



April 22, 2021

To the Village Board  
Village of Yorkville  
Union Grove, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville (the "Village") for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 14, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Village's financial statements were:

Management's estimate of useful lives of the capital assets is based on industry standards. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the pension benefits is based on an actuarial valuation obtained by the Village. We evaluated the key factors and assumptions used to develop the pension benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of the Local Government Investment Pool (LGIP) is based on the value provided by Wisconsin Department of Administration-State Controller's Office as a pro rata share of the investment pool. We evaluated the key factors and assumptions used to develop the fair value of the LGIP in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 22, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of water, wastewater, and stormwater utilities operating revenues and expenses and budgetary information as included in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of the Village Board and management of the Village of Yorkville and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Huberty & Associates, S.C.*

**VILLAGE OF YORKVILLE**  
**Audited Financial Statements**  
**December 31, 2020**

# VILLAGE OF YORKVILLE

## Table of Contents

December 31, 2020

---

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 – 2
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	3
Statement of Activities	4 – 5
Balance Sheet – Governmental Funds	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Statement of Net Position – Fiduciary Fund	13
Statement of Change in Net Position – Fiduciary Fund	14
Notes to Financial Statements	15 – 34
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions – Wisconsin Retirement System	35
Schedule of Budgetary Comparison – General Fund	36
Notes to Required Supplementary Information	37
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Water, Wastewater, and Stormwater Utilities Operating Revenues and Expenses	38
Schedule of Detailed Budgetary Comparison – General Fund	39 – 40

## **INDEPENDENT AUDITORS' REPORT**



## Independent Auditors' Report

To the Village Board  
Village of Yorkville  
Union Grove, Wisconsin

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

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

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

### ***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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Yorkville'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 supplementary information is the responsibility of management.

The schedule of water, wastewater, and stormwater utilities operating revenues and expenses was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of water, wastewater, and stormwater utilities operating revenues and expenses is 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 an opinion or provide any assurance on it.

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
April 22, 2021

## **BASIC FINANCIAL STATEMENTS**



VILLAGE OF YORKVILLE

Statement of Net Position  
As of December 31, 2020

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 1,071,755	\$ 1,027,304	\$ 2,099,059
Receivables:			
Taxes	1,055,178	-	1,055,178
Accounts	53,525	127,654	181,179
Special Assessments	36,216	-	36,216
Other	-	1,259	1,259
Internal Balances	(754,378)	754,378	-
Inventories	-	4,986	4,986
Due from Other Governments	8,802	-	8,802
<b>Total Current Assets</b>	<u>1,471,098</u>	<u>1,915,581</u>	<u>3,386,679</u>
<b>Noncurrent Assets</b>			
Restricted Cash	581,037	260,466	841,503
Net Pension Asset	22,458	-	22,458
Capital Assets:			
Capital Assets Not Being Depreciated	20,992	86,368	107,360
Capital Assets, Net of Depreciation	3,964,275	3,538,300	7,502,575
<b>Total Noncurrent Assets</b>	<u>4,588,762</u>	<u>3,885,134</u>	<u>8,473,896</u>
<b>Total Assets</b>	<u>6,059,860</u>	<u>5,800,715</u>	<u>11,860,575</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pension	54,124	-	54,124
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	103,073	96,264	199,337
Accrued Liabilities	9,148	8,338	17,486
Accrued Interest	-	1,208	1,208
Deposits	59,000	-	59,000
Unearned Revenue	36,216	-	36,216
Due to Other Governments	250,000	-	250,000
Current Portion of Long-Term Debt	-	27,174	27,174
<b>Total Current Liabilities</b>	<u>457,437</u>	<u>132,984</u>	<u>590,421</u>
<b>Long-Term Liabilities</b>			
Noncurrent Portion of Long-Term Debt	-	27,922	27,922
<b>Total Liabilities</b>	<u>457,437</u>	<u>160,906</u>	<u>618,343</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pension	67,798	-	67,798
Taxes Levied for Subsequent Year	1,427,618	-	1,427,618
<b>Total Deferred Inflows of Resources</b>	<u>1,495,416</u>	<u>-</u>	<u>1,495,416</u>
<b>NET POSITION</b>			
Investment in Capital Assets	3,985,267	3,578,919	7,564,186
Restricted	8,784	260,466	269,250
Unrestricted	167,080	1,800,424	1,967,504
<b>TOTAL NET POSITION</b>	<u>\$ 4,161,131</u>	<u>\$ 5,639,809</u>	<u>\$ 9,800,940</u>

