

**YORKVILLE SEWER UTILITY DISTRICT #1**  
Racine County, Wisconsin

Audited Financial Statements  
with  
Independent Auditor's Report  
For the Years Ended  
December 31, 2017 and 2016

**Yorkville Sewer Utility District #1  
Racine County, Wisconsin**

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To the Board of Commissioners  
Yorkville Sewer Utility District #1  
Racine County, Wisconsin

## Independent Auditor's Report

We have audited the accompanying financial statements of the Yorkville Sewer Utility District #1 as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utility'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 Utility'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 financial position of the Yorkville Sewer Utility District #1 as of December 31, 2017 and 2016, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

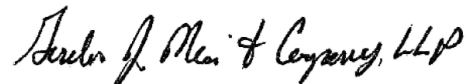
As discussed in Note A, the financial statements present only the Yorkville Sewer Utility District #1 and do not purport to, and do not, present fairly the financial position of the Town of Yorkville as of December 31, 2017 and 2016, and the changes in its financial position or, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### **Required Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Yorkville Sewer Utility District #1's basic financial statements. The accompanying supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Gordon J. Maier & Company, LLP  
Certified Public Accountants

**Yorkville Sewer Utility District #1**  
**Racine County, Wisconsin**  
**Statements of Net Position**  
**December 31, 2017 and 2016**

|                                               | <b>2017</b>             | <b>2016</b>             |
|-----------------------------------------------|-------------------------|-------------------------|
| <b>Assets</b>                                 |                         |                         |
| <b>Current Assets</b>                         |                         |                         |
| Cash and Working Funds (Notes A & B)          | \$ 412,585              | \$ 327,609              |
| Customer Accounts Receivable                  | 95,507                  | 99,043                  |
| Receivable from Municipality                  | 1,016                   | 1,035                   |
| <b>Total Current Assets</b>                   | <b>509,108</b>          | <b>427,687</b>          |
| <b>Restricted Investments</b>                 |                         |                         |
| Equipment Replacement Fund (Notes A & B)      | 26,136                  | 22,398                  |
| <b>Capital Assets (Note D)</b>                |                         |                         |
| Utility Plant                                 | 1,972,131               | 1,944,873               |
| <b>Less:</b> Accumulated Depreciation         | 742,710                 | 716,170                 |
| <b>Net Capital Assets</b>                     | <b>1,229,421</b>        | <b>1,228,703</b>        |
| <br><b>Total Assets</b>                       | <br><b>\$ 1,764,665</b> | <br><b>\$ 1,678,788</b> |
| <b>Liabilities and Net Position</b>           |                         |                         |
| <b>Current Liabilities</b>                    |                         |                         |
| Accounts Payable                              | 18,422                  | 23,126                  |
| Accrued Wages                                 | 4,072                   | 3,442                   |
| <b>Total Current Liabilities</b>              | <b>22,494</b>           | <b>26,568</b>           |
| <b>Net Position</b>                           |                         |                         |
| Net Investment in Capital Assets              | 1,229,421               | 1,228,703               |
| Restricted for Plant Maintenance (Note C)     | 26,136                  | 22,398                  |
| Unrestricted                                  | 486,614                 | 401,119                 |
| <b>Total Net Position</b>                     | <b>1,742,171</b>        | <b>1,652,220</b>        |
| <br><b>Total Liabilities and Net Position</b> | <br><b>\$ 1,764,665</b> | <br><b>\$ 1,678,788</b> |

The Accompanying Notes are an integral  
part of these Financial Statements.

**Yorkville Sewer Utility District #1**  
**Racine County, Wisconsin**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2017 and 2016**

|                                        | <b>2017</b>                | <b>2016</b>                |
|----------------------------------------|----------------------------|----------------------------|
| <b>Operating Revenues</b>              | <u>\$ 382,862</u>          | <u>\$ 378,140</u>          |
| <b>Operating Expenses</b>              |                            |                            |
| Operation and Maintenance Expenses     | 265,636                    | 297,726                    |
| Depreciation Expense                   | 26,540                     | 25,552                     |
| Taxes                                  | 3,794                      | 3,192                      |
| <b>Total Operating Expenses</b>        | <u>295,970</u>             | <u>326,470</u>             |
| <b>Operating Income</b>                | <u>86,892</u>              | <u>51,670</u>              |
| <b>Non-Operating Revenues</b>          |                            |                            |
| Investment Income                      | <u>3,059</u>               | <u>1,248</u>               |
| <b>Net Income Before Contributions</b> | 89,951                     | 52,918                     |
| <b>Capital Contributions</b>           | <u>-</u>                   | <u>6,000</u>               |
| <b>Changes in Net Position</b>         | 89,951                     | 58,918                     |
| <b>Net Position - January 1,</b>       | <u>1,652,220</u>           | <u>1,593,302</u>           |
| <b>Net Position-December 31,</b>       | <u><u>\$ 1,742,171</u></u> | <u><u>\$ 1,652,220</u></u> |

The Accompanying Notes are an integral  
part of these Financial Statements.

