONT.)

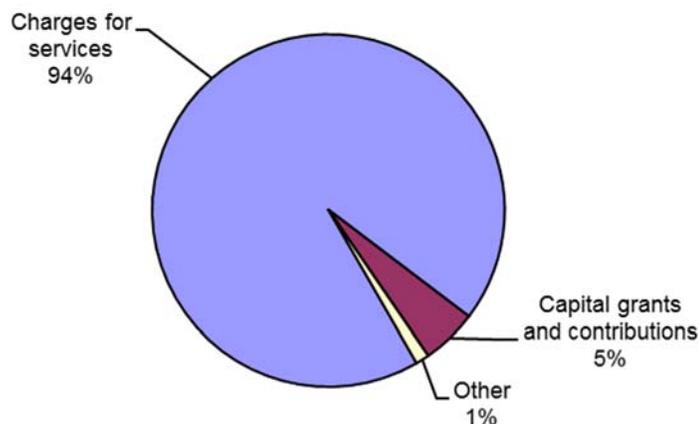
Business-type activities. Business-type activities increased the village's net position by \$1,915,765. The net investment in capital assets increased by approximately 5.15% or \$1,943,352, while unrestricted net position decreased \$472,264. The following graph compares the charges for services to the operating expenses of each utility. Rate increases for the Electric, Water and Sewer Utilities became effective February 5, 2011, December 1, 2015 and January 1, 2016, respectively.

The current sewer rate was designed to be consistent with Madison Metropolitan Sewerage District's (MMSD) rate structure. The sewer rate is designed to meet cash requirements, be consistent with existing rate design structure to maintain equitability between different sizes and classes of customers, be consistent with MMSD requirements and meet debt coverage requirements.



As shown on the following chart, the revenues of the electric, water, and sewer utility includes capital grants and contributions and investment income in addition to charges for services (operating revenues). Capital grants and contributions and investment income revenues are not identified specifically to an individual program but to the fund as a whole.

Revenues by Source - Business-type Activities



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The village's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$137,215,888 (net of accumulated depreciation). The investment in capital assets includes land, buildings, building improvements, improvements other than buildings, equipment, infrastructure, construction in progress and intangible assets. The total increase in the village's investment in capital assets for the current fiscal year was a total of approximately \$7,311,081 net of depreciation or a 5.63% increase.

Major capital asset events that occurred during the year included the following:

- The village had \$6.9 million in additions to construction in process for the new library. In addition, the infrastructure inventory increased by \$3 million related to the reconstruction of Topeka Trail, Cheyenne Pass, and Santa Fe Trail, and developer added streets during 2018.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
	Land	\$ 18,040,744	\$ 18,352,307	\$ 532,269	\$ 532,269	\$ 18,573,013
Construction in progress	9,042,186	2,123,100	451,804	459,327	9,493,990	2,582,427
Buildings and improvements	18,052,421	18,052,421	5,553,816	5,553,816	23,606,237	23,606,237
Improvements other than buildings	4,799,422	4,799,422	-	-	4,799,422	4,799,422
Equipment	6,301,820	5,992,012	7,651,923	7,256,870	13,953,743	13,248,882
Intangibles	81,120	81,120	-	-	81,120	81,120
Infrastructure	83,708,553	80,872,711	58,129,156	55,852,681	141,837,709	136,725,392
Total capital assets	140,026,266	130,273,093	72,318,968	69,654,963	212,345,234	199,928,056
Less accumulated depreciation	(50,224,126)	(46,640,633)	(24,905,220)	(23,382,616)	(75,129,346)	(70,023,249)
Capital assets net of depreciation	<u>\$ 89,802,140</u>	<u>\$ 83,632,460</u>	<u>\$ 47,413,748</u>	<u>\$ 46,272,347</u>	<u>\$ 137,215,888</u>	<u>\$ 129,904,807</u>

Additional information of the village's capital assets can be found in Note III D. on pages 39 through 40.

Long-term debt. At the end of the current fiscal year, the village had total general obligation debt outstanding of \$39,412,813 entirely backed by the full faith and credit of the government with a debt premium of \$1,637,325 for a total of \$41,050,138 of general obligation bonds and notes included in these statements. In addition, the village had \$8,015,000 of revenue debt backed by the earnings of the Water and Light Commission and Sewerage Commission.

During 2002, the village was upgraded from an "A2" rating to an "A1" rating from Moody's for general obligation debt. During this process, the village also had the Water and Light Commission rated for the first time. Moody's Investor Service rated the Water and Light Utility an "A2." Moody's upgraded the Utility rating during the 2011 borrowing process to an "A1". During 2010, Moody's changed to a Global Rating Scale and has placed the village at a new rating of Aa2. This rating was reaffirmed during the 2018 borrowing process.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the village is \$93,975,925, which significantly exceeds the village's current outstanding general obligation debt. The Village Board has established a policy whereby the village will not issue debt in excess of 50% of the state authorized debt limit. As of December 31, 2018, the village's outstanding debt was at 41.94% of the state authorized debt. The village is in compliance with the policy for the year ended December 31, 2018.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONT.)

Village of Waunakee's Outstanding Debt

	Governmental Activities		Business-type Activites		Totals	
	2018	2017	2018	2017	2018	2017
	General obligation bonds and notes	\$ 41,050,138	\$ 36,424,992	\$ -	\$ -	\$ 41,050,138
Leases	24,249	36,966	-	-	24,249	36,966
Revenue bonds	-	-	8,015,000	8,840,000	8,015,000	8,840,000
Total	\$ 41,074,387	\$ 36,461,958	\$ 8,015,000	\$ 8,840,000	\$ 49,089,387	\$ 45,301,958

Additional information of the village's long-term debt can be found in note III G. on pages 43 through 47.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental funds. The focus of the village'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 requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the village's governmental funds reported combined ending fund balances of \$11,416,582, an increase of \$659,728 in comparison with the prior year.

- o 22% of the total or \$2,462,989 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
- o 51% of the total or \$5,765,770 is *Restricted*. This balance relates to fund balances legally restricted.
- o 14% of the total or \$1,623,099 is *Committed* and relates to funds that relate to open contracts or funds constrained due to formal action of the governing body.
- o 12% of the total or \$1,351,790 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
- o Finally, the balance of \$212,934, is labeled *Unassigned* and includes residual positive and negative fund balance amounts. Within this amount in the general fund is an amount that the Village Board has set aside as its "Rainy Day Fund." The amount set aside is \$2,888,797 or 30% of the general fund's 2019 operating budget. The village's policy is that this fund be held between 20% and 25% of the subsequent year's general fund operating budget. The village has chosen to exceed this policy to protect the village's cash flow from the TID No. 5 advance effects.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund. The General Fund is the chief operating fund of the village. As of December 31, 2018, the total fund balance of the general fund was \$6,968,968.

- o 35% of the total or \$2,462,989 is *Nonspendable* and relates mostly to the advance from the General Fund to TID No. 5.
- o 19% of the total or \$1,351,790 is *Assigned* and relates to amounts set aside due to financial policies established by the governing body.
- o The fund balance of the general fund increased \$349,269 compared to the prior year. The village's unassigned fund balance is currently at 33% of the subsequent year's general fund expenditures. The village has a policy in place to maintain or exceed an undesignated fund balance between 20% and 25% of the subsequent year's general fund expenditures.

Debt Service Fund. The Debt Service Fund pays debt service requirements of all governmental fund debt except for TIF District debt service requirements which are paid by the individual TIF district. The revenues of the fund consist mostly of property tax revenue, however the fund also receives funding through impact fees, contributions from other municipalities and investment income. The fund was able to cover all obligations. The fund balance in the debt service increased by \$109,502.

Capital Improvements Fund. The Capital Improvements Fund pays for major capital improvements. A summary of these projects can be found in the Capital Asset and Debt Administration section above. This fund pays for most of the capital projects identified in the village's five-year plan. The decrease to the fund balance is due to the use of carryover funds in 2019 to finance Holiday Drive improvements.

Library Building Fund. The Library Building Fund pays for construction of a new village library. The fund balance in this fund decreased by \$2,496 due to building costs in excess of borrowed funds.

Tax Incremental Financing District (TID) No. 5. The TID No. 5 Fund pays for major capital improvements planned for redevelopment of the village's downtown. The district has paid for purchase of street right of way, remediation and construction of a street. The newly constructed assets were instrumental in the remediation process. At the present time, TID No. 5 has a \$2,130,427 deficit that future tax increments generated are supposed to replenish. The fund balance of TID No. 5 increased \$347,187. The increase was related to payment of debt obligations and other administrative costs where the tax increment and transfers in are now in excess of the payment.

Tax Incremental Financing District (TID) No. 6. The TID No. 6 Fund pays for project costs related to the Kilkenny Farms mixed use district. At the present time, TID No. 6 has a fund balance of \$836,885, which is an increase of \$125,159 over the prior year. The increase was related to payment of project costs, developer incentive payments, debt obligations and other administrative costs where the tax increment and borrowed funds were in excess of the payment.

Proprietary funds. The village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the electric, water and sewer utilities at the end of the year amounted to \$5,779,4949, \$2,060,454, and \$1,530,310 respectively. The total growth in net position for the electric, water and sewer utilities was \$736,833, \$781,203, and \$397,729, respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the village's business-type activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2018 annual program budget for the village's general fund identified use of \$634,919 of fund balance. Actual expenditures were under the budgeted expenditures by 5.21% or \$484,416. Actual revenues sources exceeded budgeted revenues in the general fund by \$514,077 or approximately 6.48%.

The positive variance for the general fund revenues was primarily associated with unanticipated grant revenues, developer rebillings, building permits, and investment income.

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- The building inspections budget was increased due to increased inspection activity related to a high number of building permits issued.
- Due to a late start to winter, the Streets department required a shift in the budget as more time was spent on street work and less time was spent for snow plowing.
- Development has been increasing in the village. The village provides services through the village's professional engineers, planners and attorneys to assist in the proper development. Because of this activity, the development budget was increased by \$101,561. This cost is offset by billing that the village prepares to the developer.

The net change in fund balance was \$349,269. The village does not anticipate this type of result on an annual basis, but certain revenues and departments had large favorable variances which led to the positive results.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate as of December 31, 2018, for the Madison metropolitan area, which includes the village is 2.1%. This compares with an unemployment rate of 3.0% for the State of Wisconsin and a national unemployment rate of 3.9%.
- The rate of inflation for Midwest urban consumers was 1.3% for 2018, while the 2019 assessed value tax rate increased by 3.31%.
- \$620,000 of the unassigned fund balance in the general fund was appropriated for spending in the 2019 budget. The assigned fund balance of \$731,790 was carried forward from the previous budget to pay 2019 expenditures. It is intended that the village will maintain a minimum unassigned fund balance of between 20% and 25% of general fund subsequent years' budgeted expenditures.
- Single family residence (SFR) housing starts for the village in 2018 were 77 compared to 97 in 2017. The current projection is that the village will grow by an average of 125 SFR's per year, however due to past economic housing slowdowns, this average number over the past 10 years has decreased.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 500 West Main Street, PO Box 100, Waunakee, WI 53597.

General information relating to the Village of Waunakee, Wisconsin, can be found at the village's website, <http://www.vil.waunakee.wi.us>.