See Accompanying Notes

**VILLAGE OF YORKVILLE**  
Statement of Activities  
For the Year Ended December 31, 2020

	<b>Program Revenues</b>		
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
General Government	\$ 439,302	\$ 76,951	\$ 3,739
Public Safety	391,767	1,129	23,131
Public Works	563,516	261,451	149,885
Culture and Recreation	16,000	-	-
Health and Human Services	25,943	-	-
Conservation and Development	321,983	-	-
<b>Total Governmental Activities</b>	<b>1,758,511</b>	<b>339,531</b>	<b>176,755</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water Utility	207,225	241,336	1,072
Wastewater Utility	438,365	527,828	1,056
Stormwater Utility	28,832	55,907	-
<b>Total Business-Type Activities</b>	<b>674,422</b>	<b>825,071</b>	<b>2,128</b>
<b>TOTAL</b>	<b>\$ 2,432,933</b>	<b>\$ 1,164,602</b>	<b>\$ 178,883</b>

**GENERAL REVENUES**

Taxes:

    Property Taxes, Levied for General Purposes

    Other Taxes

Intergovernmental Revenues not Restricted to Specific Programs

Investment Income

Miscellaneous

**Total General Revenues**

**TRANSFER**

**CHANGE IN NET POSITION**

**NET POSITION - BEGINNING OF YEAR**

**NET POSITION - END OF YEAR**

<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (358,612)	\$ -	\$ (358,612)
(367,507)	-	(367,507)
(152,180)	-	(152,180)
(16,000)	-	(16,000)
(25,943)	-	(25,943)
(321,983)	-	(321,983)
<u>(1,242,225)</u>	<u>-</u>	<u>(1,242,225)</u>
-	35,183	35,183
-	90,519	90,519
-	27,075	27,075
<u>-</u>	<u>152,777</u>	<u>152,777</u>
<u>(1,242,225)</u>	<u>152,777</u>	<u>(1,089,448)</u>
1,086,630	-	1,086,630
58,483	-	58,483
113,619	-	113,619
16,354	6,896	23,250
14,390	-	14,390
<u>1,289,476</u>	<u>6,896</u>	<u>1,296,372</u>
<u>(574,589)</u>	<u>574,589</u>	<u>-</u>
(527,338)	734,262	206,924
<u>4,688,469</u>	<u>4,905,547</u>	<u>9,594,016</u>
<u>\$ 4,161,131</u>	<u>\$ 5,639,809</u>	<u>\$ 9,800,940</u>

See Accompanying Notes

VILLAGE OF YORKVILLE

Balance Sheet  
 Governmental Funds  
 As of December 31, 2020

	General	TID No. 1	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 1,071,755	\$ -	\$ 1,071,755
Restricted Cash	485,495	95,542	581,037
Receivables			-
Taxes	862,024	193,154	1,055,178
Accounts	53,525	-	53,525
Special Assessments	36,216	-	36,216
Due from Other Governments	8,802	-	8,802
Due from Other Funds	15,739	-	15,739
Advances from Other Funds	251,179	-	251,179
<b>TOTAL ASSETS</b>	<b>\$ 2,784,735</b>	<b>\$ 288,696</b>	<b>\$ 3,073,431</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 103,073	\$ -	\$ 103,073
Accrued Liabilities	9,148	-	9,148
Deposits	59,000	-	59,000
Due to Other Funds	149,719	28,094	177,813
Advances to Other Funds	-	843,483	843,483
Due to Other Governments	-	250,000	250,000
<b>Total Liabilities</b>	<b>320,940</b>	<b>1,121,577</b>	<b>1,442,517</b>
<b>Deferred Inflows of Resources</b>			
Special Assessments	36,216	-	36,216
Taxes Levied for Subsequent Year	1,138,922	288,696	1,427,618
<b>Total Deferred Inflows of Resources</b>	<b>1,175,138</b>	<b>288,696</b>	<b>1,463,834</b>
<b>Fund Balance</b>			
Assigned	125,193	-	125,193
Unassigned	1,163,464	(1,121,577)	41,887
<b>Total Fund Balance</b>	<b>1,288,657</b>	<b>(1,121,577)</b>	<b>167,080</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 2,784,735</b>	<b>\$ 288,696</b>	<b>\$ 3,073,431</b>

**VILLAGE OF YORKVILLE**

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position  
As of December 31, 2020

