

VILLAGE OF RICHFIELD

Annual Financial Report

December 31, 2017

VILLAGE OF RICHFIELD

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Richfield
Hubertus, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richfield (Village), as of and for the year ended December 31, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richfield, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board
Village of Richfield

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedules of proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System and budgetary comparison information for the general fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures and changes in fund balances (deficit) – nonmajor governmental funds are the responsibility of management and were derived from and relate 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 combining balance sheet – nonmajor governmental funds and combining statement of revenues, expenditures and changes in fund balances (deficit) – nonmajor governmental are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of detailed budgetary comparison – general fund has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express and opinion or, provide any assurance on it.



KerberRose SC
Certified Public Accountants
June 13, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

As management of the Village of Richfield (Village) we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2017, by \$18,509,636 (*net position*). Of this amount, \$2,559,833 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net position*). The total net position includes all infrastructure of the governmental funds installed from 1980 to present.
- The Village's total net position increased by a net amount of \$963,739 with a \$671,755 increase in net investment in capital assets.
- As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$2,554,728 an increase of \$341,136 in comparison with the prior year.
- For the year ended December 31, 2017 the fund balance for the general fund increased \$982,839 in comparison with the prior year.
- The Village's total general obligation debt decreased by \$14,628.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, other supplementary information to the basic financial statements is provided.

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, deferred outflows of resources, liabilities 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 result in cash flows in future fiscal periods (e.g., uncollected special assessments and earned but unused vacation and sick leave). This method of accounting is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Village's fund financial statements. The intent of the government-wide financial statements is to give the reader a long-term view of the Village's financial condition.

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 general government, public safety, public works, culture and recreation, and conservation and development. The Village has no business-type activities.

The government-wide financial statements can be found on pages 9 - 10 of this report.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

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 two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 the 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 (deficit) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances (deficit) for the general fund, capital projects, park dedication fund, and municipal building fund, which are considered to be major funds. Data for the remaining governmental funds are presented under the non-major funds column. Fund data for the non-major governmental funds are provided later in this report.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Fiduciary Funds (Not included in government-wide statements)

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

The fiduciary fund financial statement can be found on page 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 - 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village's budget and pension liability (asset) information. The Village adopts an annual appropriation budget for its general fund. This required supplementary information can be found immediately following the notes to the financial statements on pages 36 – 38.

This report also contains *supplementary information*. This includes detailed budget to actual information for the general fund and combining statements for the non-major governmental funds. The supplementary information can be found on pages 39 – 44.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,509,636 at the close of 2017.

	Governmental Activities	
	2017	2016
Current Assets	\$ 6,162,862	\$ 5,915,996
Noncurrent Assets	16,848,534	16,191,407
Total Assets	<u>23,011,396</u>	<u>22,107,403</u>
 Deferred Outflows of Resources	 <u>299,238</u>	 <u>385,090</u>
Current Liabilities	1,018,577	1,131,570
Long-Term Liabilities	1,020,039	1,093,241
Total Liabilities	<u>2,038,616</u>	<u>2,224,811</u>
 Deferred Inflows of Resources	 <u>2,762,382</u>	 <u>2,721,785</u>
 Net Position		
Net Investment in Capital Assets	15,833,444	15,161,688
Restricted for Pension Benefits	116,360	163,434
Unrestricted	2,559,832	2,220,775
Total Net Position	<u>\$ 18,509,636</u>	<u>\$ 17,545,897</u>

The largest portion of the Village's net position (approximately 86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position, \$116,360 is restricted for future pension benefits.

The remaining balance of unrestricted net position \$2,559,833 may be used to meet the Village's ongoing obligations to its citizens and creditors.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Government-Wide Financial Analysis (Continued)

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Program Revenues		
Charges for Services	\$ 660,303	\$ 621,235
Operating Grants And Contributions	402,315	450,848
Capital Grants And Contributions	107,359	2,523,553
General Revenues		
Taxes	2,551,648	2,515,241
Intergovernmental Revenues not Restricted to Specific Programs	146,354	147,663
Other	421,084	45,352
Total Revenues	<u>4,289,063</u>	<u>6,303,892</u>
Expenses		
General Government	695,542	693,103
Public Safety	789,311	1,064,473
Public Works	1,251,695	1,345,163
Culture and Recreation	469,339	211,963
Conservation and Development	117,747	79,304
Interest on Debt	1,690	5,633
Total Expenses	<u>3,325,324</u>	<u>3,399,639</u>
Change in Net Position	963,739	2,904,253
Net Position – Beginning of the Year	<u>17,545,897</u>	<u>14,641,644</u>
Net Position – End of the Year	<u>\$ 18,509,636</u>	<u>\$ 17,545,897</u>

Key elements of this increase are as follows:

Revenues decreased by \$2,014,829 in 2017 as compared to 2016. This decrease is largely due to the decrease in capital grants and contributions of \$2,416,194. This decrease was the result of fewer donations since construction of the municipal building was wrapping up in the current year. Finally, new construction in the Village allotted the tax levy to be increased. The Village was able to recognize a \$36,407 increase on the tax roll in 2016 which was the allotted increase based on net new construction.

Expenses decreased by \$74,315 in 2017 as compared to 2016. Public safety decreased due to a majority of the construction costs related to the municipal building being expensed in 2016. Culture and recreation increased due to increased expenses related to park outlay as well as increased grounds maintenance in 2017. Public works decreased due to increased expenses for ice control in the pervious year. Prudent measures were taken by staff in order to stay within their budget constraints.

Financial Analysis of the Government's Funds

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

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Governmental Funds

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

As of December 31, 2017, the Village's governmental funds reported combined ending fund balances of \$2,554,728, an increase of \$341,136 in comparison with the prior year. Of this amount, \$454,451 is nonspendable related to a long-term advance to the park fund and delinquent personal property taxes; \$10,926 is restricted for capital improvements; \$1,528,641 is assigned and the remaining balance of \$560,710 is unassigned.