VILLAGE OF WAUNAKEE

STATEMENT OF NET POSITION December 31, 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 11,817,243	\$ 9,025,178	\$ 20,842,421
Receivables (net)			
Taxes	13,142,371	-	13,142,371
Delinquent personal property taxes	458	-	458
Accounts	230,404	1,590,503	1,820,907
Special assessments held by county	4,293	-	4,293
Interest	74,630	41,267	115,897
Loans	500,000	-	500,000
Internal balances	33,925	(33,925)	-
Due from other governments	512,579	-	512,579
Inventories	-	424,096	424,096
Prepaid items	332,562	-	332,562
Total current assets	26,648,465	11,047,119	37,695,584
Restricted and Other Assets	484,257	2,963,291	3,447,548
Capital Assets			
Capital assets not being depreciated	27,082,930	984,073	28,067,003
Capital assets net of depreciation	62,719,210	46,429,675	109,148,885
Total capital assets	89,802,140	47,413,748	137,215,888
Noncurrent Assets			
Net pension asset	887,687	260,116	1,147,803
Investment in joint ventures	2,412,031	-	2,412,031
Total capital assets	3,299,718	260,116	3,559,834
Total Assets	120,234,580	61,684,274	181,918,854
DEFERRED OUTFLOWS OF RESOURCES			
Loss on advance refunding of debt	-	112,742	112,742
Deferred outflows related to pension	1,660,149	473,904	2,134,053
Deferred outflows related to other postemployment	64,795	25,896	90,691
Total Deferred Outflows of Resources	1,724,944	612,542	2,337,486

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

STATEMENT OF NET POSITION December 31, 2018

	Governmental Activities	Business-type Activities	Totals
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	2,826,811	1,415,564	4,242,375
Deposits	-	121,639	121,639
Due to other governments	68,590	-	68,590
Unearned revenues	12,520	104,423	116,943
Commitment to community	-	62,068	62,068
Total current liabilities	2,907,921	1,703,694	4,611,615
Long-term Obligations			
Due within one year			
Long-term debt	3,127,275	840,000	3,967,275
Compensated absences	212,333	23,917	236,250
Due in more than one year			
Long-term debt	37,947,112	7,175,000	45,122,112
Compensated absences	1,275,621	252,200	1,527,821
Other postemployment benefits	376,298	141,390	517,688
Other liabilities payable	-	21,235	21,235
Total long-term obligations	42,938,639	8,453,742	51,392,381
Total Liabilities	45,846,560	10,157,436	56,003,996
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	13,136,336	-	13,136,336
Deferred inflows related to pension	1,752,581	521,735	2,274,316
Deferred inflows related to other postemployment	5,302	1,993	7,295
Total Deferred Inflows of Resources	14,894,219	523,728	15,417,947
NET POSITION			
Net investment in capital assets	55,215,691	39,646,991	94,862,682
Restricted	6,122,690	2,598,403	8,721,093
Unrestricted (deficit)	(119,636)	9,370,258	9,250,622
Total Net Position	\$ 61,218,745	\$ 51,615,652	\$ 112,834,397

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 1,348,103	\$ 91,180	\$ -	\$ -
Public safety	4,075,660	513,747	139,042	-
Public works	6,328,671	817,080	846,428	1,690,643
Health and human services	630,968	108,401	176,678	1,000
Leisure activities	3,279,466	1,315,914	249,242	500,000
Conservation and development	767,166	214,459	-	-
Interest and fiscal charges	1,304,618	-	-	-
Total Governmental Activities	17,734,652	3,060,781	1,411,390	2,191,643
Business-type Activities:				
Electric	11,911,331	12,724,312	-	229,925
Water	1,526,177	2,286,715	-	404,024
Sewer	2,301,688	2,340,093	-	311,980
Total Business-Type Activities	15,739,196	17,351,120	-	945,929

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF districts

Other taxes

Grants and contributions not restricted to specific programs

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year, as originally reported

Cumulative Effect of Change in Accounting Principle

Net Position - Beginning of Year, as restated

Net Position - End of Year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (1,256,923)	\$ -	\$ (1,256,923)
(3,422,871)	-	(3,422,871)
(2,974,520)	-	(2,974,520)
(344,889)	-	(344,889)
(1,214,310)	-	(1,214,310)
(552,707)	-	(552,707)
<u>(1,304,618)</u>	<u>-</u>	<u>(1,304,618)</u>
<u>(11,070,838)</u>	<u>-</u>	<u>(11,070,838)</u>
-	1,042,906	1,042,906
-	1,164,562	1,164,562
-	350,385	350,385
<u>-</u>	<u>2,557,853</u>	<u>2,557,853</u>
7,650,947	-	7,650,947
2,265,257	-	2,265,257
1,868,503	-	1,868,503
37,550	-	37,550
196,371	-	196,371
285,472	229,607	515,079
57,067	-	57,067
<u>871,695</u>	<u>(871,695)</u>	<u>-</u>
<u>13,232,862</u>	<u>(642,088)</u>	<u>12,590,774</u>
<u>2,162,024</u>	<u>1,915,765</u>	<u>4,077,789</u>
59,332,597	49,801,757	109,134,354
<u>(275,876)</u>	<u>(101,870)</u>	<u>(377,746)</u>
<u>59,056,721</u>	<u>49,699,887</u>	<u>108,756,608</u>
<u>\$ 61,218,745</u>	<u>\$ 51,615,652</u>	<u>\$ 112,834,397</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2018

	General Fund	Debt Service	Capital Improvements	Library Building
ASSETS				
Cash and investments	\$ 4,425,756	\$ 481,535	\$ 732,408	\$ 4,199,256
Receivables (net)				
Taxes	5,495,940	2,564,093	1,282,080	-
Delinquent personal property taxes	458	-	-	-
Accounts	191,224	-	-	-
Special assessments held by county	4,293	-	-	-
Interest	74,630	-	-	-
Loans	-	500,000	-	-
Due from other funds	431,281	-	-	-
Due from other governments	12,579	-	-	500,000
Prepaid items	332,562	-	-	-
Advances to other funds	2,130,427	-	-	-
Restricted assets - cash and investments	-	-	-	-
TOTAL ASSETS	\$ 13,099,150	\$ 3,545,628	\$ 2,014,488	\$ 4,699,256
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 541,641	\$ -	\$ 135,630	\$ 1,733,232
Due to other governments	68,590	-	-	-
Due to other funds	27,552	-	-	-
Advances from other funds	-	-	-	-
Unearned revenues	414	-	-	-
Total Liabilities	638,197	-	135,630	1,733,232
Deferred Inflows of Resources				
Property taxes levied for subsequent year	5,491,985	2,564,093	1,280,000	-
Fund Balances				
Nonspendable	2,462,989	-	-	-
Restricted	-	981,535	-	2,966,024
Committed	-	-	598,858	-
Assigned	1,351,790	-	-	-
Unassigned (deficit)	3,154,189	-	-	-
Total Fund Balances	6,968,968	981,535	598,858	2,966,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,099,150	\$ 3,545,628	\$ 2,014,488	\$ 4,699,256

See accompanying notes to financial statements.

TID No. 5	TID No. 6	Nonmajor Governmental Funds	Totals
\$ -	\$ 840,485	\$ 1,137,803	\$ 11,817,243
461,895	905,295	2,433,068	13,142,371
-	-	-	458
-	-	39,180	230,404
-	-	-	4,293
-	-	-	74,630
-	-	-	500,000
-	-	-	431,281
-	-	-	512,579
-	-	-	332,562
-	-	437,000	2,567,427
-	-	484,257	484,257
<u>\$ 461,895</u>	<u>\$ 1,745,780</u>	<u>\$ 4,531,308</u>	<u>\$ 30,097,505</u>
\$ -	\$ 3,600	\$ 84,591	\$ 2,498,694
-	-	-	68,590
-	-	369,804	397,356
2,130,427	-	437,000	2,567,427
-	-	12,106	12,520
<u>2,130,427</u>	<u>3,600</u>	<u>903,501</u>	<u>5,544,587</u>
<u>461,895</u>	<u>905,295</u>	<u>2,433,068</u>	<u>13,136,336</u>
-	-	-	2,462,989
-	836,885	981,326	5,765,770
-	-	1,024,241	1,623,099
-	-	-	1,351,790
(2,130,427)	-	(810,828)	212,934
<u>(2,130,427)</u>	<u>836,885</u>	<u>1,194,739</u>	<u>11,416,582</u>
<u>\$ 461,895</u>	<u>\$ 1,745,780</u>	<u>\$ 4,531,308</u>	<u>\$ 30,097,505</u>

See accompanying notes to financial statements.

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VILLAGE OF WAUNAKEE
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
December 31, 2018

Reconciliation to the Statement of Net Position

Total Fund Balance as shown from previous page \$ 11,416,582

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Land	18,040,744	
Construction in progress	9,042,186	
Buildings and improvements	18,052,421	
Improvements other than buildings	4,799,422	
Equipment	6,301,820	
Intangibles	81,120	
Infrastructure	83,708,553	
Less: Accumulated depreciation	(50,224,126)	89,802,140

The proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.

Net pension asset	887,687	
Deferred outflows of resources	1,660,149	
Deferred inflows of resources	(1,752,581)	795,255

The proportionate share of the Local Retirement Life Insurance Fund OPEB plan is not an available financial resource; therefore, it is not reported in the fund financial statements.

Net OPEB liability	(376,298)	
Deferred outflows of resources	64,795	
Deferred inflows of resources	(5,302)	(316,805)

Investments in joint ventures are not financial resources and therefore are not reported in the funds

2,412,031

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and notes payable	(39,412,813)	
Compensated absences	(1,487,954)	
Capital leases	(24,249)	
Accrued interest	(328,117)	
Unamortized debt premium	(1,637,325)	<u>(42,890,458)</u>

Net position of governmental activities \$ 61,218,745

VILLAGE OF WAUNAKEE

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

	General Fund	Debt Service	Capital Improvements	Library Building
REVENUES				
Taxes	\$ 5,178,810	\$ 2,265,257	\$ 1,280,000	\$ -
Intergovernmental	1,289,794	-	-	500,000
Licenses and permits	581,678	137,862	-	-
Fines, forfeitures and penalties	72,631	-	-	-
Public charges for services	844,920	-	14,851	-
Intergovernmental charges for services	115,332	-	-	-
Investment income	206,956	3,873	8,948	42,261
Miscellaneous revenues	161,148	-	1,700	-
Total Revenues	<u>8,451,269</u>	<u>2,406,992</u>	<u>1,305,499</u>	<u>542,261</u>
EXPENDITURES				
Current				
General government	1,269,079	-	-	-
Public safety	3,729,466	-	-	-
Public works	2,099,884	-	-	-
Health and human services	-	-	-	-
Leisure activities	1,402,308	-	-	-
Conservation and development	307,958	-	-	-
Capital Outlay	-	-	1,792,486	6,966,197
Debt Service				
Principal retirement	-	1,817,894	-	-
Interest and fiscal charges	-	640,780	-	-
Debt issuance costs	-	-	-	95,828
Total Expenditures	<u>8,808,695</u>	<u>2,458,674</u>	<u>1,792,486</u>	<u>7,062,025</u>
Excess (deficiency) of revenues over expenditures	<u>(357,426)</u>	<u>(51,682)</u>	<u>(486,987)</u>	<u>(6,519,764)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	871,695	161,184	290,000	100,000
Transfers out	(165,000)	-	-	-
Long-term debt issued	-	-	-	6,375,000
Premium / (Discount) on debt issued	-	-	-	42,268
Total Other Financing Sources (Uses)	<u>706,695</u>	<u>161,184</u>	<u>290,000</u>	<u>6,517,268</u>
Net Change in Fund Balances	349,269	109,502	(196,987)	(2,496)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>6,619,699</u>	<u>872,033</u>	<u>795,845</u>	<u>2,968,520</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 6,968,968</u>	<u>\$ 981,535</u>	<u>\$ 598,858</u>	<u>\$ 2,966,024</u>

See accompanying notes to financial statements.