**Yorkville Sewer Utility District #1**  
**Racine County, Wisconsin**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

|                                                                     | <b>2017</b>       | <b>2016</b>       |
|---------------------------------------------------------------------|-------------------|-------------------|
| <b>Cash Flows from Operating Activities</b>                         |                   |                   |
| Receipts from Customers                                             | \$ 386,398        | \$ 376,392        |
| Receipts from Municipality                                          | 1,035             | 1,452             |
| Payments to Suppliers                                               | (232,777)         | (251,503)         |
| Payments to Municipality                                            | (1,016)           | (1,035)           |
| Payments to Employees                                               | (40,727)          | (44,190)          |
| <b>Net Cash Provided by Operating Activities</b>                    | <u>112,913</u>    | <u>81,116</u>     |
| <b>Cash Flows from Investing Activities</b>                         |                   |                   |
| Investment Income                                                   | <u>3,059</u>      | <u>1,248</u>      |
| <b>Cash Flows from Capital and Related Financing Activities</b>     |                   |                   |
| Acquisition and Construction of Utility Plant                       | (27,258)          | (6,721)           |
| Capital Contributions                                               | -                 | 6,000             |
| <b>Net Cash Used in Capital and Related Financing Activities</b>    | <u>(27,258)</u>   | <u>(721)</u>      |
| <b>Net Increase in Cash and Cash Equivalents</b>                    | 88,714            | 81,643            |
| <b>Cash and Cash Equivalents-January 1,</b>                         | <u>350,007</u>    | <u>268,364</u>    |
| <b>Cash and Cash Equivalents-December 31,</b>                       | <u>\$ 438,721</u> | <u>\$ 350,007</u> |
| <b>Reconciliation of Cash and Cash Equivalents to Balance Sheet</b> |                   |                   |
| Cash and Working Funds in Current Assets                            | \$ 412,585        | \$ 327,609        |
| Cash and Investments Reported in Restricted Investments             | 26,136            | 22,398            |
| <b>Total Cash and Cash Equivalents</b>                              | <u>\$ 438,721</u> | <u>\$ 350,007</u> |

The Accompanying Notes are an integral  
part of these Financial Statements.

**Yorkville Sewer Utility District #1**  
**Racine County, Wisconsin**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2017 and 2016**

|                                                  | <b>2017</b>       | <b>2016</b>      |
|--------------------------------------------------|-------------------|------------------|
| <b>Reconciliation of Operating Income to</b>     |                   |                  |
| <b>Net Cash Provided by Operating Activities</b> |                   |                  |
| Operating Income                                 | \$ 86,892         | \$ 51,670        |
| Adjustments to Reconcile Operating Income to     |                   |                  |
| Net Cash Provided by Operating Activities        | -                 |                  |
| Depreciation                                     | 26,540            | 25,552           |
| Changes in Assets and Liabilities                |                   |                  |
| From Increase (Decrease) in Cash                 |                   |                  |
| Accounts Receivable                              | 3,536             | (1,748)          |
| Receivable from Municipality                     | 19                | 417              |
| Accounts Payable                                 | (4,704)           | 6,107            |
| Due to Water Utility                             | -                 | (217)            |
| Accrued Wages                                    | 630               | (665)            |
| <b>Net Cash Provided by Operating Activities</b> | <b>\$ 112,913</b> | <b>\$ 81,116</b> |

The Accompanying Notes are an integral  
part of these Financial Statements.



**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note A. Summary of Significant Accounting Policies**

**Nature of Operations**

The Yorkville Sewer Utility District #1 (Utility) provides sewer service to properties within its service area and is managed by a commission consisting of the members of the Town of Yorkville board of supervisors along with two members of the general public. As a component unit of the Town of Yorkville, the commission is not required to include Management's Discussion and Analysis in its financial statements.

**Basis of Presentation**

The financial statements of the Yorkville Sewer Utility District #1 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Generally accepted accounting principles for local governments include those principles prescribed by GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the Utility are described below.