The *general fund* is the chief operating fund of the Village. As of December 31, 2017, the total fund balance of the general fund was \$2,330,892 of which \$454,451 is nonspendable; \$909,131 is assigned for capital improvements and street maintenance and the remaining balance of \$967,310 is unassigned.

General Fund Budgetary Highlights

During the year, actual revenues were more than budgeted revenues by \$119,502. This increase is due to a increase in licenses and permits due in more building, electrical, and plumbing permits than expected. Actual expenditures were less than budgeted by \$388,007. Capital outlay was less than the budget by \$135,171 as a result of road projects coming in under budget.

Capital Assets

The Village's investment in capital assets as of December 31, 2017, is \$16,848,534 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and public domain infrastructure (highways and roads).

Capital assets increased by \$657,127 net of depreciation in 2017.

	2017	2016
Land	\$ 1,599,552	\$ 1,599,552
Buildings and Improvements	5,064,871	1,362,100
Improvements Other than		
Buildings and Improvements	631,630	631,630
Machinery and Equipment	2,187,345	2,177,745
Infrastructure	12,239,003	11,721,546
Construction in Progress	313,334	3,362,462
Total Capital Assets	22,035,735	20,855,035
Less Accumulated Depreciation	5,187,201	4,663,628
Capital Assets Net of Depreciation	\$ 16,848,534	\$ 16,191,407

For further details on capital asset activity, refer to Note 8 of the notes to financial statements.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Long-Term Debt

At the end of the current fiscal year, the Village has total debt outstanding of \$1,015,091. The full amount comprises debt backed by the full faith and credit of the Village.

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
General Obligation Debt:		
State Trust Funds	<u>\$ 1,015,090</u>	<u>\$ 1,029,719</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village is \$81,068,955.

Economic Factors and Next Year's Budgets and Rates

- The Village of Richfield is largely residential. The Village is not yet fully built out and if the economy remains stable the Village is expecting to see a positive continued increase in new homes for the next several years. New homes means two things; new residents and new revenues. Those revenues will continue to be used in the most fiscally responsible manner to provide stable level of services to each property owner in the Village of Richfield.

These factors were considered in preparing the Village's budget for the 2018 fiscal year.

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 Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village Deputy Treasurer, 4128 Hubertus Road, Hubertus, WI.

BASIC FINANCIAL STATEMENTS

VILLAGE OF RICHFIELD

Statement of Net Position

As of December 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 3,413,811
Restricted Cash and Investments	1,466,446
Receivables:	
Taxes	1,147,866
Special Assessments	24,765
Delinquent Personal Property Taxes	16,661
Accounts Receivable	93,313
Total Current Assets	<u>6,162,862</u>
Noncurrent Assets	
Land	1,599,552
Construction in Progress	313,334
Buildings and Improvements	5,696,501
Machinery and Equipment	2,187,345
Infrastructure	12,239,003
Less: Accumulated Depreciation	<u>(5,187,201)</u>
Total Noncurrent Assets	<u>16,848,534</u>
TOTAL ASSETS	<u>23,011,396</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	<u>299,238</u>
LIABILITIES	
Current Liabilities	
Current Portion Long-Term Obligations	44,501
Accounts Payable	225,520
Accrued Liabilities	38,421
Accrued Interest	5,019
Deposits	704,672
Due to Other Governments	444
Total Current Liabilities	<u>1,018,577</u>
Non-Current Liabilities	
Noncurrent Portion of Long-Term Obligations	985,231
Net Pension Liability	<u>34,808</u>
Total Non-Current Liabilities	<u>1,020,039</u>
TOTAL LIABILITIES	<u>2,038,616</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes Levied for Subsequent Period	2,614,312
Deferred Inflows of Resources Related to Pension	<u>148,070</u>
Total Deferred Inflows of Resources	<u>2,762,382</u>
NET POSITION	
Net Investment in Capital Assets	15,833,444
Restricted for Pension Benefits	116,360
Unrestricted	2,559,832
TOTAL NET POSITION	<u>\$ 18,509,636</u>

See Accompanying Notes

VILLAGE OF RICHFIELD
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating	Capital	
			Grants and Contributions	Grants and Contributions	
				Governmental Activities	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 695,542	\$ 16,317	\$ -	\$ -	\$ (679,225)
Public Safety	789,311	547,637	70,058	72,213	(99,403)
Public Works	1,251,695	78,309	322,197	3,399	(847,790)
Culture and Recreation	469,339	7,494	-	31,747	(430,098)
Conservation and Development	117,747	10,546	10,060	-	(97,141)
Interest on Debt	1,690	-	-	-	(1,690)
TOTAL	<u>\$ 3,325,324</u>	<u>\$ 660,303</u>	<u>\$ 402,315</u>	<u>\$ 107,359</u>	<u>(2,155,347)</u>
GENERAL REVENUES					
Taxes:					
Property Taxes, Levied for General Purposes					2,544,112
Property Taxes, Levied for Special Revenue Funds					7,536
Intergovernmental Revenues not Restricted to Specific Programs					146,354
Investment Income					22,956
Contribution					371,131
Miscellaneous					26,997
Total General Revenues					<u>3,119,086</u>
CHANGE IN NET POSITION					963,739
NET POSITION - BEGINNING					<u>17,545,897</u>
NET POSITION - ENDING					<u>\$ 18,509,636</u>