TID No. 5	TID No. 6	Nonmajor Governmental Funds	Totals
\$ 318,653	\$ 545,085	\$ 2,234,452	\$ 11,822,257
1,289	13,740	99,150	1,903,973
-	-	201,589	921,129
-	-	-	72,631
-	-	835,580	1,695,351
-	-	47,653	162,985
-	6,460	16,974	285,472
-	-	186,167	349,015
<u>319,942</u>	<u>565,285</u>	<u>3,621,565</u>	<u>17,212,813</u>
-	-	-	1,269,079
-	-	-	3,729,466
-	-	-	2,099,884
-	-	567,303	567,303
-	-	1,193,042	2,595,350
-	-	16,101	324,059
6,495	6,189	1,503,655	10,275,022
110,000	190,000	640,000	2,757,894
142,598	243,937	180,759	1,208,074
-	-	-	95,828
<u>259,093</u>	<u>440,126</u>	<u>4,100,860</u>	<u>24,921,959</u>
<u>60,849</u>	<u>125,159</u>	<u>(479,295)</u>	<u>(7,709,146)</u>
286,338	-	36,888	1,746,105
-	-	(709,410)	(874,410)
-	-	1,075,000	7,450,000
-	-	4,911	47,179
<u>286,338</u>	<u>-</u>	<u>407,389</u>	<u>8,368,874</u>
347,187	125,159	(71,906)	659,728
<u>(2,477,614)</u>	<u>711,726</u>	<u>1,266,645</u>	<u>10,756,854</u>
<u>\$ (2,130,427)</u>	<u>\$ 836,885</u>	<u>\$ 1,194,739</u>	<u>\$ 11,416,582</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED) THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Reconciliation to the Statement of Activities

Net change in fund balances - total governmental funds \$ 659,728

Amounts reported for governmental activities in the statement of net position 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 with depreciation expense reported in the statement of net position.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	10,275,022
Less: Some items reported as capital outlay but not capitalized	(1,231,810)
Depreciation is reported in the government-wide statements	(4,015,184)
Loss on disposal of capital assets	(524,140)
Capital contributions reported in the government-wide statements	1,665,792

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position. This is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:		
Long-term debt issued	(7,450,000)	
Premium on debt issued	(47,179)	
Principal repayments:		
General obligation debt	2,757,894	
Capital lease	12,717	
Amortization of debt premium	114,139	(4,612,429)

The proportionate share of the change in net position related to joint ventures reported in the statement of net position neither provides or uses current financial resources and are not reported in the fund statements. 216,476

Change in the net pension liability (asset) and related deferred outflows (inflows) of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan (74,772)

Change in the net OPEB liability (asset) and related deferred outflows (inflows) of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the OPEB plan (40,929)

Some expenses reported in the statement of net position do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest payable	(113,158)	
Compensated absences	(42,572)	(155,730)

Change in net position of governmental activities \$ 2,162,024

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

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,175,085	\$ 5,175,085	\$ 5,178,810	\$ 3,725
Intergovernmental	1,181,082	1,181,082	1,289,794	108,712
Licenses and permits	289,065	360,681	581,678	220,997
Fines, forfeitures and penalties	61,150	61,150	72,631	11,481
Public charges for services	701,220	806,985	844,920	37,935
Intergovernmental charges for services	81,500	81,500	115,332	33,832
Investment income	90,000	171,663	206,956	35,293
Miscellaneous revenues	50,450	99,046	161,148	62,102
Total Revenues	<u>7,629,552</u>	<u>7,937,192</u>	<u>8,451,269</u>	<u>514,077</u>
EXPENDITURES				
Current				
General government				
Village Board	86,947	86,947	70,304	16,643
Municipal court	99,003	99,003	88,737	10,266
Legal	35,000	50,336	50,336	-
Administrator	200,854	200,854	193,004	7,850
Clerk	411,021	411,021	290,417	120,604
Finance	738,167	738,167	504,717	233,450
Village hall	73,229	73,229	71,564	1,665
Total general government	<u>1,644,221</u>	<u>1,659,557</u>	<u>1,269,079</u>	<u>390,478</u>
Public safety				
Police	2,541,337	2,555,766	2,555,766	-
Fire protection/ambulance	972,863	984,605	984,605	-
Inspections	117,225	188,841	188,841	-
Emergency management	288	288	254	34
Total public safety	<u>3,631,713</u>	<u>3,729,500</u>	<u>3,729,466</u>	<u>34</u>
Public works				
Engineering	381,025	381,025	367,109	13,916
Streets	658,573	778,843	778,843	-
Snow and ice	241,227	192,925	188,501	4,424
Stormwater	79,100	79,100	34,797	44,303
Garbage and refuse	446,650	462,792	462,792	-
Recycling	277,305	277,305	267,842	9,463
Total public works	<u>2,083,880</u>	<u>2,171,990</u>	<u>2,099,884</u>	<u>72,106</u>
Leisure activities				
Library	951,973	951,973	940,870	11,103
Parks	441,679	445,937	445,937	-
Forestry	10,000	10,588	10,588	-
Cable tv	15,108	15,108	4,587	10,521
Other	500	500	326	174
Total leisure activities	<u>1,419,260</u>	<u>1,424,106</u>	<u>1,402,308</u>	<u>21,798</u>
Conservation and development				
Development	206,397	307,958	307,958	-
Total Expenditures	<u>8,985,471</u>	<u>9,293,111</u>	<u>8,808,695</u>	<u>484,416</u>
Excess (deficiency) of revenues over expenditures	<u>(1,355,919)</u>	<u>(1,355,919)</u>	<u>(357,426)</u>	<u>998,493</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	886,000	886,000	871,695	(14,305)
Transfers out	(165,000)	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	<u>721,000</u>	<u>721,000</u>	<u>706,695</u>	<u>(14,305)</u>
Net Change in Fund Balance	(634,919)	(634,919)	349,269	984,188
FUND BALANCE - Beginning of Year	6,619,699	6,619,699	6,619,699	-
FUND BALANCE - END OF YEAR	<u>\$ 5,984,780</u>	<u>\$ 5,984,780</u>	<u>\$ 6,968,968</u>	<u>\$ 984,188</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Enterprise Funds			Totals
	Electric Utility	Water Utility	Sewer Utility	
ASSETS				
Current assets				
Cash and investments	\$ 5,842,399	\$ 1,920,790	\$ 1,261,989	\$ 9,025,178
Accounts receivable	1,112,104	191,530	286,869	1,590,503
Due from other funds	26,812	347	393	27,552
Interest receivable	23,642	8,992	8,633	41,267
Inventories	385,699	38,397	-	424,096
Total Current Assets	<u>7,390,656</u>	<u>2,160,056</u>	<u>1,557,884</u>	<u>11,108,596</u>
Restricted and Other Assets				
Cash and investments	556,752	909,861	1,496,678	2,963,291
Total restricted and other assets	<u>556,752</u>	<u>909,861</u>	<u>1,496,678</u>	<u>2,963,291</u>
Capital Assets				
Land	285,993	171,691	74,585	532,269
Construction in progress	426,372	21,868	3,564	451,804
Property and equipment	28,610,022	27,603,111	15,121,762	71,334,895
Less accumulated depreciation	<u>(13,498,834)</u>	<u>(8,033,036)</u>	<u>(3,373,350)</u>	<u>(24,905,220)</u>
Total capital assets	<u>15,823,553</u>	<u>19,763,634</u>	<u>11,826,561</u>	<u>47,413,748</u>
Noncurrent Assets				
Net Pension asset	163,198	72,535	24,383	260,116
Total Assets	<u>23,934,159</u>	<u>22,906,086</u>	<u>14,905,506</u>	<u>61,745,751</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding of debt	31,966	56,844	23,932	112,742
Deferred outflows related to pension	296,100	133,646	44,158	473,904
Deferred outflows related to other postemployment	16,247	7,221	2,428	25,896
Total Deferred Outflow of Resources	<u>344,313</u>	<u>197,711</u>	<u>70,518</u>	<u>612,542</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Enterprise Funds			Totals
	Electric Utility	Water Utility	Sewer Utility	
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	1,365,903	-	-	1,365,903
Compensated absences	9,806	7,175	6,936	23,917
Accrued interest	14,569	27,522	7,570	49,661
Due to other funds	61,477	-	-	61,477
Deposits	87,169	34,470	-	121,639
Unearned revenue	-	104,423	-	104,423
Commitment to community	62,068	-	-	62,068
Total current liabilities	<u>1,600,992</u>	<u>173,590</u>	<u>14,506</u>	<u>1,789,088</u>
Long-term Obligations				
Due within one year				
Revenue bonds	253,000	443,000	144,000	840,000
Due in more than one year				
Revenue bonds	1,954,000	3,505,000	1,716,000	7,175,000
Compensated absences	103,400	75,700	73,100	252,200
Other postemployment benefits	88,709	39,427	13,254	141,390
Other liabilities payable	21,235	-	-	21,235
Total long-term obligations	<u>2,420,344</u>	<u>4,063,127</u>	<u>1,946,354</u>	<u>8,429,825</u>
Total Liabilities	<u>4,021,336</u>	<u>4,236,717</u>	<u>1,960,860</u>	<u>10,218,913</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	327,338	145,489	48,908	521,735
Deferred outflows related to other postemployment	1,250	556	187	1,993
Total Deferred Inflows of Resources	<u>328,588</u>	<u>146,045</u>	<u>49,095</u>	<u>523,728</u>
NET POSITION				
Net investment in capital assets	13,648,517	15,872,478	10,125,996	39,646,991
Restricted for				
Debt redemption and capital improvements	500,537	788,103	1,309,763	2,598,403
Unrestricted	5,779,494	2,060,454	1,530,310	9,370,258
Total Net Position	<u>\$ 19,928,548</u>	<u>\$ 18,721,035</u>	<u>\$ 12,966,069</u>	<u>\$ 51,615,652</u>

See accompanying notes to financial statements.

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VILLAGE OF WAUNAKEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Enterprise Funds			Totals
	Electric Utility	Water Utility	Sewer Utility	
OPERATING REVENUES				
Charges for services	\$ 12,724,312	\$ 2,286,715	\$ 2,340,093	\$ 17,351,120
OPERATING EXPENSES				
Operation and maintenance	10,918,559	861,039	1,991,484	13,771,082
Depreciation	917,496	533,896	260,915	1,712,307
Total Operating Expenses	<u>11,836,055</u>	<u>1,394,935</u>	<u>2,252,399</u>	<u>15,483,389</u>
Operating Income	<u>888,257</u>	<u>891,780</u>	<u>87,694</u>	<u>1,867,731</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	131,744	50,519	47,344	229,607
Interest expense	(63,918)	(117,478)	(45,353)	(226,749)
Other nonoperating revenues (expenses)	(3,486)	-	-	(3,486)
Amortization of loss on refinancing	(7,872)	(13,764)	(3,936)	(25,572)
Total Nonoperating Revenues (Expenses)	<u>56,468</u>	<u>(80,723)</u>	<u>(1,945)</u>	<u>(26,200)</u>
Income Before Contributions and Transfers	944,725	811,057	85,749	1,841,531
CAPITAL CONTRIBUTIONS	229,925	404,024	311,980	945,929
TRANSFERS OUT	<u>(437,817)</u>	<u>(433,878)</u>	<u>-</u>	<u>(871,695)</u>
CHANGE IN NET POSITION	<u>736,833</u>	<u>781,203</u>	<u>397,729</u>	<u>1,915,765</u>
NET POSITION - Beginning of Year, as originally reported	19,255,629	17,968,239	12,577,889	49,801,757
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>(63,914)</u>	<u>(28,407)</u>	<u>(9,549)</u>	<u>(101,870)</u>
NET POSITION - Beginning of Year, as restated	<u>19,191,715</u>	<u>17,939,832</u>	<u>12,568,340</u>	<u>49,699,887</u>
NET POSITION - END OF YEAR	<u>\$ 19,928,548</u>	<u>\$ 18,721,035</u>	<u>\$ 12,966,069</u>	<u>\$ 51,615,652</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Enterprise Funds			Totals
	Electric Utility	Water Utility	Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,851,419	\$ 2,173,134	\$ 2,328,836	\$ 17,353,389
Cash received from other funds for fire protection and street lighting	146,409	200,000	-	346,409
Cash payments to suppliers for goods and services	(10,386,442)	(579,829)	(1,892,086)	(12,858,357)
Cash payments to employees for services	<u>(608,957)</u>	<u>(345,860)</u>	<u>(136,148)</u>	<u>(1,090,965)</u>
Net Cash Flows From Operating Activities	<u>2,002,429</u>	<u>1,447,445</u>	<u>300,602</u>	<u>3,750,476</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent	(436,584)	(433,509)	-	(870,093)
Transfers to other funds	<u>(1,233)</u>	<u>(369)</u>	-	<u>(1,602)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(437,817)</u>	<u>(433,878)</u>	-	<u>(871,695)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investments purchased	(76,750)	(29,192)	(28,026)	(133,968)
Investment income (loss)	<u>133,108</u>	<u>50,519</u>	<u>47,344</u>	<u>230,971</u>
Net Cash Flows From Investing Activities	<u>56,358</u>	<u>21,327</u>	<u>19,318</u>	<u>97,003</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of utility plant	(1,508,468)	(748,175)	(16,821)	(2,273,464)
Salvage on retirement of plant	18,091	-	-	18,091
Cost of removal of capital assets	(36,295)	(7,846)	-	(44,141)
Capital contributions received	337,340	-	-	337,340
Debt retired	(249,000)	(437,000)	(139,000)	(825,000)
Interest paid	<u>(65,603)</u>	<u>(120,393)</u>	<u>(45,838)</u>	<u>(231,834)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(1,503,935)</u>	<u>(1,313,414)</u>	<u>(201,659)</u>	<u>(3,019,008)</u>
Net Change in Cash and Cash Equivalents	117,035	(278,520)	118,261	(43,224)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,304,671</u>	<u>1,596,367</u>	<u>1,188,003</u>	<u>5,089,041</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,421,706</u>	<u>\$ 1,317,847</u>	<u>\$ 1,306,264</u>	<u>\$ 5,045,817</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Adjustments of investments to fair value	<u>\$ (28,727)</u>	<u>\$ (10,927)</u>	<u>\$ (10,487)</u>	<u>\$ (50,141)</u>
Contribution of capital assets	<u>\$ -</u>	<u>\$ 404,024</u>	<u>\$ 311,980</u>	<u>\$ 716,004</u>