---

<b>Total Fund Balance - Governmental Fund</b>		\$	167,080
<p>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</p>			
<p>Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:</p>			
Governmental Capital Assets	5,331,447		
Governmental Accumulated Depreciation	<u>(1,346,180)</u>		3,985,267
<p>The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.</p>			
Deferred Outflows of Resources Related to Pension			54,124
Deferred Inflows of Resources Related to Pension			<u>(67,798)</u>
<p>The pension liability is not due in the current period and therefore not reported in the fund statements.</p>			
Net Pension Asset			<u>22,458</u>
<b>Total Net Position - Governmental Activities</b>		\$	<u><u>4,161,131</u></u>

**VILLAGE OF YORKVILLE**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds  
For the Year Ended December 31, 2020

	<u>General</u>	<u>TID No. 1</u>	<u>Funds</u>
<b>REVENUES</b>			
Taxes	\$ 1,147,525	\$ -	\$ 1,147,525
Intergovernmental	290,374	-	290,374
Licenses and Permits	287,841	-	287,841
Fines, Forfeitures and Penalties	1,129	-	1,129
Public Charges for Services	50,561	-	50,561
Miscellaneous	28,332	-	28,332
<b>Total Revenues</b>	<u>1,805,762</u>	<u>-</u>	<u>1,805,762</u>
<b>EXPENDITURES</b>			
General Government	434,063	5,006	439,069
Public Safety	391,767	-	391,767
Public Works	386,780	4,750	391,530
Culture and Recreation	16,000	-	16,000
Health and Human Services	25,943	-	25,943
Conservation and Development	53,658	268,338	321,996
Capital Outlay	434,682	-	434,682
<b>Total Expenditures</b>	<u>1,742,893</u>	<u>278,094</u>	<u>2,020,987</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	62,869	(278,094)	(215,225)
<b>OTHER FINANCING SOURCE (USE)</b>			
Transfer In	268,894	-	268,894
Transfer Out	-	(843,483)	(843,483)
<b>Total Other Financing Sources (Uses)</b>	<u>268,894</u>	<u>(843,483)</u>	<u>(574,589)</u>
<b>NET CHANGE IN FUND BALANCE</b>	331,763	(1,121,577)	(789,814)
<b>FUND BALANCE - BEGINNING</b>	<u>956,894</u>	<u>-</u>	<u>956,894</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,288,657</u>	<u>\$ (1,121,577)</u>	<u>\$ 167,080</u>

See Accompanying Notes

**VILLAGE OF YORKVILLE**

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance  
of the Governmental Fund to the Statement of Activities  
For the Year Ended December 31, 2020

---

**Net Change in Fund Balance - Total Governmental Fund** \$ (789,814)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	434,682	
Depreciation expense reported in the statement of activities	<u>(172,342)</u>	
Amount by which capital outlays are less than depreciation in the current period.		262,340

Amounts related to the pension that do not use current financial resources and therefore, are not reported in the fund financial statements.

		<u>136</u>
--	--	------------

**Change in Net Position - Governmental Activities** \$ (527,338)

**VILLAGE OF YORKVILLE**

Statement of Net Position

Fund Financial Grouping

As of December 31, 2020

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 705,634	\$ 259,641	\$ 62,029	\$ 1,027,304
Customer Accounts Receivable	22,058	105,596	-	127,654
Other Accounts Receivable	-	1,259	-	1,259
Due From Other Funds	102,883	5,884	55,907	164,674
Inventories	4,986	-	-	4,986
<b>Total Current Assets</b>	<u>835,561</u>	<u>372,380</u>	<u>117,936</u>	<u>1,325,877</u>
<b>NON-CURRENT ASSETS</b>				
Restricted Cash	222,326	38,140	-	260,466
Advances from Other Funds	171,431	420,873	-	592,304
Capital Assets:				
Land	10,000	30,619	-	40,619
Construction in Progress	45,749	-	-	45,749
Plant in Service	2,984,470	2,253,442	-	5,237,912
Accumulated Depreciation	(904,707)	(794,905)	-	(1,699,612)
Total Non-Current Assets	<u>2,529,269</u>	<u>1,948,169</u>	<u>-</u>	<u>4,477,438</u>
<b>Total Assets</b>	<u>3,364,830</u>	<u>2,320,549</u>	<u>117,936</u>	<u>5,803,315</u>
<b>CURRENT LIABILITIES</b>				
Current Portion of Long-Term Debt	-	-	27,174	27,174
Accounts Payable	13,058	63,206	20,000	96,264
Due to Other Funds	-	2,600	-	2,600
Accrued Liabilities	3,049	5,289	-	8,338
Accrued Interest	-	-	1,208	1,208
<b>Total Current Liabilities</b>	<u>16,107</u>	<u>71,095</u>	<u>48,382</u>	<u>135,584</u>
<b>NON-CURRENT LIABILITIES</b>				
Noncurrent Portion of Long-Term Obligations	-	-	27,922	27,922
<b>Total Liabilities</b>	<u>16,107</u>	<u>71,095</u>	<u>76,304</u>	<u>163,506</u>
<b>NET POSITION</b>				
Investment in Capital Assets	2,089,763	1,489,156	-	3,578,919
Restricted	222,326	38,140	-	260,466
Unrestricted	1,036,634	722,158	41,632	1,800,424
<b>TOTAL NET POSITION</b>	<u>\$ 3,348,723</u>	<u>\$ 2,249,454</u>	<u>\$ 41,632</u>	<u>\$ 5,639,809</u>