See Accompanying Notes

VILLAGE OF RICHFIELD

Balance Sheet

Governmental Funds

As of December 31, 2017

	General	Capital Projects	Park Dedication	Municipal Building Fund	Non-Major Governmental Funds	Total
ASSETS						
Cash and Investments	\$ 2,751,086	\$ 520,893	\$ 31,951	\$ 10,926	\$ 98,955	\$ 3,413,811
Restricted Cash and Investments	1,462,219	-	-	-	4,227	1,466,446
Receivables:						
Taxes	1,144,557	-	-	-	3,309	1,147,866
Special Assessments	24,765	-	-	-	-	24,765
Delinquent Personal Property Taxes	16,661	-	-	-	-	16,661
Accounts	93,313	-	-	-	-	93,313
Due from Other Funds	761	-	-	-	290	1,051
Advance to Other Fund	437,790	-	-	-	-	437,790
TOTAL ASSETS	\$ 5,931,152	\$ 520,893	\$ 31,951	\$ 10,926	\$ 106,781	\$ 6,601,703
LIABILITIES						
Accounts Payable	\$ 224,892	\$ -	\$ -	\$ -	\$ 628	\$ 225,520
Accrued Liabilities	38,421	-	-	-	-	38,421
Deposits	704,672	-	-	-	-	704,672
Due to Other Funds	290	-	-	-	761	1,051
Due to Other Governments	444	-	-	-	-	444
Advance from Other Fund	-	-	437,790	-	-	437,790
Total Liabilities	968,719	-	437,790	-	1,389	1,407,898
DEFERRED INFLOWS OF RESOURCES						
Taxes Levied for Subsequent Period	2,606,776	-	-	-	7,536	2,614,312
Unavailable - Special Assessments	24,765	-	-	-	-	24,765
Total Deferred Inflows of Resources	2,631,541	-	-	-	7,536	2,639,077
FUND BALANCES (DEFICIT)						
Nonspendable						
Advance to Other Fund	437,790	-	-	-	-	437,790
Delinquent Personal Property Taxes	16,661	-	-	-	-	16,661
Restricted						
Capital Improvements	-	-	-	10,926	-	10,926
Assigned	909,131	520,893	-	-	98,617	1,528,641
Unassigned	967,310	-	(405,839)	-	(761)	560,710
Total Fund Balances (Deficit)	2,330,892	520,893	(405,839)	10,926	97,856	2,554,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 5,931,152	\$ 520,893	\$ 31,951	\$ 10,926	\$ 106,781	\$ 6,601,703

VILLAGE OF RICHFIELD

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position
As of December 31, 2017

Total Fund Balance - Governmental Fund		\$	2,554,728
<i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund balance because:</i>			
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.			16,848,534
Pension benefit liability not payable in the current period therefore not reported in the fund statements			(34,808)
The Village's proportionate share of the Wisconsin Retirement System is not an available financial resource or use; therefore, it is not reported in the fund financial statements.			
Deferred Outflows Related to Pension	299,238		
Deferred Inflows Related to Pension	<u>(148,070)</u>		151,168
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.			
Special Assessments			24,765
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.			
General Debt	(1,015,091)		
Accrued Interest on General Obligation Debt	(5,019)		
Vested Compensated Absences	<u>(14,641)</u>		(1,034,751)
Total Net Position - Governmental Funds		\$	<u><u>18,509,636</u></u>

VILLAGE OF RICHFIELD
Statement of Revenues, Expenditures, and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended December 31, 2017

	General	Capital Projects	Park Dedication	Municipal Building Fund	Non-Major Governmental Funds	Total
REVENUES						
Taxes	\$ 2,544,112	\$ -	\$ -	\$ -	\$ 7,536	\$ 2,551,648
Special Assessments	6,548	-	-	-	-	6,548
Intergovernmental	711,138	-	-	-	-	711,138
Licenses and Permits	394,982	-	-	-	-	394,982
Fines, Forfeitures and Penalties	182	-	-	-	-	182
Public Charges for Services	115,043	-	31,747	-	72,213	219,003
Investment Income	18,696	3,917	204	68	71	22,956
Miscellaneous	389,156	-	-	-	-	389,156
Total Revenues	<u>4,179,857</u>	<u>3,917</u>	<u>31,951</u>	<u>68</u>	<u>79,820</u>	<u>4,295,613</u>
EXPENDITURES						
Current:						
General Government	634,700	-	-	-	-	634,700
Public Safety	1,056,556	-	-	-	-	1,056,556
Public Works	770,759	-	-	-	7,536	778,295
Culture and Recreation	170,293	-	-	-	-	170,293
Conservation and Development	117,747	-	-	-	-	117,747
Debt Service:						
Principal	14,629	-	-	-	-	14,629
Interest	1,557	-	-	-	-	1,557
Capital Outlay	1,180,700	-	-	-	-	1,180,700
Total Expenditures	<u>3,946,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,536</u>	<u>3,954,477</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>232,916</u>	<u>3,917</u>	<u>31,951</u>	<u>68</u>	<u>72,284</u>	<u>341,136</u>
OTHER FINANCING SOURCE (USE)						
Transfer In	749,923	-	-	-	-	749,923
Transfer Out	-	-	-	(749,923)	-	(749,923)
Total Other Financing Source (Use)	<u>749,923</u>	<u>-</u>	<u>-</u>	<u>(749,923)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	982,839	3,917	31,951	(749,855)	72,284	341,136
FUND BALANCES (DEFICIT) - BEGINNING	1,348,053	516,976	(437,790)	760,781	25,572	2,213,592
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 2,330,892</u>	<u>\$ 520,893</u>	<u>\$ (405,839)</u>	<u>\$ 10,926</u>	<u>\$ 97,856</u>	<u>\$ 2,554,728</u>

VILLAGE OF RICHFIELD

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances - Total Governmental Funds	\$	341,136
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements to be capitalized	1,180,700	
Depreciation expense reported in the statement of activities	<u>(523,573)</u>	
Amount by which capital outlay is greater than depreciation in the current period:		657,127
Amounts related to the pension that are in the fund financial statements.		
		(47,074)
Governmental funds do not recognize revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
Special assessments collected during the year:		(6,548)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of long-term debt principal payments in the current year is:		14,629
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	1,557	
The amount of interest accrued during the current period	<u>(1,690)</u>	
Interest paid is less than interest accrued by:		(133)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Employee benefits paid in current year	12,173	
Employee benefits earned in current year	<u>(7,571)</u>	
Amounts paid are more than amounts earned by:		<u>4,602</u>
Change in Net Position - Governmental Activities	\$	<u>963,739</u>

VILLAGE OF RICHFIELD

Balance Sheet

Fiduciary Fund

As of December 31, 2017

	<u>Agency</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Tax Roll Receivable	\$ 8,872,009
Cash and Investments - Restricted	11,334,355
TOTAL ASSETS	<u>\$ 20,206,364</u>
LIABILITIES	
Due to Other Taxing Units	<u>\$ 20,206,364</u>

See Accompanying Notes

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Village of Richfield, Wisconsin (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

This report includes all of the funds of the Village of Richfield. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village has not identified any component units that are required to be included in the 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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and impact fees. Taxes and other items not included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

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

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity (deficit), revenues, and expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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

Governmental Funds

Governmental funds are identified as either general, special revenue or capital project funds based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

Capital Project Funds are used to account for property taxes, bond proceeds, and other financial resources available to implement the Village's capital improvement plans.