	Enterprise Funds			Totals
	Electric Utility	Water Utility	Sewer Utility	
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 888,257	\$ 891,780	\$ 87,694	\$ 1,867,731
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Non operating expenses	(3,486)	-	-	(3,486)
Noncash items included in income				
Depreciation	917,496	533,896	260,915	1,712,307
Depreciation charged to clearing and other utilities	60,000	33,626	-	93,626
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	18,853	5,277	2,524	26,654
Other postemployment benefits	9,798	4,355	1,464	15,617
Change in assets and liabilities				
Accounts receivable	135,489	(22,939)	(43,147)	69,403
Due from other funds	(21,614)	475	227	(20,912)
Inventories	(23,567)	1,546	-	(22,021)
Accounts payable	82,838	-	-	82,838
Compensated absences	(12,809)	(9,336)	(9,075)	(31,220)
Due to other funds	(51,602)	-	-	(51,602)
Deposits	(4,301)	7	-	(4,294)
Other current liabilities	7,077	8,758	-	15,835
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,002,429	\$ 1,447,445	\$ 300,602	\$ 3,750,476
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION				
Cash and investments	\$ 5,842,399	\$ 1,920,790	\$ 1,261,989	\$ 9,025,178
Restricted assets - noncurrent	556,752	909,861	1,496,678	2,963,291
Total Cash and Investments	6,399,151	2,830,651	2,758,667	11,988,469
Less: Noncash equivalents	(3,977,445)	(1,512,804)	(1,452,403)	(6,942,652)
CASH AND CASH EQUIVALENTS	\$ 2,421,706	\$ 1,317,847	\$ 1,306,264	\$ 5,045,817

VILLAGE OF WAUNAKEE

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND December 31, 2018

	<u>Tax Collection</u>
ASSETS	
Cash and investments	\$ 19,642,802
Taxes receivable	<u>6,203,526</u>
TOTAL ASSETS	<u>\$ 25,846,328</u>
LIABILITIES	
Due to other governments	<u>\$ 25,846,328</u>
TOTAL LIABILITIES	<u>\$ 25,846,328</u>

See accompanying notes to financial statements.

VILLAGE OF WAUNAKEE

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December 31, 2018

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VILLAGE OF WAUNAKEE

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VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Waunakee, Wisconsin conform to generally accepted accounting principles 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 the funds of the Village of Waunakee. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. (This report does not contain any component units.) See Note IV. E. regarding joint ventures.

Component Unit Not Presented

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village president. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. The CDA is part of the reporting entity of the Village of Waunakee. However, the CDA had no financial transactions during 2018 which are material to these financial statements. Also, the CDA does not own any assets nor is it liable for any debt. Therefore, no financial statements are presented in this report. The CDA does not issue separate financial statements.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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.

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 included 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 instead 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, liabilities, deferred outflows/inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and 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.

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

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

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

The village reports the following major governmental funds:

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.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term principal, interest and related costs, other than TID or enterprise fund debt.

Capital Improvements Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

Library Building Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition of land and construction of a new library building.

Tax Incremental Financing District No. 5 (TID No. 5) – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

Tax Incremental Financing District No. 6 (TID No. 6) – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in the TID project plan.

The village reports the following major enterprise funds:

Electric Utility – used to account for and report the operations of the electric system.

Water Utility – used to account for and report the operations of the water system.

Sewer Utility – used to account for and report the operations of the sewer system.

The village reports the following non-major governmental funds:

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

- Park Reservation

- Park Impact

- Library

- Senior Center

- Senior Center Fundraising

- Village Center

- Community Development/Betterment

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Equipment Replacement

- Tax Incremental Financing District No. 2 (TID No. 2)

- Tax Incremental Financing District No. 3 (TID No. 3)

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

Tax Incremental Financing District No. 4 (TID No. 4)

Tax Incremental Financing District No. 7 (TID No. 7)

Tax Incremental Financing District No. 8 (TID No. 8)

Tax Incremental Financing District No. 9 (TID No. 9)

In addition, the village reports the following fiduciary fund:

Agency fund – used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection

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

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

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 sixty-five 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.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Fund Financial Statements

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled to 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.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general fund, if those amounts are material to the financial statements.

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 electric, water, and sewer utilities 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 and liabilities 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 WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE

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 state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association which is authorized to transact business in Wisconsin.
- 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.

Per the provisions of the village's investment policy, the village attempts to manage its investment risks as follows:

Credit Risk - the Village of Waunakee will minimize credit risk, which is the risk of loss due to failure of the security issuer or backer, by:

- Limiting investments to the types of securities purchased to allowable legal investments.
- Prequalifying the financial institutions, broker/dealers, intermediaries and advisers with which the Village of Waunakee will do business.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized

Interest Rate Risk - the Village of Waunakee will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio to less than 3 years.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (CONT.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - the Village of Waunakee will minimize custodial credit risk, which is the risk that the village's investments are not insured against loss, by:

- Fully collateralizing all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

Concentration of Credit Risk - the Village of Waunakee will minimize concentration of credit risk, which is the risk that the village invests too heavily in one type of security, by:

- Diversifying investments so that the village does not over concentrate in securities from a specific issuer or business sector.

Investments are stated at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2018, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 agency fund statement of assets and liabilities – agency fund.

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

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (CONT.)

2. Receivables (cont.)

Accounts receivable have been shown net of an allowance for uncollectible accounts. 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 electric, water and sewer utilities 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 and business-type activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

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

3. Inventories and 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 weighted average 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.

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 for general capital assets and 25 years for infrastructure assets. 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.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (cont.)

5. Capital Assets (cont.)

Government – Wide Statements (cont.)

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. There was no interest 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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
Improvements	10-50 Years
Machinery and Equipment	4-50 Years
Utility System	3-100 Years
Infrastructure	25-50 Years
Intangibles	10 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.

6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. The village has three items that qualify for reporting in this category. The first is the deferred loss on advance refunding reported in the government-wide and proprietary fund statements of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to the village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The third item is related to the village's proportionate share of the Local Retirement Life Insurance Fund (LRLIF) other postemployment benefit (OPEB) plan and is deferred and amortized over the expected remaining services lives of the OPEB plan participants.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (cont.)

6. Deferred Outflows/Inflows of Resources (cont.)

Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The village has three items that qualify for reporting in this category. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the village's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The third is related to the village's proportionate share of the LRLIF OPEB plan and is deferred and amortized over the expected remaining services lives of the OPEB plan participants.

The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

7. Pensions

For purposes of measuring the net pension liability (asset), 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.

8. Other Postemployment Benefits Other Than Pensions (OPEB)

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual bases of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.

9. 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 available resources.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (cont.)

9. Compensated Absences (cont.)

The village provides postemployment health insurance benefits for all eligible employees. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Under the personnel handbook, employees hired prior to May 16, 2013, may convert unused sick leave up to 1,168 hours upon retirement to pay health insurance premiums. The conversion rate shall be the employee's hourly rate of pay at the time of retirement. Certain employees hired prior to May 16, 2013 have separate agreements which allows for a conversion of up to 1,188 hours at a rate of one and one-half times the employees rate of pay upon retirement. Employees hired after May 16, 2013 are not eligible for this benefit. Employees under the police union contract may convert 1,188 accumulated sick leave hours at a rate of one and one half the employees pay rate at the time of retirement for employees hired prior to January 1, 1996 and at straight time for employees hired after this date to pay for health care premiums.

Premiums paid for employees who have converted sick leave upon retirement are recognized as an expenditure as the premiums are paid. The entire cost is paid by the village. Funding for those costs are provided by an annual levy of \$53,075 plus a reserve account set up which currently has a balance of \$400,000. Total costs for such benefits during 2018 were \$52,481. The number of participants currently eligible to receive benefits is six. The total amount outstanding at year end to be paid in the future is \$245,928 and is included in the government-wide statement of net position.

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. The amount of accumulated sick leave is \$1,127,233.

Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the village administrator to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week. Accumulated vacation, holiday, and other compensatory pay carryover as of December 31, 2018, is estimated to be \$114,793.

Proprietary Funds

Employees earn one day of sick leave per month and varying amounts of vacation annually. Employees may convert an unlimited amount of accumulated sick leave to pay for health insurance premiums upon retirement. Payments made in 2018 for postretirement benefits were not material. The estimated liability at December 31, 2018 is \$252,200.

Vested vacation, holiday, and other compensatory pay is required to be used in the year earned, unless approved by the utility general manager to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week. Accumulated vacation, holiday, and other compensatory pay carryover as of December 31, 2018, is estimated to be \$23,917.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (cont.)

9. Compensated Absences (cont.)

All Funds

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.

10. Long-Term Obligations/Conduit Debt

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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the deferred outflow or deferred inflow section of the statement of net position.

The village has approved the issuance of multifamily housing revenue bonds (MHRB) for the benefit of a private business enterprise. MHRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of MHRB's outstanding at the end of the year is approximately \$2,226,457, made up of the Series 2003 Multifamily Housing Revenue Bonds.

The village has approved the issuance of Community Development Authority Revenue Bonds (CDARB) for the benefit of a non-profit organization. CDARB's are secured loan agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of CDARB's outstanding at the end of the year is approximately \$623,333, made up of the 2011 Community Development Authority Revenue Bonds.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (CONT.)

11. Equity Classifications

Government–Wide Statements

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

- a. Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “Net investment in capital assets.”

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

Fund Statements

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.
- 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 village 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 exceeds amounts restricted, committed, or assigned for those purposes.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION OR FUND BALANCE (CONT.)

11. Equity Classifications (cont.)

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

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of between 20% and 25% of the subsequent year's general fund expenditure budget. The balance at year end was \$3,154,189 or 33% and is included in unassigned general fund balance.

12. Basis for Existing Rates

Electric Utility

Current electric rates were approved by the Public Service Commission of Wisconsin on February 5, 2011.

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on December 1, 2015.

Sewer Utility

Current sewer rates were approved by the Waunakee Utility Commission on January 1, 2016.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

A budget has been adopted for all governmental funds of the village. The budgeted amounts presented include any amendments made. The village board may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action. Appropriations lapse at year-end unless specifically carried over. Carryovers to the following year were \$1,351,790 for the general fund. The general fund budget is adopted at the departmental level of expenditure. All other governmental funds of the village are adopted at the functional level of expenditure.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The village controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TID No. 3	\$ 758,324	Deficit is expected to be covered by future increments.
TID No. 5	2,130,427	Deficit is expected to be covered by future increments.
TID No. 7	36,358	Deficit is expected to be covered by future increments.
TID No. 9	16,146	Deficit is expected to be covered by future increments.