The Utility is an Enterprise Fund. Enterprise Funds are used to account for government operations that are financed and operating in a manner similar to private businesses where the intent of the organization is that all costs of providing goods and/or services to the public be financed through user charges, or where the Utility has deemed that periodic measurement of net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Utility accounts for its operations as an Enterprise Fund utilizing the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**Reporting Entity**

The Utility's financial statements include the accounts of all Utility operations. The criteria for determining the Utility as a component unit of the Town of Yorkville as set forth in GASB's Statement No. 39, *Determining Whether Certain Organizations are Component Units*, include whether:

- The Utility is legally separate (can sue and be sued in their own name)
- The economic resources received or held by the Utility are entirely, or almost entirely, for the direct benefit of the Town of Yorkville
- The Town of Yorkville is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Utility
- The economic resources received or held by the Utility that the Town of Yorkville is entitled to, or has the ability to otherwise access, are significant to the Town of Yorkville

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note A. Summary of Significant Accounting Policies (cont.)**

**Reporting Entity (cont.)**

Based on the aforementioned criteria, the Yorkville Water Utility District is considered a discretely presented component unit of the Town of Yorkville. However, the Town of Yorkville issued primary government only financial statements and, as such, financial information from the Utility has not been included with the Town of Yorkville's financial statements.

**Measurement Focus**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

The Utility's financial statements are accounted for on a flow of economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, or cost recovery, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with their activities are reported.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Utility are those directly associated with the billed sale of sewer service to its customers. Nonoperating revenues include all other revenues not fitting the definition of operating. For the Utility, nonoperating revenues represent investment earnings. Operating expenses for the Utility include the cost of sales and services, administrative expenses and depreciation on capital assets.

**Cash and Investments**

Cash includes amounts in demand deposits and the Wisconsin Local Government Investment Pool. Cash is stated at cost, which substantially equals fair value. Generally accepted accounting principles require all deposits and investments with remaining maturities at the date of purchase of one year or less at amortized cost. Other investments are to be reported at fair value. The Utility has reported its investments at cost inasmuch as it has determined the cost basis of its investments is not materially different from fair value. For purposes of the Statement of Cash Flows, cash equivalents are temporary cash investments with a maturity of three months or less at the date of purchase.

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note A. Summary of Significant Accounting Policies (cont.)**

**Capital Assets**

Additions to and replacements of utility plant are recorded at original cost, which includes material, labor, overheads and an allowance for the cost of funds used during construction, when significant. The Utility defines capital assets as items with an initial aggregate cost of more than \$500 and an estimated useful life of at least three years. The cost of renewals and improvements relating to retirements is added to plant accounts. The cost of property replaced, retired or otherwise disposed of is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. Donated capital assets are recorded at an estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend live are not capitalized.

**Depreciation**

The provision for depreciation shown in the financial statements results from the application of straight-line rates to original costs. Depreciation was equivalent to 1.35 percent of average depreciable plant for 2017. Depreciation expense for the years ended December 31, 2017 and 2016 was \$26,540 and \$25,552, respectively.

**Accounts Receivable**

No provision for uncollectible accounts receivable has been made in the accompanying financial statements because the Utility has the right, by law, to place delinquent sewer bills on the tax roll.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Revenue Recognition**

Sewer revenues are recorded based on actual service rendered; billings are made to customers on a quarterly basis. Unbilled sewer service at year end is not material and has not been recognized as revenue and receivables in the accompanying financial statements.

**Income Tax**

Municipal utilities are exempt from federal and state income taxes.

**Net Position**

Net position is comprised of the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note A. Summary of Significant Accounting Policies** (cont.)

**Net Position** (cont.)

**Net Investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component of the unspent proceeds.

**Restricted for Plant Maintenance** – This component of net position consists of amounts restricted by the Utility for plant maintenance.

**Unrestricted Net Position** – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment of capital assets”.

**Note B. Cash and Investments**

Investments of Utility funds are restricted by state statutes. Permitted investments for the Utility include any of the following:

- 1) Time deposits maturing within three years in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to do business in Wisconsin
- 2) Bonds or securities issued or guaranteed by the federal government and its agencies
- 3) The Wisconsin Local Government Investment Pool and Wisconsin Investment Trust
- 4) Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, city, town or school district of the state and the University of Wisconsin Hospitals and Clinics Authority
- 5) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date which it is acquired if that security has a rating which is the highest or second highest rating category by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating
- 6) Repurchase agreements with public depositories if the agreement is secured by federal bonds or securities
- 7) Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to:
  - a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government;
  - b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government; and
  - c) repurchase agreements that are fully collateralized by these bonds and securities.

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note B. Cash and Investments** (cont.)