Fiduciary Funds (Not included in government-wide statements)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and are reported using the full accrual method of accounting. Because by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fiduciary Fund (Not included in government-wide statements) (Continued)

Agency Fund

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The Village reports the following major governmental funds:

The *general fund*, which accounts for the Village's primary operating activities.

The *capital projects fund*, which accounts for revenue and expenditures specific to carry out the capital improvement plan.

The *park dedication fund*, which accounts for revenue and expenditures specified for park development.

The *municipal building fund*, which accounts for revenue and expenditures specified municipal building.

Non-Major Funds

The Village reports the following non-major funds:

Special Revenue Funds –

Richfield Utility No. 1 – Accounts for revenue and expenditures for lighting of a Village subdivision.

Bark Lake Utility – Accounts for revenue and expenditures for lighting the Village.

Richfield Utility No. 2 – Accounts for revenue and expenditures for lighting of a Village subdivision.

Fire Station – Accounts for revenue and expenditures specified for a new fire station building.

Fiduciary Fund

The Village reports the following agency fund:

Tax Collection – Accounts for tax revenue held for other taxing jurisdictions.

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, current liabilities, and current deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund financial statements have no measurement focus and utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No allowance for uncollectible delinquent personal property taxes has been provided since it is believed that the amount of such allowance would be immaterial.

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations.

Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. Capital assets are defined by the Village as assets with initial, individual cost of \$5,000 or more for machinery and equipment and \$25,000 or more for buildings, improvements and infrastructure and an estimated useful life in excess of one year.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

Buildings	50 Years
Improvements	7-20 Years
Machinery and Equipment	5-15 Years
Infrastructure	40 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has five items that qualify for reporting in this category in the statement of net position only. Accordingly, pension plan – differences between projected and actual experiences, pension plan – net differences between projected and actual earnings on pension plan investments, pension plan – changes in actuarial assumptions, pension plan – changes in proportion and differences between employer contributions and proportionate share of contributions, and pension plan – employer contributions subsequent to the measurement date are reported in the statement of net position.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The statement of financial position has four items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, pension plan – net differences between projected and actual earnings on pension plan investments, pension plan – differences between expected and actual experience, and pension plan – changes in proportion and differences between employer contributions and proportionate share of contributions are reported in the statement of net position. The governmental funds report taxes levied for subsequent year and special assessments as deferred inflows of resources on the balance sheet.

Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligation consists of state trust fund loans, accrued compensated absences and the pension liability.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued):

Compensated Absences

Governmental Funds

The Village's policy allows employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused vacation. Vacation payments are made based on the salary levels at time of termination.

Accrued vacation pay is recognized as an expenditure in governmental funds when liquidated with expendable available financial resources. Personal leave is accrued yearly at 96 hours per year. If all personal hours are not used by year end, they are converted to sick leave with a maximum of 600 hours. Accrued sick leave is not paid upon resignation, dismissal or retirement. Sick leave is recorded as an expenditure or expense when paid. Vacation is earned and taken based on a calendar year. Compensated absences earned as of December 31, 2017 are estimated to be \$14,641.

Government-Wide Statements

Compensated absences are accrued when incurred in the government-wide financial statements.

Payments for vacation and sick leave will be made at rates in effect when benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments.

Claims and Judgments

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

Equity Classifications

Government-Wide Statements

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position – Consists of resources 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) by law through constitutional provisions or enabling legislation reduced by liabilities related to those assets.
- Unrestricted component of net position – Is the net amount that does not meet the definition of "restricted" or "net investment in capital assets."

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

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as advances and unavailable special assessments), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance represents amounts constrained by the Village Board for a specific intended purpose. Intent can be expressed by the Village Board or by its designee. The Board designates the Finance Committee as authorized to assign fund balance to a specific purpose. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has adopted a minimum fund balance policy. A minimum unassigned fund balance equal to 20-25% of total general fund expenditures should be maintained at all times. In the event that unassigned fund balance falls above or below the desired range, the Village Administrator shall report such amounts to the Village Board as soon as practical. Should the actual amount for unassigned fund balance fall below the desired range, the Village shall create a plan to restore the appropriate levels. Should the actual amount of unassigned fund balance rise above the desired range, any excess funds will remain unassigned pending the Board's final decision concerning a transfer to another fund. It is the policy of the Village that such excess funds will be, by Board action reported in the spendable category of this policy. Any budget revision that will result in the unassigned fund balance dropping below the minimum level will require the approval of 2/3 vote of the Village Board.

Use of Estimates

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

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 2 - Cash and Investments

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

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

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2017 the bank balance of cash was \$13,351,757. The Village maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Deposits in each credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF) up to \$250,000 for the combined amounts of all accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The Village had the following deposits as of December 31, 2017:

Fully Insured Deposits	\$ 1,250,000
Collateralized with Securities held by the Pledging Financial Institution not in the Village's name	2,341,805
Uncollateralized	<u>9,759,952</u>
Total	<u><u>\$ 13,351,757</u></u>

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 2 - Cash and Investments (Continued)

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2017.

Interest Rate Risk

It is the Village's policy that each investment may not have a maturity of more than five years. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

At year end, the average maturity of investments is as follows:

Investment	Fair Value	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
Local Government Investment Pool	\$ 784,728	\$ 784,728	\$ -	\$ -	\$ -

The Local Government Investment Pool, an external investment pool operates as a joint venture under Section 66.0301 of the Wisconsin Statutes. Membership in the joint venture is limited to school districts, technical colleges, and municipalities in Wisconsin. The governing body, the Board of Commissioners, is elected by the membership.