TID deficits are anticipated to be funded with future incremental taxes over the life of the districts, which is 27 years for districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

D. LIMITATIONS ON THE VILLAGE TAX LEVY

Wisconsin law limits the village's future tax levies. Generally, the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

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

	Carrying Value	Statement Balance	Associated Risk
Deposits	\$ 27,518,061	\$24,671,572	Custodial credit
U.S. treasuries	345,023	345,023	Custodial credit, interest rate
U.S. agencies-explicity guaranteed	1,634,844	1,634,844	Custodial credit, interest rate
U.S. agencies-implicity guaranteed	300,355	300,355	Credit, custodial credit, interest rate, concentration of credit
Corporate bonds	10,116,051	10,116,051	Credit, custodial credit, interest rate, concentration of credit
State and municipal bonds	2,301,124	2,301,124	Credit, custodial credit, interest rate, concentration of credit
Negotiable certificate of deposit	708,895	708,895	Credit, custodial credit, interest rate, concentration of credit
Local government investment pool	1,002,513	1,002,513	Credit, interest rate
Petty cash and cash on hand	5,905	-	N/A
Total Cash and Investments	\$ 43,932,771	\$41,080,377	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 20,842,421		
Restricted cash and investments	3,447,548		
Per statement of assets and liabilities - agency funds	19,642,802		
Total Cash and Investments	\$ 43,932,771		

Deposits in Wisconsin banks are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for interest-bearing and noninterest-bearing demand 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 Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

SIPC membership provides account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash. Additionally, through Lloyds of London, accounts have additional securities coverage of \$99.5 million per customer, subject to a \$500 million aggregate firm limit. \$15,406,292 of the village's investments are covered by SIPC.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

A. DEPOSITS AND INVESTMENTS (CONT.)

In addition to the FDIC insurance and the State Deposit Guarantee Fund, the village has obtained additional collateral from its primary depository for its deposits through the pledge of other securities owned by the depository. The collateral with State Bank of Cross Plains for the village consists of local government securities with a fair value of \$7,085,200; the collateral with State Bank of Cross Plains for the Waunakee Utilities consists of local government securities with a fair value of \$3,078,657; the collateral with Old National Bank consists of federal agency securities with a fair value of \$20,587,354 to provide coverage for balances which exceed the FDIC insurance and the State Deposit Guarantee Fund coverage. All collateral is being held by a third-party bank custodian.

FAIR VALUE MEASUREMENTS

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

The village has the following fair value measurements as of December 31, 2018:

Investment Type	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
U.S. treasuries	\$ -	\$ 345,023	\$ -
Corporate bonds	-	10,116,051	-
State and municipal bonds	-	2,301,124	-
Federal National Mortgage Association	-	730,640	-
Federal Home Loan Mortgage Corporation	-	904,204	-
Federal Home Loan Bank	-	300,355	-
Negotiable certificate of deposit	-	708,895	-
Totals	\$ -	\$ 15,406,292	\$ -

Deposits and investments of the village are subject to various risks. Presented below is a discussion of the specific risks and the village's policy related to the risk.

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.

Investments – Custodial credit risk is the risk that in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

A. DEPOSITS AND INVESTMENTS (CONT.)

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2018, the village's investments were rated as follows:

Investment Type	Amount	Credit Rating			
		AAA	AA	A	Not Rated
Corporate bonds	\$ 10,116,051	\$ 1,163,280	\$ 8,286,346	\$ 666,425	\$ -
State and municipal bonds	2,301,124	359,777	1,841,977	-	99,370
Local government investment pool	1,002,513	-	-	-	1,002,513
Federal National Mortgage Associati	730,640	-	730,640	-	-
Federal Home Loan Mortgage Corpo	904,204	-	904,204	-	-
Federal Home Loan Bank	300,355	-	300,355	-	-
Negotiable certificate of deposit	708,895	-	-	-	708,895
Totals	\$ 16,063,782	\$ 1,523,057	\$ 12,063,522	\$ 666,425	\$ 1,810,778

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of a government's investment in a single issuer. At December 31, 2018, the portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Westpac	Corporate bond	6%
Toronto Dominion	Corporate bond	9%
Apple	Corporate bond	6%
Royal Bank of Canada	Corporate bond	9%
Federal Home Loan Mortgage Corp	U.S. agency	6%

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2018, the village investments were as follows:

Investment Type	Amount	Maturities		
		12 Months or Less	13 - 24 Months	25 - 60 Months
U.S. treasuries	\$ 345,023	\$ -	\$ 345,023	\$ -
Corporate bonds	10,116,051	3,683,292	1,072,187	5,360,572
State and municipal bonds	2,301,124	1,002,811	650,046	648,267
Local government investment pool	1,002,513	1,002,513	-	-
Federal National Mortgage Association	730,640	630,794	-	99,846
Federal Home Loan Mortgage Corporation	904,204	746,715	-	157,489
Federal Home Loan Bank	300,355	99,910	-	200,445
Negotiable certificate of deposit	708,895	-	134,405	574,490
Totals	\$ 16,408,805	\$ 7,166,035	\$ 2,201,661	\$ 7,041,109

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

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except for \$458 of delinquent personal property taxes, \$4,293 of delinquent special assessments, and \$500,000 of loans.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes 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.

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

LONG TERM DEBT ACCOUNTS

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Replacement – Used to report resources set aside as a condition of receiving state and federal funds from wastewater plant construction for replacement of certain mechanical equipment.
- Construction – Used to report proceeds of revenue bond issuances that are restricted for use in construction.

IMPACT FEE ACCOUNT

The village has received impact fees that must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

The village has received fees in lieu of parkland that must be spent in accordance with the local ordinance and state statutes. Funds may only be used for the purchase of parkland.

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

	<u>Restricted Assets</u>
Bond redemption account	\$ 314,130
Bond reserve account	1,397,633
Bond depreciation account	50,000
Replacement account	1,066,025
Construction account	135,503
Impact fee account	439,787
Fees in lieu of parkland account	<u>44,470</u>
Totals	<u>\$ 3,447,548</u>

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

D. CAPITAL ASSETS

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

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
GOVERNMENTAL ACTIVITIES				
Capital Assets Not Being Depreciated/Amortized				
Land	\$ 18,352,307	\$ 122,168	\$ 433,731	\$ 18,040,744
Construction in process	2,123,100	6,981,770	62,684	9,042,186
Total Capital Assets Not Being Depreciated/Amortized	20,475,407	7,103,938	496,415	27,082,930
Capital Assets Being Depreciated/Amortized				
Buildings and improvements	18,052,421	-	-	18,052,421
Improvements other than buildings	4,799,422	-	-	4,799,422
Equipment	5,992,012	494,875	185,067	6,301,820
Intangibles	81,120	-	-	81,120
Infrastructure	80,872,711	3,172,875	337,033	83,708,553
Total Capital Assets Being Depreciated/Amortized	109,797,686	3,667,750	522,100	112,943,336
Total Capital Assets	130,273,093	10,771,688	1,018,515	140,026,266
Less Accumulated Depreciation/Amortization for				
Buildings and improvements	(8,369,747)	(970,002)	-	(9,339,749)
Improvements other than buildings	(2,191,437)	(176,370)	-	(2,367,807)
Equipment	(3,971,804)	(402,861)	(141,843)	(4,232,822)
Intangibles	(61,799)	(8,112)	-	(69,911)
Infrastructure	(32,045,846)	(2,457,839)	(289,848)	(34,213,837)
Total Accumulated Depreciation/Amortization	(46,640,633)	(4,015,184)	(431,691)	(50,224,126)
Capital Assets Net of Depreciation/Amortization	\$ 83,632,460	\$ 6,756,504	\$ 586,824	\$ 89,802,140

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 64,556
Public safety	251,289
Public works	2,966,435
Health and human services	968
Leisure activities	729,316
Conservation and development	2,620
Total governmental activities depreciation/amortization expense	\$ 4,015,184

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

D. CAPITAL ASSETS (CONT.)

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

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
BUSINESS-TYPE ACTIVITIES				
Capital Assets Not Being Depreciated				
Land	\$ 532,269	\$ -	\$ -	\$ 532,269
Construction in process	459,327	399,117	406,640	451,804
Total Capital Assets Not Being Depreciated	991,596	399,117	406,640	984,073
Capital Assets Being Depreciated				
Buildings and improvements	5,553,816	-	-	5,553,816
Equipment	7,256,870	507,670	112,617	7,651,923
Infrastructure	55,852,681	2,502,576	226,101	58,129,156
Total Capital Assets Being Depreciated	68,663,367	3,010,246	338,718	71,334,895
Total Capital Assets	69,654,963	3,409,363	745,358	72,318,968
Less Accumulated Depreciation for				
Buildings and improvements	(1,998,210)	(152,522)	-	(2,150,732)
Equipment	(5,464,270)	(343,697)	(107,516)	(5,700,451)
Infrastructure	(15,920,136)	(1,365,103)	(231,202)	(17,054,037)
Total Accumulated Depreciation	(23,382,616)	(1,861,322)	(338,718)	(24,905,220)
Capital Assets Net of Depreciation	\$ 46,272,347	\$ 1,548,041	\$ 406,640	\$ 47,413,748

Depreciation expense was charged to functions as follows:

Business-type activities	
Electric utility	\$ 917,496
Water utility	533,896
Sewer utility	260,915
Total business-type activities depreciation expense	1,712,307
Depreciation charged to operating accounts and salvage	93,626
Depreciation on acquired assets	55,389
Total increase in accumulated depreciation	\$ 1,861,322

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds - TID No. 3	\$ 317,300
General	Nonmajor governmental funds - TID No. 7	36,358
General	Nonmajor governmental funds - TID No. 9	16,146
General	Electric utility	61,477
Electric utility	General	26,812
Water utility	General	347
Sewer utility	General	393
	Total per fund statements	458,833
	Less: Fund eliminations	(369,804)
	Less: Government-wide eliminations	(55,104)
	Total Internal Balances - Government- wide Statement of Net Position	<u>\$ 33,925</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 61,477
Business-type activities	Governmental activities	(27,552)
	Total	<u>\$ 33,925</u>

The principal purpose of these interfunds is due to pooled cash between the governmental funds. In addition, the general fund collects delinquent utility charges that the utilities have placed on the current tax roll. All of the above amounts will be repaid within one year.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The general fund is advancing funds to TID No. 5. The amount of the advance is determined by the deficiency of revenues over expenditures and other financing sources since the district's inception. The general fund is charging the TIF district interest on the advance based on the average outstanding balance during the year at the rate of 5.61%. No repayment schedule has been established.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (CONT.)