See Accompanying Notes



**VILLAGE OF YORKVILLE**  
Statement of Revenues, Expenses, and Changes in Net Position  
Fund Financial Grouping  
For the Year Ended December 31, 2020

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Stormwater Utility</u>	<u>Total</u>
<b>OPERATING REVENUES</b>	\$ 205,785	\$ 527,828	\$ 55,907	\$ 789,520
<b>OPERATING EXPENSES</b>				
Operation and Maintenance	143,933	405,847	27,163	576,943
Depreciation	60,618	32,518	-	93,136
Taxes	2,674	-	-	2,674
<b>Total Operating Expenses</b>	<u>207,225</u>	<u>438,365</u>	<u>27,163</u>	<u>672,753</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(1,440)</u>	<u>89,463</u>	<u>28,744</u>	<u>116,767</u>
<b>NON-OPERATING REVENUES (EXPENSE)</b>				
Rental Income	35,551	-	-	35,551
Federal Grants	1,072	1,056	-	2,128
Investment Income	4,449	2,371	76	6,896
Interest Expense	-	-	(1,669)	(1,669)
<b>Total Non-Operating Revenues (Expense)</b>	<u>41,072</u>	<u>3,427</u>	<u>(1,593)</u>	<u>42,906</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>39,632</u>	<u>92,890</u>	<u>27,151</u>	<u>159,673</u>
<b>TRANSFERS IN</b>	171,431	420,873	-	592,304
<b>TRANSFERS OUT</b>	(17,318)	(397)	-	(17,715)
<b>CHANGE IN NET POSITION</b>	193,745	513,366	27,151	734,262
<b>NET POSITION - BEGINNING</b>	<u>3,154,978</u>	<u>1,736,088</u>	<u>14,481</u>	<u>4,905,547</u>
<b>NET POSITION - ENDING</b>	<u>\$ 3,348,723</u>	<u>\$ 2,249,454</u>	<u>\$ 41,632</u>	<u>\$ 5,639,809</u>

**VILLAGE OF YORKVILLE**  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2020

	Water Utility	Wastewater Utility	Stormwater Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 208,067	\$ 519,530	\$ 55,490	\$ 783,087
Cash Paid to Municipality	(182,364)	(424,157)	-	(606,521)
Cash Paid to Suppliers for Goods and Services	(122,039)	(311,887)	(7,163)	(441,089)
Cash Paid to Employees for Services	(34,633)	(62,523)	-	(97,156)
<b>Net Cash Flows From Operating Activities</b>	<u>(130,969)</u>	<u>(279,037)</u>	<u>48,327</u>	<u>(361,679)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from Other Funds	171,431	420,873	-	592,304
Transfers to Other Funds	(17,318)	(397)	-	(17,715)
Grants	1,072	1,056	-	2,128
<b>Net Cash Flows From Noncapital Financing Activities</b>	<u>155,185</u>	<u>421,532</u>	<u>-</u>	<u>576,717</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Rental Income Received	35,551	-	-	35,551
Investment Income Received	4,449	2,371	76	6,896
<b>Net Cash Flows From Investing Activities</b>	<u>40,000</u>	<u>2,371</u>	<u>76</u>	<u>42,447</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of Capital Assets	(48,108)	(306,385)	-	(354,493)
Principal Paid	-	-	(26,441)	(26,441)
Interest Paid	-	-	(2,249)	(2,249)
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<u>(48,108)</u>	<u>(306,385)</u>	<u>(28,690)</u>	<u>(383,183)</u>
<b>NET CHANGE IN CASH AND INVESTMENTS</b>	16,108	(161,519)	19,713	(125,698)
<b>CASH AND INVESTMENTS - BEGINNING</b>	<u>911,852</u>	<u>459,300</u>	<u>42,316</u>	<u>1,413,468</u>
<b>CASH AND INVESTMENTS - ENDING</b>	<u>\$ 927,960</u>	<u>\$ 297,781</u>	<u>\$ 62,029</u>	<u>\$ 1,287,770</u>
<b>RECONCILIATION OF CASH AND INVESTMENTS PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS</b>				
Unrestricted Cash and Investments	\$ 705,634	\$ 259,641	\$ 62,029	\$ 1,027,304
Restricted Cash and Investments	<u>222,326</u>	<u>38,140</u>	<u>-</u>	<u>260,466</u>
<b>CASH AND INVESTMENTS PER STATEMENT OF CASH FLOWS</b>	<u>\$ 927,960</u>	<u>\$ 297,781</u>	<u>\$ 62,029</u>	<u>\$ 1,287,770</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (1,440)	\$ 89,463	\$ 28,744	\$ 116,767
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Non-Cash Items Included in Income:				
Depreciation	61,817	31,319	-	93,136
Meter Expense	(1,199)	1,199	-	-
Changes in Operating Assets and Liabilities:				
Accounts Receivable	2,282	(7,858)	-	(5,576)
Other Accounts Receivable	-	(440)	-	(440)
Due from Other Funds	(10,933)	(5,884)	(417)	(17,234)
Accounts Payable	(10,043)	30,465	20,000	40,422
Accrued Liabilities	(22)	972	-	950
Due to Other Funds	-	2,600	-	2,600
Advances to Other Funds	(171,431)	(420,873)	-	(592,304)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (130,969)</u>	<u>\$ (279,037)</u>	<u>\$ 48,327</u>	<u>\$ (361,679)</u>