The Local Government Investment Pool is not registered with the U.S. Securities and Exchanges Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government, any state governmental agency of the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment Pool are valued at cost, which approximates market.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices. As of December 31, 2017, the Village's credit quality ratings are as follows:

Investment	Cost	Aa	A	Not Rated
Local Government Investment Pool	\$ 784,728	\$ -	\$ -	\$ 784,728

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 3 - Property Taxes

The Village bills and collects its own property taxes and also levies for the Richfield School District, Friess Lake School District, Germantown School District, Slinger School District, Hartford-Union School District, Milwaukee Area Technical College, Moraine Park Technical College, Washington County and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

Under Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

Note 4 - Interfund Receivables and Payables

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Richfield Utility No. 1	\$ 761	Year End Cash Flow Timing
Bark Lake Utility	General Fund	25	Year End Cash Flow Timing
Richfield Utility No. 2	General Fund	265	Year End Cash Flow Timing
		<u>\$ 1,051</u>	

Note 5 - Long-Term Advance

Long-term advance at December 31, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Park Dedication Fund	<u>\$ 437,790</u>	Capital Improvements

Note 6 - Interfund Transfer

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Municipal Building Fund	General Fund	<u>\$ 749,923</u>	Capital Improvements

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 7 - Restricted Assets

Restricted cash and investments at December 31, 2017 are as follows:

Fund		Purpose
General Fund	\$ 1,462,219	Advance tax collections to finance 2018 operations
Richfield Utility No. 1	1,927	Advance tax collections to finance 2018 operations
Bark Lake Utility	1,488	Advance tax collections to finance 2018 operations
Richfield Utility No. 2	812	Advance tax collections to finance 2018 operations
	<u>\$ 1,466,446</u>	
Agency Fund	<u>\$ 11,334,355</u>	Advance tax collections to be paid to other taxing units

Note 8 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2017 were as follows:

	Balance 1/1/17	Increases	Decreases	Balance 12/31/17
Capital Assets not being Depreciated				
Land	\$ 1,599,552	\$ -	\$ -	\$ 1,599,552
Construction in Progress	3,362,462	257,645	3,306,773	313,334
Total Capital Assets not being Depreciated	<u>4,962,014</u>	<u>257,645</u>	<u>3,306,773</u>	<u>1,912,886</u>
Other Capital Assets				
Buildings and Improvements	1,362,100	3,702,771	-	5,064,871
Land Improvements	631,630	-	-	631,630
Machinery and Equipment	2,177,745	9,600	-	2,187,345
Infrastructure	11,721,546	517,457	-	12,239,003
Total Capital Assets being Depreciated	<u>15,893,021</u>	<u>4,229,828</u>	<u>-</u>	<u>20,122,849</u>
Total Capital Assets	<u>20,855,035</u>	<u>4,487,473</u>	<u>3,306,773</u>	<u>22,035,735</u>
Less Accumulated Depreciation for				
Buildings and Improvements	595,331	64,581	-	659,912
Land Improvements	186,591	33,564	-	220,155
Machinery and Equipment	1,356,632	128,077	-	1,484,709
Infrastructure	2,525,074	297,351	-	2,822,425
Total Accumulated Depreciation	<u>4,663,628</u>	<u>523,573</u>	<u>-</u>	<u>5,187,201</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,191,407</u>	<u>\$ 3,963,900</u>	<u>\$ 3,306,773</u>	<u>\$ 16,848,534</u>

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 8 - Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

General Government	\$ 44,803
Public Works	423,869
Culture and Education	<u>54,901</u>
Total Depreciation Expense	<u>\$ 523,573</u>

Note 9 - Operating Leases

The Village is the lessee of two vehicles under operating leases. Presented below is a schedule of future minimum lease payments at December 31, 2017:

<u>Year Ending</u>	<u>Amount</u>
2018	\$ 8,535
2019	<u>5,690</u>
	<u>\$ 14,225</u>

Rent expense for the operating leases for the year ended December 31, 2017 was \$8,535.

Note 10 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2017:

	<u>Outstanding 1/1/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding 12/31/17</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes Payable					
General Obligation Debt	\$ 1,029,719	\$ -	\$ 14,629	\$ 1,015,090	\$ 35,716
Other Liabilities					
Vested Compensated Absences	19,243	7,571	12,173	14,641	8,785
Net Pension Liability	65,519	57,578	88,289	34,808	-
Total Long-Term Liabilities	<u>\$ 1,114,481</u>	<u>\$ 65,149</u>	<u>\$ 115,091</u>	<u>\$ 1,064,539</u>	<u>\$ 44,501</u>

The general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Village. General obligation debt at December 31, 2017, is comprised of the individual issues listed below.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
Governmental Activities					
Long-Term Obligations					
2006 State Trust Loan	12/14/06	03/15/21	5.50%	\$ 134,225	\$ 6,410
2008 State Trust Loan	11/12/08	03/15/26	4.75%	24,326	8,680
2016 State Trust Loan	11/23/16	03/15/36	3.50%	1,000,000	1,000,000
					<u>\$ 1,015,090</u>

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2016

Note 10 - Long-Term Obligations (Continued)

Debt service requirements to maturity are as follows:

	Long-Term Debt		Total
	Principal	Interest	
2018	\$ 35,716	\$ 47,488	\$ 83,204
2019	41,087	34,627	75,714
2020	42,452	33,262	75,714
2021	44,047	31,667	75,714
2022	45,608	30,107	75,715
2023-2027	245,490	124,740	370,230
2028-2032	289,948	78,610	368,558
2033-2036	270,742	24,104	294,846
Total	\$ 1,015,090	\$ 404,605	\$ 1,419,695

The 2017 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$1,641,680,900. The legal debt limit and margin of indebtedness as of December 31, 2017, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$1,641,680,900)	\$ 82,084,045
Deduct long-term debt applicable to debt margin	1,015,090
Remaining Margin of Indebtedness Available	\$ 81,068,955