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	TID No. 5	\$ 2,130,427
Nonmajor governmental funds - equipment replacement	Nonmajor governmental funds - TID No. 3	<u>437,000</u>
Subtotal - Fund Financial Statements		2,567,427
Less: Fund eliminations		<u>(2,567,427)</u>
Total - Interfund Advances		<u><u>\$ -</u></u>

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Electric utility	\$ 437,817
General	Water utility	433,878
Debt service	Nonmajor governmental funds - village center	161,184
Capital improvements	General	165,000
Capital improvements	Nonmajor governmental funds - park impact	125,000
Nonmajor governmental funds - equipment replacement	Nonmajor governmental funds - senior center	36,888
Library building	Nonmajor governmental funds - library	100,000
TID No. 5	Nonmajor governmental funds - TID No. 2	<u>286,338</u>
Subtotal - Fund Financial Statements		1,746,105
Less: Fund eliminations		<u>(874,410)</u>
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 871,695</u></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 WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

F. PAYABLES

Payables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, are as follows:

	General	Capital Improvements	Library Building	TID No. 6	Electric Utility	Water Utility	Sewer Utility	Nonmajor Governmental Funds	Total
Payables									
Accounts payable	\$ 307,456	\$ 135,630	\$ 1,733,232	\$ 3,600	\$ 1,303,061	\$ -	\$ -	\$ 84,591	\$ 3,567,570
Accrued liabilities	234,185	-	-	-	62,842	-	-	-	297,027
Total payables per fund statements	541,641	135,630	1,733,232	3,600	1,365,903	-	-	84,591	3,864,597
Adjustment									
Accrued interest payable	328,117	-	-	-	14,569	27,522	7,570	-	377,778
Total per statement of net position	\$ 869,758	\$ 135,630	\$ 1,733,232	\$ 3,600	\$ 1,380,472	\$ 27,522	\$ 7,570	\$ 84,591	\$ 4,242,375

G. LONG-TERM OBLIGATIONS

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

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 34,720,707	\$ 7,450,000	\$ 2,757,894	\$ 39,412,813	\$ 2,999,039
Debt (discount)/premium	1,704,285	47,179	114,139	1,637,325	114,139
Net Bonds and Notes Payable	36,424,992	7,497,179	2,872,033	41,050,138	3,113,178
Other Liabilities					
Vested compensated absences	1,445,382	188,809	146,237	1,487,954	212,333
Capital leases	36,966	-	12,717	24,249	14,097
Total Governmental Activities					
Long-Term Liabilities	\$ 37,907,340	\$ 7,685,988	\$ 3,030,987	\$ 42,562,341	\$ 3,339,608

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

G. LONG-TERM OBLIGATIONS (CONT.)

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18	Amounts Due Within One Year
Business-type Activities					
Bonds and Notes Payable					
Revenue bonds	\$ 8,840,000	\$ -	\$ 825,000	\$ 8,015,000	\$ 840,000
Other Liabilities					
Vested compensated absences	307,337	-	31,220	276,117	23,917
Other Liabilities	21,235	-	-	21,235	-
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 9,168,572</u>	<u>\$ -</u>	<u>\$ 856,220</u>	<u>\$ 8,312,352</u>	<u>\$ 863,917</u>

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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed five percent of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2018, was \$93,975,925. Total general obligation debt outstanding at year end was \$39,412,813. The following is a list of long-term obligations at December 31, 2018:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/18	Amounts Due Within One Year
Governmental Activities						
General Obligation Debt						
2003 State Trust Fund Loan	05/28/03	03/15/23	5.00%	\$ 385,931	\$ 132,813	\$ 24,039
2008 G.O. Bonds	05/22/08	06/01/23	3.50% - 3.90%	1,330,000	540,000	100,000
2009 G.O. Bonds	05/21/09	05/01/29	1.35% - 4.70%	7,340,000	165,000	165,000
2010 G.O. Bonds	06/01/10	06/01/30	2.00% - 4.00%	5,665,000	440,000	315,000
2011 G.O. Bonds	11/08/11	11/01/31	2.00% - 3.60%	3,945,000	2,620,000	225,000
2011 G.O. Bonds	11/08/11	11/01/31	1.50% - 4.80%	1,345,000	1,065,000	60,000
2012 G.O. Bonds	04/18/12	04/01/32	4.00%	13,245,000	8,710,000	1,300,000
2015 G.O. Bonds	04/18/12	04/01/32	3.00% - 3.50%	1,355,000	1,355,000	50,000
2016 G.O. Bonds	01/06/16	04/01/35	2.00% - 3.00%	6,055,000	5,565,000	315,000
2016 G.O. Bonds	12/15/16	05/01/29	1.20% - 2.50%	2,920,000	2,840,000	80,000
2017 G.O. Bonds	01/12/17	06/01/36	3.00% - 4.00%	8,855,000	8,530,000	210,000
2018 G.O. Bonds	06/07/18	06/01/38	3.00% - 3.55%	7,450,000	7,450,000	155,000
Total Governmental Activities - General Obligation Debt					<u>\$ 39,412,813</u>	<u>\$ 2,999,039</u>

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

G. LONG-TERM OBLIGATIONS (CONT.)

GENERAL OBLIGATION DEBT (CONT.)

The purpose of governmental activities long-term debt is to finance various capital improvements and tax incremental district planned projects.

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2019	\$ 2,999,039	\$ 1,354,997
2020	3,095,226	1,138,860
2021	3,326,502	1,028,249
2022	3,442,827	910,485
2023	3,619,219	787,545
2024-2028	10,420,000	2,772,300
2029-2033	8,130,000	1,309,714
2034-2038	4,380,000	284,279
Totals	\$ 39,412,813	\$ 9,586,429

REVENUE DEBT

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12/31/18</u>	<u>Amounts Due Within One Year</u>
Business-type Activities						
Revenue Debt						
2010 Water & Light	06/01/10	10/01/30	3.00% - 4.38%	\$ 2,300,000	\$ 1,325,000	\$ 145,000
2011 Water & Light	12/21/11	10/01/26	1.00% - 3.20%	3,845,000	2,610,000	280,000
2013 Water & Light	03/14/13	10/01/25	2.00% - 2.35%	3,385,000	1,510,000	195,000
2013 Sewerage	03/14/13	05/01/30	2.00% - 2.85%	2,325,000	1,755,000	130,000
2016 Water & Light	09/01/16	10/01/25	1.50% - 2.00%	1,000,000	815,000	90,000
Total Business-type Activities Revenue Debt					\$ 8,015,000	\$ 840,000

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

G. LONG-TERM OBLIGATIONS (CONT.)

REVENUE DEBT (CONT.)

The purpose of business-type activities long-term debt is to finance capital improvements.

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2019	\$ 840,000	\$ 211,373
2020	900,000	191,672
2021	890,000	169,992
2022	925,000	148,832
2023	965,000	126,032
2024-2028	2,945,000	289,404
2029-2030	550,000	23,984
Totals	\$ 8,015,000	\$ 1,161,289

The village has pledged future customer revenues, net of specified operating expenses, to repay the water and electric and sewer revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the village. The water and electric bonds are payable solely from customer net revenues and are payable through 2030. The total principal and interest to be paid on the bonds is \$7,021,749. Principal and interest paid for the current year and total customer net revenues were \$871,996 and \$3,413,692 respectively. The sewer bonds are payable solely from customer net revenues and are payable through 2030. The total principal and interest remaining to be paid on the bonds is \$2,154,540. Principal and interest paid for the current year and total customer net revenues were \$184,838 and \$395,953, respectively.

CAPITAL LEASES

Refer to Note III. H.

OTHER DEBT INFORMATION

Estimated payments of accumulated employee benefits, leases and other commitments are not included in the above debt service requirements schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the village's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

G. LONG-TERM OBLIGATIONS (CONT.)

Prior Year Defeasance of Debt

In prior years, the village defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2018, \$2,085,000 of the Series 2009 bonds outstanding are considered defeased. The bonds are callable on May 1, 2019.

H. LEASE DISCLOSURES

LESSEE – CAPITAL LEASES

In 2015, the village acquired capital assets through a lease/purchase agreement. The gross amount of these assets to be included under the capital leases is \$62,339, which are included in capital assets in the governmental activities.

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2018, are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 14,097	\$ 977	\$ 15,074
2020	<u>10,152</u>	<u>211</u>	<u>10,363</u>
Totals	<u>\$ 24,249</u>	<u>\$ 1,188</u>	<u>\$ 25,437</u>

LESSOR – OPERATING LEASE

The village has entered into a lease with the Waunakee Area Fire District for the portion of the Waunakee Public Safety Building that is occupied by the district. The lease period covers the period commencing January 1, 2019 and ending on December 31, 2019. The annual rental payment is \$35,000 for 2018 for the leased property.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

I. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

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

Net investment in capital assets	
Land	\$ 18,040,744
Construction in process	9,042,186
Other capital assets, net of accumulated depreciation	62,719,210
Less: capital related long-term debt outstanding, excluding unspent capital related debt proceeds	(32,949,124)
Less: unamortized debt premium	<u>(1,637,325)</u>
Total Net Investment in Capital Assets	55,215,691
Restricted	
Pension benefits	887,687
Debt service	492,234
Library	3,005,509
Parks	484,257
Community Development/Betterment	30,330
Senior Center	232,432
Tax incremental district purposes	990,241
Unrestricted (deficit)	<u>(119,636)</u>
Total Governmental Activities Net Position	<u><u>\$ 61,218,745</u></u>

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

NONSPENDABLE

Major Funds	
General Fund	
Advance to TID No. 5	\$ 2,130,427
Prepaid items	<u>332,562</u>
Total General Fund	<u>2,462,989</u>
Total Nonspendable	<u><u>\$ 2,462,989</u></u>

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

I. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONT.)

RESTRICTED

Major Funds

Debt Service Fund

Debt service	\$ 981,535
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Library Building Fund

Capital projects	2,966,024
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TID No. 6

Tax incremental district purposes	836,885
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Non-Major Funds

Park reservation	44,470
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Park impact	439,787
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Library	39,485
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Senior center	227,499
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Community Development/Betterment	30,330
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TID No. 4	153,356
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TID No. 8	46,399
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Total Restricted	<u>\$ 5,765,770</u>
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COMMITTED

Major Funds

Capital Projects

Capital improvements	\$ 598,858
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Non-Major Funds

Special Revenue Funds

Senior center	9,600
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Senior center fundraising	11,623
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Village center	352,257
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Total Special Revenue Funds	<u>373,480</u>
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Capital Projects

Equipment replacement	650,761
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Total Capital Projects Funds	<u>650,761</u>
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Total Committed	<u>\$ 1,623,099</u>
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VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE III – DETAILED NOTES ON ALL FUNDS (CONT.)

I. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (CONT.)

ASSIGNED

Major Funds	
General Fund	
Reassessment carryover	\$ 167,120
Elections carryover	125,881
Electronic records management	3,000
Creative Economy initiatives	4,943
Parks non-lapsing fund	14,087
Waunaboom	16,759
Accumulated leave	400,000
Fund balance applied to 2018 budget	<u>620,000</u>
Total General Fund	<u>1,351,790</u>
Total Assigned	<u><u>\$ 1,351,790</u></u>

J. BUSINESS-TYPE ACTIVITIES NET POSITION

Net investment in capital assets	
Land	\$ 532,269
Construction in process	451,804
Other capital assets, net of accumulated depreciation	46,429,675
Add: deferred charge on refunding	112,742
Less: related long-term debt outstanding, excluding unspent capital related debt proceeds	<u>(7,879,499)</u>
Total Net Investment in Capital Assets	<u><u>39,646,991</u></u>

NOTE IV – OTHER INFORMATION

A. PENSION PLAN

1. 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 (880 hours for teachers and school district educational support employees) 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>.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

1. Plan Description (cont.)

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if the benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

2. 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:

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

2. Post-Retirement Adjustments (cont.)

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
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%

3. 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, including teachers, and executives and elected officials. Starting on January 1, 2016, the executives and elected officials category was 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 ending December 31, 2018, the WRS recognized \$351,398 in contributions from the village.

During the reporting period ending December 31, 2018, the WRS recognized \$92,028 in contributions from Waunakee Utilities.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the village reported a liability (asset) of \$(887,687) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (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 liability (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 0.02989733%, which was an increase of 0.00144327% from its proportion measured as of December 31, 2016.

At December 31, 2018, Waunakee Utilities reported a liability (asset) of \$(260,116) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (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 Waunakee Utilities' proportion of the net pension liability (asset) was based on the Waunakee Utilities' share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Waunakee Utilities' proportion was 0.00876072%, which was an increase of 0.00035239% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$74,772.