**VILLAGE OF YORKVILLE**

Statement of Net Position

Fiduciary Fund

As of December 31, 2020

---

	<u>Custodial Fund</u>
	<u>Tax Collection</u>
<b>ASSETS</b>	
Restricted Cash and Investments	\$ 3,142,606
Taxes Receivable	<u>6,353,297</u>
<b>Total Assets</b>	<u>9,495,903</u>
<b>LIABILITIES</b>	
Due to Other Taxing Units	<u>9,495,903</u>
<b>NET POSITION</b>	
Restricted	<u>\$ -</u>

See Accompanying Notes

**VILLAGE OF YORKVILLE**  
Statement of Change in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2020

	<b>Custodial Fund</b>
	<b>Tax Collection</b>
<b>ADDITIONS</b>	
Taxes Collected on Behalf of Other Taxing Entities	\$ 6,148,926
<b>DEDUCTIONS</b>	
Taxes Remitted to Other Taxing Entities	6,148,926
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	-
<b>NET POSITION - ENDING</b>	\$ -

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

---

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Village of Yorkville (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 to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

**Reporting Entity**

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government. 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 no component units.

**Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly 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. Exceptions to this general rule are payments for charges which would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

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

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

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

---

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

#### Fund Financial Statements (Continued)

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 inflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenses/expenditures.

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

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary 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 and proprietary 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

##### 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 Fund

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village accounts for expenditures outlined in the Village's tax incremental project plans and related revenues in the special revenue fund.

#### Proprietary Funds

##### Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

#### Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial 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 accounting principles similar to proprietary funds. Because by definition these assets are being held for the benefit of a third party (such as 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 Funds (Continued)**

Custodial Funds

Custodial funds are used to account for assets held by the Village as a custodian for individuals, private organizations, and/or other governmental units.

**Major Funds**

The Village reports the following major governmental fund:

General Fund - which accounts for the Village's primary operating activities.

The Village reports the following major proprietary funds:

Water Utility - which operates the water distribution system.

Wastewater Utility - which operates the sewage treatment plant, sewage pumping stations and collection systems.

Stormwater Utility - which operates the stormwater system.

**Fiduciary Fund**

The Village reports the following custodial fund:

Tax Collection Fund - which accounts for taxes and deposits collected by the Village, acting in the capacity of a custodian, for distribution to other governmental units or designated beneficiaries.

**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, deferred outflows of resources, current liabilities, and 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, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

---

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to pension are recorded only when payment is due.

#### **Cash and Investments**

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

The Village also has funds invested in the Wisconsin Local Government Investment Pool.

#### **Restricted Cash**

Governmental Funds - Certain assets of the governmental funds are classified as restricted assets because their use is restricted for tax collections for the subsequent year budget as well as cash that has been collected for building deposits.

Enterprise Funds - Cash has been set aside to provide for replacement of certain water and sewer utility plant equipment.

Fiduciary Funds - Cash has been set aside to provide for advance tax collections of other taxing units.