Note 11 - Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2017 includes the following:

	Governmental Activities
Net Investment in Capital Assets	
Capital Assets, Net of Accumulated Depreciation	\$ 16,848,534
Less: Related Long-Term Debt Outstanding	1,015,090
Total Net Investment in Capital Assets	15,833,444
Restricted for Pension Benefits	116,360
Unrestricted	2,559,832
Total Net Position - Government-Wide Statements	\$ 18,509,636

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 11 - Net Position/Fund Balances (Continued)

Fund balances (deficits) reported in the governmental funds balance sheet at December 31, 2017 are further classified as follows:

Non-Spendable	
General Fund	
Advance to Other Fund	\$ 437,790
Delinquent Personal Property Taxes	16,661
Total Non-Spendable Fund Balance	<u>454,451</u>
Restricted	
Municipal Building	
Capital Improvements	<u>10,926</u>
Assigned	
General Fund	
Capital Improvements	884,131
Street Maintenance	25,000
Capital Projects	520,893
Non-Major Funds	
Bark Lake Utility	246
Richfield Utility No. 2	386
Fire Station Fund	97,985
Total Assigned Fund Balance	<u>1,528,641</u>
Unassigned	
General Fund	
Park Dedication Fund	967,310
Non-Major Fund	(405,839)
Richfield Utility No. 1	(761)
Total Unassigned Fund Balance	<u>560,710</u>
Total Governmental Fund Balance	<u>\$ 2,554,728</u>

Deficit Fund Balances

The Village had the following funds with negative fund balances which will be covered by future revenues and the general fund if necessary:

Park Dedication	\$	405,839
Richfield Utility No. 1		761

Note 12 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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.

General Information about the Pension Plan

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. 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 prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 12 - Defined Benefit Pension Plan (Continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
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)

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. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$40,026 in contributions from the Village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%

Pension Liability, Pension Expense, and Deferred Outflows and Inflow of Resources Related to Pension

At December 31, 2017, the Village reported a liability of \$34,808 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.00422309%, which was an decrease of 0.00005507% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$88,289.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 12 - Defined Benefit Pension Plan (Continued)

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 13,272	\$ 109,469
Changes in assumptions	36,393	-
Net differences between projected and actual earnings on pension plan investments	207,585	34,320
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,118	4,281
Employer contributions subsequent to the measurement date	40,870	-
Total	\$ 299,238	\$ 148,070

The \$40,870 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 89,964	\$ 45,084
2019	89,964	45,084
2020	75,297	44,601
2021	3,070	13,301
2022	73	-

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
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.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 12 - Defined Benefit Pension Plan (Continued)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50.0%	45.0%	8.3%	5.4%
Fixed Income	24.5	37.0	4.2	1.4
Inflation Sensitive Assets	15.5	20.0	4.3	1.8
Real Estate	8.0	7.0	6.5	3.6
Private Equity/Debt	8.0	7.0	9.4	6.5
Multi-Asset	4.0	4.0	6.6	3.7
Total Core Fund	110.0%	120.0%	7.4%	4.5%
 <u>Variable Fund Asset Class</u>				
U.S. Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0	30.0	8.5	5.6
Total Variable Fund	100.0%	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

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability (asset). 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 3.78%. 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 (asset).

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 12 - Defined Benefit Pension Plan (Continued)

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's 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:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
Village's proportionate share of the net pension liability (asset)	\$457,926	\$34,808	(\$291,011)

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://eft.wi.gov/publications/cafr.htm> and reference report number 15-11.

Payables to the Pension Plan

The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. The amount due to WRS as of December 31, 2017 is \$7,736.

Note 13 - 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

Note 14 - Commitments and Contingencies

The Village has entered into an agreement with CG Schmidt, Inc. for construction of Messer/Mayer Mill, the remaining amount of this contract for 2018 is approximately \$80,000.

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

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

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2017

Note 15 - Tax Abatements

For the fiscal year ended December 31, 2017, the Village had no tax abatements.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE RICHFIELD
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date (Measurement Date)	Village's Proportion of the Net Pension Asset/Liability	Village's Proportionate Share of the Net Pension (Asset)/Liability	Village's Covered Payroll	Village's Proportionate Share of the Net Pension Asset/Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2016	0.00422309%	\$ 34,808	\$ 606,936	5.74%	99.12%
12/31/2015	0.00427816%	65,519	607,854	11.44%	98.20%
12/31/2014	0.00418144%	(160,366)	587,205	-17.49%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Village Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2017	\$ 40,870	\$ 40,870	\$ -	\$ 601,032	6.80%
12/31/2016	40,026	40,026	-	606,936	6.59%
12/31/2015	41,334	41,334	-	607,854	6.80%

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2015.

VILLAGE OF RICHFIELD
Schedule of Budgetary Comparison
General Fund
For the Year Ended December 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 2,545,640	\$ 2,545,640	\$ 2,544,112	\$ (1,528)
Special Assessments	18,091	18,091	6,548	(11,543)
Intergovernmental	725,409	725,409	711,138	(14,271)
Licenses and Permits	305,074	305,074	394,982	89,908
Fines, Forfeitures and Penalties	405	405	182	(223)
Public Charges for Services	68,085	68,085	115,043	46,958
Investment Income	11,970	11,970	18,696	6,726
Miscellaneous	14,550	385,681	389,156	3,475
Total Revenues	<u>3,689,224</u>	<u>4,060,355</u>	<u>4,179,857</u>	<u>119,502</u>
EXPENDITURES				
Current:				
General Government	660,185	660,185	634,700	25,485
Public Safety	1,057,884	1,057,884	1,056,556	1,328
Public Works	757,081	757,081	770,759	(13,678)
Culture and Recreation	163,771	435,789	170,293	265,496
Conservation and Development	91,952	91,952	117,747	(25,795)
Debt Service:				
Principal	14,629	14,629	14,629	-
Interest	1,557	1,557	1,557	-
Capital Outlay	1,315,871	1,315,871	1,180,700	135,171
Total Expenditures	<u>4,062,930</u>	<u>4,334,948</u>	<u>3,946,941</u>	<u>388,007</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(373,706)	(274,593)	232,916	507,509
OTHER FINANCING SOURCE				
Transfer In	367,706	367,706	749,923	382,217
NET CHANGE IN FUND BALANCE	(6,000)	93,113	982,839	889,726
FUND BALANCE - BEGINNING	<u>1,348,053</u>	<u>1,348,053</u>	<u>1,348,053</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,342,053</u>	<u>\$ 1,441,166</u>	<u>\$ 2,330,892</u>	<u>\$ 889,726</u>

VILLAGE OF RICHFIELD
Notes to Required Supplementary Information
December 31, 2017

Defined Benefit Pension Plan

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

Changes of assumptions. There were no changes in the assumptions.