For the year ended December 31, 2018, Waunakee Utilities recognized pension expense of \$109,334.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Village of Waunakee</u>		
Differences between expected and actual experience	\$ 1,127,828	\$ 527,560
Net differences between projected and actual earnings on pension plan investments	-	1,220,043
Changes in assumptions	175,389	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,534	4,978
Employer contributions subsequent to the measurement date	351,398	-
Total	\$ 1,660,149	\$ 1,752,581

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Waunakee Utilities		
Differences between expected and actual experience	\$ 330,483	\$ 154,589
Net differences between projected and actual earnings on pension plan investments	-	357,506
Changes in assumptions	51,393	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	9,640
Employer contributions subsequent to the measurement date	92,028	-
Total	\$ 473,904	\$ 521,735

\$351,398 reported as deferred outflows related to pension resulting from the village'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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Expense
Village of Waunakee	
2019	\$ 97,373
2020	(6,583)
2021	(305,185)
2022	(231,552)
2023	2,117
Total	\$ (443,830)

\$92,028 reported as deferred outflows related to pension resulting from Waunakee Utilities' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Expense
Waunakee Utilities	
2019	\$ 24,646
2020	(5,354)
2021	(91,232)
2022	(68,534)
2023	615
Total	\$ (139,859)

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

5. Actuarial Assumption

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:	December 31, 2017
Actuarial Cost Method:	Entry Age
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.

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:

Core Fund Asset Class	Current Asset	Long-Term	Long-Term
	Allocation %	Expected Nominal Rate of Return %	Expected Real Rate of Return %
Global Equities	50.0%	8.2%	5.3%
Fixed Income	24.5%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	3.8%	1.0%
Real Estate	8.0%	6.5%	3.6%
Private Equity/Debt	8.0%	9.4%	6.5%
Multi-Asset	4.0%	6.5%	3.6%
Total Core Fund	110.0%	7.3%	4.4%
Variable Fund Asset Class			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0%	7.8%	4.9%
Total Variable Fund	100.0%	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.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

A. PENSION PLAN (CONT.)

5. Actuarial Assumption (cont.)

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.

Sensitivity of proportionate share of the net pension liability(asset) to changes in the discount rate. The following presents the proportionate share of the net pension liability(asset) calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability(asset) 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 (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
<u>Village of Waunakee</u>			
Proportionate share of the net pension (asset) liability	\$ 2,296,749	\$ (887,687)	\$ (3,307,957)
<u>Waunakee Utilities</u>			
Proportionate share of the net pension (asset) liability	\$ 673,009	\$ (260,116)	\$ (969,320)

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>.

6. Payable to the WRS

At December 31, 2018, the village reported a payable of \$73,357 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

At December 31, 2018, the Waunakee Utilities reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended December 31, 2018.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS

Local Retiree Life Insurance Fund

The village has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. This statement revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended December 31, 2017 have not been restated.

The cumulative effect of this change was to decrease the December 31, 2017 net position by \$377,746 as follows:

Other postemployment liability			
OPEB liability balance previously reported	\$	-	
Actuarially determined balance		377,746	
Change in other postemployment liability		\$	377,746

Plan Description. The Local Retiree Life Insurance Fund (LRLIF) is a multiple-employer defined OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment life insurance benefits for all eligible employees.

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

Benefits Provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for a benefit after age 65.

Contribution rates as of December 31, 2018 are:

Coverage Type	Employer Contribution
50% Post-retirement coverage	40% of employee contribution
25% Post-retirement coverage	20% of employee contribution

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Local Retiree Life Insurance Fund (cont.)

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2017 are listed below:

Life Insurance	
Employee Contribution Rates	
For the Year Ended December 31, 2017	
Attained Age	Basic
Under 30	\$0.05
30 - 34	0.06
35 - 39	0.07
40 - 44	0.08
45 - 49	0.12
50 - 54	0.22
55 - 59	0.39
60 - 64	0.49
65 - 69	0.57

During the reporting period, the LRLIF recognized \$2,375 in contributions from the employer.

OPEB Liabilities, OPEB Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB. At December 31, 2018, the village reported a liability (asset) of \$376,298 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement dates. The village's proportionate share of the net OPEB liability (asset) was based on the village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the village proportion was 0.12507500%, which was an increase of 0.011446% from its proportion measured as of December 31, 2016.

At December 31, 2018, Waunakee Utilities reported a liability (asset) of \$141,390 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefits terms occurred between the actuarial valuation date and the measurement dates. The Waunakee Utilities' proportionate share of the net OPEB liability (asset) was based on the Waunakee Utilities' share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Waunakee Utilities' proportion was 0.04699600%, which was an increase of 0.00503700% from its proportion measured as of December 31, 2016.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Local Retiree Life Insurance Fund (cont.)

For the year ended December 31, 2018, the village recognized OPEB expense of \$40,929.

For the year ended December 31, 2018, Waunakee Utilities recognized OPEB expense of \$16,585.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Village of Waunakee</u>		
Differences between expected and actual experience	\$ -	\$ 5,302
Net differences between projected and actual earnings on OPEB plan investments	4,333	-
Changes in assumptions	36,363	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,099	-
Total	\$ 64,795	\$ 5,302
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Waunakee Utilities</u>		
Differences between expected and actual experience	\$ -	\$ 1,993
Net differences between projected and actual earnings on OPEB plan investments	1,628	-
Changes in assumptions	13,663	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,605	-
Total	\$ 25,896	\$ 1,993

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Local Retiree Life Insurance Fund (cont.)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	Expense
<u>Village of Waunakee</u>	
2019	\$ 9,531
2020	9,531
2021	9,531
2022	9,531
2023	8,448
Thereafter	12,921
Total	\$ 59,493

Year ended December 31	Expense
<u>Waunakee Utilities</u>	
2019	\$ 3,818
2020	3,818
2021	3,818
2022	3,818
2023	3,411
Thereafter	5,220
Total	\$ 23,903

Actuarial assumptions. The total OPEB liability in the January 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability:	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20-year tax-exempt municipal bond yield:	3.44%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Local Retiree Life Insurance Fund (cont.)

Long-term Expected Return on Plan Assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1.0%	1.13%
U.S. Credit Bonds	Barclays Credit	65.0%	2.61%
U.S. Long Credit Bonds	Barclays Long Credit	3.0%	3.08%
U.S. Mortgages	Barclays MBS	31.0%	2.19%
Inflation			2.30%
Long-term expected rate of return			5.00%

Single Discount Rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

B. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Local Retiree Life Insurance Fund (cont.)

Sensitivity of proportionate share of the net OPEB liability(asset) to changes in the discount rate. The following presents the proportionate share of the net OPEB liability(asset) calculated using the discount rate of 3.63 percent, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.63%)
<u>Village of Waunakee</u>			
Proportionate share of the net OPEB liability (asset)	\$ 531,852	\$ 376,298	\$ 256,927
<u>Waunakee Utilities</u>			
Proportionate share of the net OPEB liability (asset)	\$ 199,840	\$ 141,390	\$ 96,538

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

Payable to the OPEB Plan. At December 31, 2018, the village reported a payable of \$-0- for the outstanding amount of contributions to the plan required for the year ended December 31, 2018.

At December 31, 2018, the Waunakee Utilities reported a payable of \$-0- for the outstanding amount of contributions to the plan required for the year ended December 31, 2018.

C. 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; worker's 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.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

D. 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 expenditures for claims and judgments is 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. There were no significant claims or judgments at year end.

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 the management 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.

As stated in Note IV. E., the village jointly operates a municipal landfill district (district). For the year ending September 30, 1994, the landfill was required to adopt Governmental Accounting Standards Board Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs." The implementation of this standard required the district to restate (reduce) its September 30, 1993 fund balance by \$2,230,627. The district's most recent information is as of December 31, 2017. At that date, the fund balance was in a deficit position (\$1,055,641). Reporting standards require the village to report its share of any net deficit. The village's proportionate share in the operations of the landfill is approximately 38%, which as of December 31, 2018 amounts to \$396,710 of the district's net deficit which is based upon the most recent available financial information. The village's proportionate share of the budget for 2019 is \$62,620.

The village has active construction contracts as of December 31, 2018. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The village has the following encumbrances outstanding at year end, relating to funds on hand:

Fund	Amount
Capital Improvements Fund	\$ 114,301
Library Project Fund	3,872,319

Purchased Power Contract

Waunakee Utilities is one of 51 WPPI member municipalities located throughout the State of Wisconsin, Michigan and Iowa. On December 31, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility for an initial thirty-five-year term. The contract was amended during 2002 and subsequently during 2015 to extend the term of the contract through 2055.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

D. COMMITMENTS AND CONTINGENCIES (CONT.)

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the utility payable from any operating and maintenance fund established for that system.

The long-term contract may be terminated by either party upon five years' prior written notice effective at the end of the initial thirty-five-year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through WPPI Energy for distribution to its customers. Total purchases under this arrangement amounted to approximately \$9.7 million in 2018.

Municipal Revenue Obligations

In 2007, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$475,000 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 5.

Payments are scheduled through the year 2024 and carry an interest rate of 5%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$218,892.

In 2014, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$310,000 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 3.

Payments are scheduled through the year 2024 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$159,978.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

D. COMMITMENTS AND CONTINGENCIES (CONT.)

Municipal Revenue Obligations (cont.)

In 2016, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$850,000 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 5.

Payments are scheduled through the year 2024 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$689,919.

In 2017, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$59,775 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 3.

Payments are scheduled through the year 2019 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$22,757.

In 2018, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$610,000 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 6.

Payments are scheduled through the year 2019 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$598,461.

In 2018, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$2,900,000 and is payable to the developer solely from tax increments collected from a specific portion of the development of TIF No. 6.

Payments are scheduled through the year 2019 and carry an interest rate of 0%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$2,895,784.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

E. JOINT VENTURES

EMS

The Village of Waunakee and the Towns of Westport, Dane, Vienna and Springfield, jointly operate the local EMS District, which is called the WWDVS, and provides ambulance and rescue service. The communities share in the operation of the district based on population.

The governing body is made up of board members from each community. Local representatives are appointed by the local board. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village made payments totaling \$203,025 to the district for 2018. The village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2018 is \$1,827,889.

Financial information of the district as of December 31, 2018 is available directly from the district's office.

Fire

The Village of Waunakee and Towns of Westport, Vienna and Springfield jointly operate the local fire district, which is called the Waunakee Fire District, and provides fire protection service. The communities share in the operation of the district based on equalized values.

The governing body is made up of the village president and town chairpersons and the presiding officer of the fire department. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village made payments totaling \$576,580 to the district for 2018. The village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2018 is \$980,852.

Financial information of the district as of December 31, 2018 is available directly from the district's office.

Refuse

The Village of Waunakee, City of Middleton and Village of Shorewood Hills jointly operate the local Refuse District, which is called the Metropolitan Refuse District, and provides landfill services. The communities share in the operation of the district based on equalized values.

The governing body is made up of citizens from each community. Local representatives are appointed by the board or council. The governing body has authority to adopt its own budget and control the financial affairs of the district. The village has an equity interest in the organization equal to its share of participation. The equity interest at December 31, 2018 is (\$396,710), which is based upon the most recent available financial information.

Financial information of the district as of December 31, 2018 is available directly from the district's office.

F. ECONOMIC DEPENDENCY

The sewer utility has one significant customer who was responsible for 15% of its operating revenues in 2018.

VILLAGE OF WAUNAKEE

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE IV – OTHER INFORMATION (CONT.)

G. BENEFICIAL INTEREST IN ASSETS HELD BY THE MADISON COMMUNITY FOUNDATION – FOREVER FUND

The Madison Community Foundation has received contributions from donors directly of which distributions are generally designated to the village. Because the Madison Community Foundation retains variance powers over these investments, such amounts are not reflected in the village's financial statements. The market value of such assets was \$254,681 at December 31, 2018.

H. BENEFICIAL INTEREST IN ASSETS HELD BY THE WAUNAKEE COMMUNITY FOUNDATION – LIBRARY BUILDING FUND

The Waunakee Community Foundation has received contributions from donors directly of which distributions are generally designated to the village for the library building project. Because the Waunakee Community Foundation retains variance powers over these investments, such amounts are not reflected in the village's financial statements. The market value of such assets was \$1,287,020 at December 31, 2018.

I. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. GASB No. 87 establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The village is currently evaluating the impact these standards will have on the financial statements when adopted.