The Utility's cash and investments at December 31, 2017 consisted of the following:

|                                           | <b>Carrying<br/>Amount</b> | <b>Amounts<br/>Deposited</b> | <b>Uninsured<br/>Deposits</b> |
|-------------------------------------------|----------------------------|------------------------------|-------------------------------|
| Checking Account                          | \$ 1,314                   | <u>\$ 7,274</u>              | <u>\$ -----</u>               |
| State Local Government<br>Investment Pool |                            | <u>437,407</u>               |                               |
| Total                                     |                            | <u>\$438,721</u>             |                               |

The cash and investments are recorded in the Statement of Net Position as follows:

|                        |                  |
|------------------------|------------------|
| Cash and Working Funds | \$412,585        |
| Restricted Investments | <u>26,136</u>    |
| Total                  | <u>\$438,721</u> |

The Utility maintained one of its accounts at Community State Bank in Union Grove, Wisconsin. Accounts in the bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for demand deposit accounts (non-interest bearing checking accounts) and \$250,000 for time and savings accounts (including interest-bearing NOW accounts). As of December 31, 2017 and 2016, Community State Bank had \$1,314 and \$5,619, respectively, on deposit of which \$-0- and \$-0- were uninsured.

Beyond FDIC coverage, the State of Wisconsin also provides limited protection for public depositors. The 1985 Wisconsin Act 25 prospectively abolished the state deposit guaranteed fund by providing that only the current balance in the fund may be used for the payment of losses of public deposits. While there is no longer a separate fund, an appropriation not to exceed \$400,000 above the amount of deposit insurance provided by the FDIC may be made to any public depositor for losses of the public depositor in any individual public depository in accordance with state law. Such appropriations are available until the fund is exhausted.

For all investments shown, the fair value at the balance sheet is substantially the same as the carrying value. The difference between the amounts reported as bank deposits and the carrying amount above is due to the effect of outstanding checks and deposits in transit on the Utility's cash balances.

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note B. Cash and Investments** (cont.)

The Utility addresses the following risks related to its cash and investments:

**Custodial Credit Risk** - Custodial credit risk represents the risk that in the event of a financial institution failure, the Utility's deposits may not be covered. At December 31, 2017, all of the Utility's bank deposits were covered by FDIC insurance and, therefore, minimized its exposure to custodial credit risk.

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The Utility has deposits in the Local Government Investment Pool which is not rated, however, consist of investments in federal government securities.

**Interest Rate Risk** - The Utility does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2017, the Utility's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$437,407. The LGIP had a weighted average maturity of 35 days at December 31, 2017.

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by sections 25.14 and 25.17 of the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements at December 31, 2017 is \$437,407 at cost basis. The fair value of the LGIP investment at December 31, 2017 did not materially differ from its cost basis. A surety bond by Financial Security, Inc. insures the investments of the LGIP. This bond provides unlimited coverage on all of the LGIP's investments except U.S. Government and agency securities.

The Utility does not have a formal investment policy.

**Note C. Restricted Investments**

Cash and investments have been restricted by the Utility for the following purposes:

|                            | <b>2017</b>      | <b>2016</b>      |
|----------------------------|------------------|------------------|
| Equipment Replacement Fund | <u>\$ 23,136</u> | <u>\$ 22,398</u> |

This information is an integral part of these Financial Statements.

**Yorkville Sewer Utility District  
Racine County, Wisconsin  
Notes to Financial Statements  
December 31, 2017 and 2016**