Budgetary Controls

The Village follows these procedures in establishing the budgetary data:

- During the year, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board with a two-thirds majority vote.

The Park Dedication Fund and Municipal Building Fund are major special revenue funds but the Village does not adopt a separate budget for them.

Excess of Actual Expenditures Over Budget

The following fund had an excess of actual expenditures over budget for the year ended December 31, 2017:

<u>General Fund</u>	<u>Excess Expenditure</u>
Public Works	\$ 13,678
Conservation and Development	25,795

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SUPPLEMENTARY INFORMATION

VILLAGE OF RICHFIELD
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2017

	Special Revenue Funds				Total Nonmajor Funds
	Richfield Utility No.1	Bark Lake Utility	Richfield Utility No. 2	Fire Station Fund	
ASSETS					
Cash and Investments	\$ 286	\$ 443	\$ 241	\$ 97,985	\$ 98,955
Restricted Cash	1,927	1,488	812	-	4,227
Taxes Receivable	1,509	1,164	636	-	3,309
Due from Other Funds	-	25	265	-	290
TOTAL ASSETS	\$ 3,722	\$ 3,120	\$ 1,954	\$ 97,985	\$ 106,781
LIABILITIES					
Accounts Payable	\$ 286	\$ 222	\$ 120	\$ -	\$ 628
Due to Other Fund	761	-	-	-	761
Total Liabilities	1,047	222	120	-	1,389
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for Subsequent Period	3,436	2,652	1,448	-	7,536
FUND BALANCES (DEFICIT)					
Assigned	-	246	386	97,985	98,617
Unassigned	(761)	-	-	-	(761)
TOTAL FUND BALANCES (DEFICIT)	(761)	246	386	97,985	97,856
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)					
	\$ 3,722	\$ 3,120	\$ 1,954	\$ 97,985	\$ 106,781

VILLAGE OF RICHFIELD

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)

Nonmajor Governmental Funds

For the Year Ended December 31, 2017

	Special Revenue Funds				Total Nonmajor Funds
	Richfield Utility No. 1	Bark Lake Utility	Richfield Utility No. 2	Fire Station Fund	
REVENUES					
Taxes	\$ 3,436	\$ 2,652	\$ 1,448	\$ -	\$ 7,536
Impact Fees	-	-	-	72,213	72,213
Investment Income	-	-	-	71	71
Total Revenues	<u>3,436</u>	<u>2,652</u>	<u>1,448</u>	<u>72,284</u>	<u>79,820</u>
EXPENDITURES					
Street Lighting	3,436	2,652	1,448	-	7,536
NET CHANGE IN FUND BALANCES (DEFICIT)	-	-	-	72,284	72,284
FUND BALANCES (DEFICIT) - BEGINNING	(761)	246	386	25,701	25,572
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (761)</u>	<u>\$ 246</u>	<u>\$ 386</u>	<u>\$ 97,985</u>	<u>\$ 97,856</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison
General Fund
For the Year Ended December 31, 2017

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES AND OTHER FINANCING SOURCE				
TAXES				
General Property Taxes	\$ 2,544,073	\$ 2,544,073	\$ 2,544,073	\$ -
Other Taxes	1,567	1,567	-	(1,567)
Interest and Penalties on Delinquents	-	-	39	39
Total Taxes	<u>2,545,640</u>	<u>2,545,640</u>	<u>2,544,112</u>	<u>(1,528)</u>
SPECIAL ASSESSMENTS	<u>18,091</u>	<u>18,091</u>	<u>6,548</u>	<u>(11,543)</u>
INTERGOVERNMENTAL				
Shared Revenues	131,496	131,496	131,494	(2)
Fire Insurance Dues	53,472	53,472	57,696	4,224
Motor Oil Refund	1,000	1,000	4,324	3,324
General Highway Aids	322,196	322,196	322,197	1
Recycling	12,650	12,650	11,606	(1,044)
Forest Crop Land	100	100	1,005	905
Computer Aid	4,355	4,355	2,283	(2,072)
Ag Use Penalty	-	-	9,055	9,055
Payment in Lieu of Taxes	490	490	971	481
Other Grants	15,000	15,000	-	(15,000)
Building Inspection Fees	154,650	154,650	153,294	(1,356)
Fire Department Reimbursement	16,500	16,500	12,362	(4,138)
School Reimbursement	13,500	13,500	4,851	(8,649)
Total Intergovernmental	<u>725,409</u>	<u>725,409</u>	<u>711,138</u>	<u>(14,271)</u>
LICENSES AND PERMITS				
Liquor and Malt Beverage Licenses	12,000	12,000	11,733	(267)
Operators Licenses	7,000	7,000	8,516	1,516
Cigarette Licenses	600	600	520	(80)
Vending Machine License	3,000	3,000	2,765	(235)
Dog License	11,500	11,500	11,331	(169)
Kennel Licenses	50	50	42	(8)
Building Permits	120,631	120,631	178,461	57,830
Electrical Permit	23,365	23,365	34,443	11,078
Plumbing Permit	15,771	15,771	26,690	10,919
Zoning Permit	5,300	5,300	4,350	(950)
Right of Way Permits	4,000	4,000	6,825	2,825
Burning Permit	5,000	5,000	5,227	227
Other Permit	5,320	5,320	5,138	(182)
Cable Television Franchise Fee	91,537	91,537	98,941	7,404
Total Licenses and Permits	<u>305,074</u>	<u>305,074</u>	<u>394,982</u>	<u>89,908</u>
FINES AND FORFEITS				
Court Penalties and Fines	150	150	32	(118)
Dog Fines	255	255	150	(105)
Total Fines and Forfeits	<u>405</u>	<u>405</u>	<u>182</u>	<u>(223)</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2017