J. TAX ABATEMENTS

The village has created tax incremental financing districts (the “districts”) in accordance with Wisconsin State Statute 66.11105, *Tax Increment Law*. As part of the project plan for the districts, the village entered into agreements with developers for the creation of tax base within the districts. The agreements require the village to make annual repayments of property taxes collected with the districts to the developers based upon the terms of the agreements. Since these are considered tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2018, the village abated property taxes totaling \$203,762:

- \$20,607 to a developer for acquiring property and constructing a building.
- \$26,205 to a developer for acquiring property and renovating a building.
- \$93,833 to a developer for acquiring property and constructing a building.
- \$47,362 to a developer for constructing a building.
- \$11,539 to a developer for acquiring property and constructing a building.
- \$4,216 to a developer for acquiring property and renovating a building.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WAUNAKEE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS*
December 31, 2018

Village of Waunakee

<u>Fiscal Year Ending</u>	<u>Proportion of Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/2014	0.02851252%	\$ (700,345)	\$ 3,382,014	20.71%	102.74%
12/31/2015	0.02820314%	458,296	3,505,954	13.07%	98.20%
12/31/2016	0.02845406%	234,529	3,659,081	6.41%	99.12%
12/31/2017	0.02989733%	(887,687)	3,961,612	22.41%	102.93%

Waunakee Utilities

<u>Fiscal Year Ending</u>	<u>Proportion of Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/2014	0.00793881%	\$ (194,998)	\$ 1,108,688	17.59%	102.74%
12/31/2015	0.00815094%	132,451	1,217,988	10.87%	98.20%
12/31/2016	0.00840833%	69,306	1,263,667	5.48%	99.12%
12/31/2017	0.00876072%	(260,116)	1,330,336	19.55%	102.93%

* 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.

VILLAGE OF WAUNAKEE

SCHEDULE OF CONTRIBUTIONS WISCONSIN RETIREMENT SYSTEM LAST 10 FISCAL YEARS* December 31, 2018

Village of Waunakee

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2015	\$ 271,905	\$ 271,905	\$ -	\$ 3,505,954	7.76%
12/31/2016	280,004	280,004	-	3,659,081	7.65%
12/31/2017	324,080	324,080	-	3,961,612	8.18%
12/31/2018	351,398	351,398	-	4,252,603	8.26%

Waunakee Utilities

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2015	\$ 82,823	\$ 82,823	\$ -	\$ 1,217,988	6.80%
12/31/2016	83,402	83,402	-	1,263,667	6.60%
12/31/2017	90,463	90,463	-	1,330,336	6.80%
12/31/2018	92,028	92,028	-	1,293,696	7.11%

* 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.

VILLAGE OF WAUNAKEE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
 LOCAL RETIREE LIFE INSURANCE FUND
 LAST 10 FISCAL YEARS*
 December 31, 2018

Village of Waunakee

<u>Fiscal Year Ending</u>	<u>Proportion of Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered Employee Payroll (Plan Year)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/2017	0.12507500%	\$ 376,298	\$ 3,961,612	9.50%	44.81%

Waunakee Utilities

<u>Fiscal Year Ending</u>	<u>Proportion of Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered Employee Payroll (Plan Year)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
12/31/2017	0.04699600%	\$ 141,390	\$ 1,330,336	10.63%	44.81%

* 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.

VILLAGE OF WAUNAKEE

SCHEDULE OF CONTRIBUTIONS LOCAL RETIREE LIFE INSURANCE FUND LAST 10 FISCAL YEARS* December 31, 2018

Village of Waunakee

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$ 2,608	\$ 2,608	\$ -	\$ 4,252,603	0.06%

Waunakee Utilities

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/2018	\$ 826	\$ 826	\$ -	\$ 1,293,696	0.06%

* 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.

VILLAGE OF WAUNAKEE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2018

NOTE A – GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT No. 75

The village implemented GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, for the fiscal year ended December 31, 2018. Information for prior years is not available.

NOTE B – WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in WRS.

S U P P L E M E N T A R Y I N F O R M A T I O N

VILLAGE OF WAUNAKEE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Special Revenue Funds						
	Park Reservation	Park Impact	Library	Senior Center	Senior Center Fund- raising	Village Center	Community Develop- ment / Betterment
ASSETS							
Cash and investments	\$ -	\$ -	\$ 39,485	\$ 241,869	\$ 11,732	\$ 339,493	\$ 24,530
Taxes receivable	-	-	-	356,022	-	510,251	-
Accounts receivable	-	-	-	-	-	33,380	5,800
Advances to other funds	-	-	-	-	-	-	-
Restricted cash and investments	44,470	439,787	-	-	-	-	-
TOTAL ASSETS	\$ 44,470	\$ 439,787	\$ 39,485	\$ 597,891	\$ 11,732	\$ 883,124	\$ 30,330
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 3,882	\$ 109	\$ 20,616	\$ -
Due to other funds	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Unearned revenues	-	-	-	888	-	-	-
Total Liabilities	-	-	-	4,770	109	20,616	-
Deferred Inflows of Resources							
Property taxes levied for subsequent year	-	-	-	356,022	-	510,251	-
Total Deferred Inflows of Resources	-	-	-	356,022	-	510,251	-
Fund Balances							
Restricted	44,470	439,787	39,485	227,499	-	-	30,330
Committed	-	-	-	9,600	11,623	352,257	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total Fund Balances	44,470	439,787	39,485	237,099	11,623	352,257	30,330
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 44,470	\$ 439,787	\$ 39,485	\$ 597,891	\$ 11,732	\$ 883,124	\$ 30,330

Capital Projects Funds

Equipment Replace- ment	TID No. 2	TID No. 3	TID No. 4	TID No. 7	TID No. 8	TID No. 9	Totals
\$ 247,664	14,818	\$ -	\$ 166,404	\$ -	\$ 51,808	\$ -	\$ 1,137,803
320,000	271,294	717,126	100,583	157,792	-	-	2,433,068
-	-	-	-	-	-	-	39,180
437,000	-	-	-	-	-	-	437,000
-	-	-	-	-	-	-	484,257
<u>\$ 1,004,664</u>	<u>\$ 286,112</u>	<u>\$ 717,126</u>	<u>\$ 266,987</u>	<u>\$ 157,792</u>	<u>\$ 51,808</u>	<u>\$ -</u>	<u>\$ 4,531,308</u>
\$ 33,903	\$ 3,600	\$ 4,024	\$ 13,048	\$ -	\$ 5,409	\$ -	\$ 84,591
-	-	317,300	-	36,358	-	16,146	369,804
-	-	437,000	-	-	-	-	437,000
-	11,218	-	-	-	-	-	12,106
<u>33,903</u>	<u>14,818</u>	<u>758,324</u>	<u>13,048</u>	<u>36,358</u>	<u>5,409</u>	<u>16,146</u>	<u>903,501</u>
<u>320,000</u>	<u>271,294</u>	<u>717,126</u>	<u>100,583</u>	<u>157,792</u>	<u>-</u>	<u>-</u>	<u>2,433,068</u>
<u>320,000</u>	<u>271,294</u>	<u>717,126</u>	<u>100,583</u>	<u>157,792</u>	<u>-</u>	<u>-</u>	<u>2,433,068</u>
-	-	-	153,356	-	46,399	-	981,326
650,761	-	-	-	-	-	-	1,024,241
-	-	(758,324)	-	(36,358)	-	(16,146)	(810,828)
<u>650,761</u>	<u>-</u>	<u>(758,324)</u>	<u>153,356</u>	<u>(36,358)</u>	<u>46,399</u>	<u>(16,146)</u>	<u>1,194,739</u>
<u>\$ 1,004,664</u>	<u>\$ 286,112</u>	<u>\$ 717,126</u>	<u>\$ 266,987</u>	<u>\$ 157,792</u>	<u>\$ 51,808</u>	<u>\$ -</u>	<u>\$ 4,531,308</u>

VILLAGE OF WAUNAKEE

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

	Special Revenue Funds						
	Park Reservation	Park Impact	Library	Senior Center	Senior Center Fund- raising	Village Center	Community Develop- ment / Betterment
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 349,261	\$ -	\$ 536,721	\$ 22,846
Intergovernmental	-	-	-	82,099	-	-	-
Licenses and permits	-	201,589	-	-	-	-	-
Public charges for services	-	-	12,763	60,748	-	762,069	-
Intergovernmental charges for services	-	-	-	47,653	-	-	-
Investment income	315	2,925	279	2,143	74	4,275	149
Miscellaneous revenues	-	-	614	89,578	7,446	13,343	-
Total Revenues	315	204,514	13,656	631,482	7,520	1,316,408	22,995
EXPENDITURES							
Current							
Health and human services	-	-	-	563,195	4,108	-	-
Leisure activities	-	-	26	-	-	1,193,016	-
Conservation and development	-	-	-	-	-	-	16,101
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	-	-	26	563,195	4,108	1,193,016	16,101
Excess (deficiency) of revenues over expenditures	315	204,514	13,630	68,287	3,412	123,392	6,894
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(125,000)	(100,000)	(36,888)	-	(161,184)	-
Long-term debt issued	-	-	-	-	-	-	-
Premium / (Discount) on debt issued	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(125,000)	(100,000)	(36,888)	-	(161,184)	-
Net change in fund balances	315	79,514	(86,370)	31,399	3,412	(37,792)	6,894
FUND BALANCES -							
Beginning of Year (DEFICIT)	44,155	360,273	125,855	205,700	8,211	390,049	23,436
FUND BALANCES (DEFICIT) -							
END OF YEAR	\$ 44,470	\$ 439,787	\$ 39,485	\$ 237,099	\$ 11,623	\$ 352,257	\$ 30,330

Capital Projects Funds

Equipment Replace- ment	TID No. 2	TID No. 3	TID No. 4	TID No. 7	TID No. 8	TID No. 9	Totals
\$ 310,000	\$ 286,447	\$ 623,444	\$ 101,595	\$ 4,138	\$ -	\$ -	\$ 2,234,452
1,000	3,797	12,254	-	-	-	-	99,150
-	-	-	-	-	-	-	201,589
-	-	-	-	-	-	-	835,580
-	-	-	-	-	-	-	47,653
2,264	2,011	8	1,223	-	1,308	-	16,974
11,242	-	63,944	-	-	-	-	186,167
<u>324,506</u>	<u>292,255</u>	<u>699,650</u>	<u>102,818</u>	<u>4,138</u>	<u>1,308</u>	<u>-</u>	<u>3,621,565</u>
-	-	-	-	-	-	-	567,303
-	-	-	-	-	-	-	1,193,042
-	-	-	-	-	-	-	16,101
413,660	5,917	33,175	16,569	2,738	1,015,474	16,122	1,503,655
-	-	590,000	50,000	-	-	-	640,000
-	-	144,200	20,400	-	16,159	-	180,759
<u>413,660</u>	<u>5,917</u>	<u>767,375</u>	<u>86,969</u>	<u>2,738</u>	<u>1,031,633</u>	<u>16,122</u>	<u>4,100,860</u>
<u>(89,154)</u>	<u>286,338</u>	<u>(67,725)</u>	<u>15,849</u>	<u>1,400</u>	<u>(1,030,325)</u>	<u>(16,122)</u>	<u>(479,295)</u>
36,888	-	-	-	-	-	-	36,888
-	(286,338)	-	-	-	-	-	(709,410)
-	-	-	-	-	1,075,000	-	1,075,000
-	-	-	-	-	4,911	-	4,911
<u>36,888</u>	<u>(286,338)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,079,911</u>	<u>-</u>	<u>407,389</u>
(52,266)	-	(67,725)	15,849	1,400	49,586	(16,122)	(71,906)
<u>703,027</u>	<u>-</u>	<u>(690,599)</u>	<u>137,507</u>	<u>(37,758)</u>	<u>(3,187)</u>	<u>(24)</u>	<u>1,266,645</u>
<u>\$ 650,761</u>	<u>\$ -</u>	<u>\$ (758,324)</u>	<u>\$ 153,356</u>	<u>\$ (36,358)</u>	<u>\$ 46,399</u>	<u>\$ (16,146)</u>	<u>\$ 1,194,739</u>