**Note D. Capital Assets**

|                                                | <b>Balance<br/>1/1/17</b> | <b>Increases</b>  | <b>Decreases</b> | <b>Balance<br/>12/31/17</b> |
|------------------------------------------------|---------------------------|-------------------|------------------|-----------------------------|
| Capital Assets not Being Depreciated           |                           |                   |                  |                             |
| Land and Land Rights                           | \$ 18,119                 | \$ --             | \$ --            | \$ 18,119                   |
| Capital Assets Being Depreciated               |                           |                   |                  |                             |
| Plant and Lift Station                         | 1,704,817                 | 20,680            | --               | 1,725,497                   |
| Equipment                                      | 216,775                   | 6,578             | --               | 223,353                     |
| Office Equipment                               | <u>5,162</u>              | <u>--</u>         | <u>--</u>        | <u>5,162</u>                |
|                                                | 1,926,754                 | 27,258            | --               | 1,954,012                   |
| <b>Less: Accumulated Depreciation</b>          | <u>716,170</u>            | <u>26,540</u>     | <u>--</u>        | <u>742,710</u>              |
| Total Capital Assets Being<br>Depreciated, Net | <u>1,210,584</u>          | <u>718</u>        | <u>--</u>        | <u>1,211,302</u>            |
| <b>Net Capital Assets</b>                      | <u>\$1,228,703</u>        | <u>\$ 718</u>     | <u>\$ --</u>     | <u>\$1,229,421</u>          |
|                                                |                           |                   |                  |                             |
|                                                | <b>Balance<br/>1/1/16</b> | <b>Increases</b>  | <b>Decreases</b> | <b>Balance<br/>12/31/16</b> |
| Capital Assets not Being Depreciated           |                           |                   |                  |                             |
| Land and Land Rights                           | \$ 18,119                 | \$ --             | \$ --            | \$ 18,119                   |
| Capital Assets Being Depreciated               |                           |                   |                  |                             |
| Plant and Lift Station                         | 1,702,096                 | 6,721             | (4,000)          | 1,704,817                   |
| Equipment                                      | 216,775                   | --                | --               | 216,775                     |
| Office Equipment                               | <u>5,162</u>              | <u>--</u>         | <u>--</u>        | <u>5,162</u>                |
|                                                | 1,924,033                 | 6,721             | (4,000)          | 1,926,754                   |
| <b>Less: Accumulated Depreciation</b>          | <u>694,618</u>            | <u>25,552</u>     | <u>(4,000)</u>   | <u>716,170</u>              |
| Total Capital Assets Being<br>Depreciated, Net | <u>1,229,415</u>          | <u>(18,831)</u>   | <u>--</u>        | <u>1,210,584</u>            |
| <b>Net Capital Assets</b>                      | <u>\$1,247,534</u>        | <u>\$(18,831)</u> | <u>\$ --</u>     | <u>\$1,228,703</u>          |

**Note E. Risk Management**

The Utility has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures or expenses in the various funds of the Utility. There were no settlements that exceeded insurance coverage in any of the past four years.

**Note F. Subsequent Events**

Subsequent events have been evaluated through April 9, 2018, which is the date the financial statements were available to be issued.

This information is an integral part of these Financial Statements.

**Supplementary Information**



**Yorkville Sewer Utility District #1**  
**Racine County, Wisconsin**  
**Schedules of Sewer Operating Revenues and Expenses**  
**For the Years Ended December 31, 2017 and 2016**

|                                                 | <b>2017</b>             | <b>2016</b>             |
|-------------------------------------------------|-------------------------|-------------------------|
| <b>Operating Revenues</b>                       |                         |                         |
| Residential Sales                               | \$ 48,180               | \$ 46,860               |
| Commercial Sales                                | 334,043                 | 328,544                 |
| Total Sales                                     | <u>382,223</u>          | <u>375,404</u>          |
| Forfeited Discounts                             | 639                     | 2,736                   |
| <b>Total Operating Revenues</b>                 | <u><u>382,862</u></u>   | <u><u>378,140</u></u>   |
| <b>Operating Expenses</b>                       |                         |                         |
| Plant Operation and Maintenance Expenses        |                         |                         |
| Salaries and Wages                              | 41,107                  | 41,323                  |
| Supplies and Expenses                           | 927                     | 996                     |
| Chemicals                                       | 1,300                   | 23,764                  |
| Truck Expenses                                  | 269                     | 728                     |
| Utilities                                       | 20,418                  | 20,477                  |
| Repairs of Equipment                            | 23,982                  | 15,964                  |
| Repairs of Sewer Plant                          | 8,090                   | 16,352                  |
| Sludge Hauling                                  | 50,310                  | 48,325                  |
| Total Plant Operation and Maintenance Expenses  | <u>146,403</u>          | <u>167,929</u>          |
| Administrative and General Expenses             |                         |                         |
| Commissioners' Salaries                         | 250                     | 400                     |
| Insurance Expense                               | 4,731                   | 4,337                   |
| Legal and Accounting                            | 3,896                   | 6,631                   |
| Office Supplies and Expense                     | 31,268                  | 32,038                  |
| Engineering Services                            | 36,054                  | 42,853                  |
| Outside Services - Sewer Monitoring/Planning    | 868                     | 83                      |
| Lab Testing                                     | 40,214                  | 41,472                  |
| Certification Fees and Education                | 1,952                   | 1,983                   |
| Total Administrative and General Expenses       | <u>119,233</u>          | <u>129,797</u>          |
| <b>Total Operation and Maintenance Expenses</b> | 265,636                 | 297,726                 |
| Depreciation Expense                            | 26,540                  | 25,552                  |
| Taxes                                           | 3,794                   | 3,192                   |
| <b>Total Operating Expenses</b>                 | <u><u>295,970</u></u>   | <u><u>326,470</u></u>   |
| <b>Operating Income</b>                         | <u><u>\$ 86,892</u></u> | <u><u>\$ 51,670</u></u> |