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
PUBLIC CHARGES FOR SERVICES				
CSM Review Fees	\$ 4,500	\$ 4,500	\$ 2,280	\$ (2,220)
Tax Research	2,000	2,000	2,812	812
Code Book and Maps	-	-	2,455	2,455
Zoning Appeals	1,500	1,500	910	(590)
Rezoning Fees	2,700	2,700	4,476	1,776
Engineering Fees Reimbursed	5,000	5,000	61,677	56,677
Transfer Station Fees	8,000	8,000	11,486	3,486
Recycling	5,000	5,000	866	(4,134)
Attorney Fee Reimbursement	13,000	13,000	6,631	(6,369)
Recording Fees	400	400	-	(400)
Publication Fees	2,260	2,260	1,351	(909)
House Numbers	500	500	795	295
State Seal	1,700	1,700	2,279	579
Road Bond	2,000	2,000	2,700	700
Equipment Use	-	-	22	22
Holding Tank Agreement Fees	100	100	-	(100)
Site Plan Fees	4,400	4,400	2,800	(1,600)
Subdivision Plat Fees	1,000	1,000	1,000	-
Park Rental Fees	4,500	4,500	450	(4,050)
Boat Launch Fees	4,000	4,000	2,192	(1,808)
Home Occupation Fees	225	225	150	(75)
Copies	200	200	222	22
Planner Fees Reimbursed	5,000	5,000	6,746	1,746
Labor Charges	-	-	735	735
Register Mail-Postage	100	100	8	(92)
Total Public Charges for Services	68,085	68,085	115,043	46,958
INVESTMENT INCOME				
Investment Income	10,000	10,000	18,696	8,696
Interest on Special Assessments	1,970	1,970	-	(1,970)
Total Investment Income	11,970	11,970	18,696	6,726
MISCELLANEOUS REVENUES				
Miscellaneous General Revenue	6,000	6,000	11,485	5,485
Contributions	50	371,181	371,131	(50)
Richfield Soccer League	4,500	4,500	3,000	(1,500)
Richfield Youth Program	3,000	3,000	3,540	540
Sale of Equipment and Land	1,000	1,000	-	(1,000)
Total Miscellaneous Revenues	14,550	385,681	389,156	3,475
OTHER FINANCING SOURCE				
Transfers In	367,706	367,706	749,923	382,217
TOTAL REVENUES AND OTHER FINANCING SOURCE	4,056,930	4,428,061	4,929,780	501,719

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2017

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
GENERAL GOVERNMENT				
Current				
Village Board	\$ 58,359	\$ 58,359	\$ 56,330	\$ 2,029
Administrator	127,431	127,431	109,148	18,283
Clerk	77,406	77,406	113,998	(36,592)
Elections	18,426	18,426	15,282	3,144
Property Assessment	49,401	49,401	49,489	(88)
Accounting and Auditing	11,100	11,100	11,000	100
Treasurer	119,536	119,536	77,581	41,955
Legal	69,000	69,000	68,151	849
Village Hall	70,069	70,069	66,812	3,257
Insurance	57,011	57,011	58,214	(1,203)
Miscellaneous	2,446	2,446	8,695	(6,249)
Total General Government	<u>660,185</u>	<u>660,185</u>	<u>634,700</u>	<u>25,485</u>
PUBLIC SAFETY				
Police Protection	321,250	321,250	317,008	4,242
Fire and Ambulance Protection	535,521	535,521	527,360	8,161
Inspection	199,218	199,218	210,293	(11,075)
Pest Control	1,895	1,895	1,895	-
Total Public Safety	<u>1,057,884</u>	<u>1,057,884</u>	<u>1,056,556</u>	<u>1,328</u>
PUBLIC WORKS				
Garage and Sheds	60,000	60,000	60,240	(240)
Highway and Street Maintenance	651,036	651,036	665,289	(14,253)
Street Lighting	30,000	30,000	23,980	6,020
Transfer Station	16,045	16,045	21,250	(5,205)
Total Public Works	<u>757,081</u>	<u>757,081</u>	<u>770,759</u>	<u>(13,678)</u>
CULTURE AND RECREATION				
Parks and Recreation	163,771	435,789	170,293	265,496
CONSERVATION AND DEVELOPMENT				
Planning and Appeals	48,952	48,952	35,867	13,085
Community Development	43,000	43,000	81,880	(38,880)
Total Conservation and Development	<u>91,952</u>	<u>91,952</u>	<u>117,747</u>	<u>(25,795)</u>
DEBT SERVICE				
Principal	14,629	14,629	14,629	-
Interest	1,557	1,557	1,557	-
Total Debt Service	<u>16,186</u>	<u>16,186</u>	<u>16,186</u>	<u>-</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
CAPITAL OUTLAY				
Village Hall	\$ 367,706	\$ 367,706	\$ 395,999	\$ (28,293)
Highway Maintenance and Equipment	698,114	698,114	540,555	157,559
Park and Recreation	250,051	250,051	244,146	5,905
Total Capital Outlay	<u>1,315,871</u>	<u>1,315,871</u>	<u>1,180,700</u>	<u>135,171</u>
TOTAL EXPENDITURES	<u>4,062,930</u>	<u>4,334,948</u>	<u>3,946,941</u>	<u>388,007</u>
NET CHANGE IN FUND BALANCE	(6,000)	93,113	982,839	889,726
FUND BALANCE - BEGINNING	<u>1,348,053</u>	<u>1,348,053</u>	<u>1,348,053</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,342,053</u>	<u>\$ 1,441,166</u>	<u>\$ 2,330,892</u>	<u>\$ 889,726</u>