#### **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 to the financial statements.

#### **Inventories**

Proprietary fund inventories are generally used for construction and for operation and maintenance work and are not for resale. They are valued at cost based on weighted average and charged to construction or operations and maintenance expense when used. Governmental fund inventory items are charged to expenditure accounts when purchased.

#### **Deferred Special Assessments**

Deferred special assessments consist of capital projects constructed through village capital. In governmental fund financial statements, special assessments are recorded as receivables and deferred inflows of resources when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements, special assessments are recorded as receivables and unearned revenue when the capital outlays are made. All special assessments will become due if the parcels of land are used for purposes other than residential housing or farming. Special assessment receivables that become delinquent are added to the general tax roll. The method of enforcing collections is the same as for general Village taxes.



# VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

---

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

### Capital Assets

#### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$2,500 or higher for governmental activities. Infrastructure improvements with a cost of \$20,000 or more are capitalized. For business-type activities, the threshold for capitalization is based on the Wisconsin Public Service Commission. Both also have an estimated useful life in excess of one year.

Capital assets are reported at actual or estimated historical cost. Donated assets are reported at estimated acquisition value at the time received.

General infrastructure assets acquired or constructed prior to January 1, 2004 are not reported in the financial statements as allowed by accounting principles generally accepted in the United States of America.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

#### Fund Financial Statements

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Buildings	20 - 40	20 - 50
Improvements	10 - 20	20 - 100
Plant, Machinery and Equipment	2 - 15	4 - 10
Infrastructure	20 - 50	-

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

---

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports 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) until then. The Village has one item that qualifies for reporting in this category. Accordingly, deferred outflows related to the pension plan are reported in the statement of net position. See Note 9 for details on the pension plan.

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 or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has two items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year and deferred inflows related to the pension plan are reported in the statement of net position. The governmental fund reports taxes levied for subsequent year and special assessments as deferred inflows of resources on the balance sheet. See Note 9 for details on the pension plan.

#### Pension

For purposes of measuring the net pension 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 the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Long-term debt for the governmental funds is not reported as a liability in the governmental fund financial statements.

#### Regulated Municipal Utility

Yorkville Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin. Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission.

The Yorkville Wastewater and Stormwater Utilities are not regulated.

Water, wastewater, and stormwater revenues are recorded based on actual service rendered; billings are made to customers through quarterly billings.

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

**Basis for Existing Rates**

Water Utility - The Public Service Commission of Wisconsin approved a water rate increase in February 1998.

Wastewater Utility - The utility board approved the current rates during March 2019.

Stormwater Utility - The utility board approved the current rates during July 2011.

**Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncement 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 and proprietary funds 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.

- Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- Restricted component of net position - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- Unrestricted component of net position - Net amount that does not meet the definition of "restricted" or "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 YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

---

**Note 1 - Summary of Significant Accounting Policies (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 inventories and prepaid amounts) 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, in the general fund, represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance, in the general fund, 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 not adopted a formal minimum fund balance policy.

**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 and disclosures. Actual results may differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

## VILLAGE OF YORKVILLE

### Notes to Financial Statements

December 31, 2020

#### 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 Custodial.
- 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, 2020, the Village's bank balance of cash was \$489,020. The Village maintains its cash accounts at one financial institution. 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.

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, 2020, 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 following represents a summary of deposits as of December 31, 2020:

Fully insured deposits	\$	309,102
Uninsured		179,918
Total	\$	<u>489,020</u>

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, 2020.

The Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange 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 or 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 amortized cost. The balance in the local government investment pool at December 31, 2020 was \$5,620,646.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool.

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 3 - Property Taxes**

The Village bills and collects its own property taxes and also levies for the Yorkville School District, Union Grove School District, Gateway Technical College, and Racine County.

Property taxes consist of taxes on real estate and personal property. They are levied during December 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 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

**Note 4 - Interfund Receivables, Payables, Advances, and Transfers**

Interfund receivables and payables between individual funds of the Village as of December 31, 2020, are as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Water Utility	General Fund	\$ 92,328	Public Fire Protection and Delinquent Utilities on Tax Roll
Water Utility	Wastewater Utility	2,600	Wastewater's Return on Meters
Stormwater Utility	General Fund	55,907	Special Charges on Tax Roll
Wastewater Utility	General Fund	1,484	Delinquent Utilities on Tax Roll
Water Utility	TID #1	7,955	2020 TID Administration
General Fund	TID #1	15,739	2020 TID Administration
Wastewater Utility	TID #1	4,400	2020 TID Administration
		<u>\$ 180,413</u>	

The following is a schedule of interfund advances which are not expected to be repaid in 2021:

Advance From	Advance To	Balance	Purpose
General Fund	TID #1	\$ 251,179	Capital Projects and TID Administration
Water Utility	TID #1	171,431	Capital Projects and TID Administration
Wastewater Utility	TID #1	420,873	Capital Projects and TID Administration
		<u>\$ 843,483</u>	

Interfund transfers for the year ended December 31, 2020, are as follows:

Fund Transferred To	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 17,318	Property Tax Equivalent
General Fund	TID #1	251,179	Capital Projects and TID Administration
General Fund	Wastewater Utility	397	Property Tax Equivalent
Water Utility	TID #1	171,431	Capital Projects and TID Administration
Wastewater Utility	TID #1	420,873	Capital Projects and TID Administration
		<u>\$ 861,198</u>	

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 5 - Restricted Assets**

Restricted assets on December 31, 2020 totaled \$3,984,109 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
<b>Governmental Fund:</b>		
General Fund	485,495	Advance tax collections to finance 2021 operations and building bond deposits
TID #1	<u>95,542</u>	Advance tax collections to finance 2021 operations and building bond deposits
Total Governmental Fund	<u>581,037</u>	
<b>Fiduciary Fund:</b>		
Tax Collection	<u>3,142,606</u>	Advance tax collections for other taxing jurisdictions
<b>Enterprise Funds:</b>		
Water Utility	222,326	To provide funds for equipment to maintain plant capacity
Wastewater Utility	<u>38,140</u>	To provide funds for equipment to maintain plant capacity
Total Enterprise Funds	<u>260,466</u>	
Total Restricted Assets	<u>\$ 3,984,109</u>	

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated:				
Land and Improvements	\$ 20,992	\$ -	\$ -	\$ 20,992
Construction in Progress	<u>59,613</u>	<u>-</u>	<u>(59,613)</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>80,605</u>	<u>-</u>	<u>(59,613)</u>	<u>20,992</u>
Other Capital Assets:				
Buildings and Improvements	9,516	-	-	9,516
Machinery and Equipment	28,902	10,670	-	39,572
Infrastructure	<u>4,777,742</u>	<u>483,625</u>	<u>-</u>	<u>5,261,367</u>
Total Capital Assets Being Depreciated	<u>4,816,160</u>	<u>494,295</u>	<u>-</u>	<u>5,310,455</u>
Total Capital Assets	<u>4,896,765</u>	<u>494,295</u>	<u>(59,613)</u>	<u>5,331,447</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	9,516	-	-	9,516
Machinery and Equipment	27,699	689	-	28,388
Infrastructure	<u>1,136,623</u>	<u>171,653</u>	<u>-</u>	<u>1,308,276</u>
Total Accumulated Depreciation	<u>1,173,838</u>	<u>172,342</u>	<u>-</u>	<u>1,346,180</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 3,722,927</u>	<u>\$ 321,953</u>	<u>\$ (59,613)</u>	<u>\$ 3,985,267</u>

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 6 - Capital Assets (Continued):**

Depreciation expense was charged to the following functions:

Governmental Activities	
General Government	\$ 356
Public Works	171,986
	<u>\$ 172,342</u>

**Business-Type Activities**

	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
<b>Water</b>				
Capital Assets not Being Depreciated:				
Land and Land Rights	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in Progress	-	45,749	-	45,749
Total Capital Assets not Being Depreciated	<u>10,000</u>	<u>45,749</u>	<u>-</u>	<u>55,749</u>
Capital Assets Being Depreciated:				
Pumping Plant	379,676	-	-	379,676
Water Treatment Plant	3,060	-	-	3,060
Transmission and Distribution Plant	2,488,508	3,558	889	2,491,177
General Plant	110,557	-	-	110,557
Total Capital Assets Being Depreciated	<u>2,981,801</u>	<u>3,558</u>	<u>889</u>	<u>2,984,470</u>
Total Capital Assets	2,991,801	49,307	889	3,040,219
Less: Accumulated Depreciation	<u>843,779</u>	<u>61,817</u>	<u>(889)</u>	<u>904,707</u>
Net Utility Plant	<u>\$ 2,148,022</u>	<u>\$ (12,510)</u>	<u>\$ -</u>	<u>\$ 2,135,512</u>
	<u>Balance 1/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/20</u>
<b>Wastewater</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 18,119	\$ 12,500	\$ -	\$ 30,619
Capital Assets Being Depreciated:				
Plant and Lift Station	1,726,805	242,528	-	1,969,333
Equipment	228,789	50,158	-	278,947
Office Equipment	5,162	-	-	5,162
Total Capital Assets Being Depreciated	<u>1,960,756</u>	<u>292,686</u>	<u>-</u>	<u>2,253,442</u>
Total Capital Assets	1,978,875	305,186	-	2,284,061
Less: Accumulated Depreciation	<u>763,586</u>	<u>31,319</u>	<u>-</u>	<u>794,905</u>
Net Utility Plant	<u>\$ 1,215,289</u>	<u>\$ 273,867</u>	<u>\$ -</u>	<u>\$ 1,489,156</u>



**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 6 - Capital Assets (Continued)**

Business-Type Activities	
Water Depreciation Charged to Accumulated Depreciation	\$ 61,817
Less: Share of Meter Depreciation	(1,199)
Water Depreciation Expense	<u>60,618</u>
Wastewater Depreciation Charged to Accumulated Depreciation	31,319
Plus: Share of Meter Depreciation	1,199
Wastewater Depreciation Expense	<u>32,518</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 93,136</u>

**Note 7 – Operating Lease**

Village of Yorkville has a building lease with the Village of Union Grove. Village of Yorkville's agreement with Village of Union Grove is through December 31, 2021 with an automatic renewal of the annual lease, unless terminated by either party 120 days before year end. The Village of Yorkville's lease payment for 2021 will be \$24,797 and will increase 3.5% each year the lease continues.

**Note 8 - Long-Term Obligations**

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2020:

	<u>Balance 1/1/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Direct Borrowing					
General Obligation Debt					
State Trust Fund Loan	<u>\$ 81,537</u>	<u>\$ -</u>	<u>\$ 26,441</u>	<u>\$ 55,096</u>	<u>\$ 27,174</u>

Interest paid during the year on long-term debt totaled \$2,248 for the business-type activities.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/20</u>
<b>Business-Type Activities</b>					
2013 State Trust Fund Loan	01/14/13	03/15/22	2.75%	\$ 225,000	<u>\$ 55,096</u>

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 8 - Long-Term Obligations (Continued):**

Debt service requirements to maturity are as follows:

	<b>Business Type</b>	
	<b>Long-Term Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2021	27,174	1,515
2022	27,922	768
	<u>\$ 55,096</u>	<u>\$ 2,283</u>

The 2020 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$636,521,600. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$636,521,600)	\$ 31,826,080
Deduct long-term debt applicable to debt margin	<u>(55,096)</u>
Remaining Margin of Indebtedness Available	<u>\$ 31,770,984</u>

**Note 9 - Net Position and Fund Balance**

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

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
Investment in Capital Assets			
Net Capital Assets	\$ 3,985,267	\$ 3,578,919	\$ 7,564,186
Less: Related Long-Term Debt Outstanding	-	- *	-
Investment in Capital Assets	<u>3,985,267</u>	<u>3,578,919</u>	<u>7,564,186</u>
Net Position Restricted For			
Equipment Replacement Fund	-	260,466	260,466
Pension Benefits	8,784	-	8,784
Total Restricted	<u>8,784</u>	<u>260,466</u>	<u>269,250</u>
Unrestricted	<u>167,080</u>	<u>1,800,424</u>	<u>1,967,504</u>
Total Net Position - Government-Wide Statements	<u>\$ 4,161,131</u>	<u>\$ 5,639,809</u>	<u>\$ 9,800,940</u>

\*The Village does not own or maintain any of the stormwater capital assets, and therefore, the loan associated with this activity is not considered to be capital-related debt.

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

---

### Note 9 - Net Position and Fund Balance (Continued)

Fund balances reported on the governmental fund balance sheet at December 31, 2020 are classified as follows:

Assigned		
General Fund		
Village Hall Maintenance	\$	125,193
Unassigned		
General Fund		1,163,464
Tax Incremental District No. 1		<u>(1,121,577)</u>
Total Unassigned Fund Balance (Deficit)		<u>41,887</u>
Total Governmental Fund Fund Balance	\$	<u><u>167,080</u></u>

The deficit fund balance in Tax Incremental District No. 1 will be corrected with subsequent years' revenues.

### Note 10 - Defined Benefit Pension Plan

#### **General Information about the Pension Plan**

**Plan Description.** The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**VILLAGE OF YORKVILLE**

Notes to Financial Statements

December 31, 2020

**Note 10 - 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>
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

**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, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$8,097 in contributions from the Village.

Contribution rates as of December 31, 2020 were:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020 the Village reported an asset of \$22,458 for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019 the Village's proportion was 0.0006965%, which was an increase of 0.0000228% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Village recognized pension expense of \$7,972.

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

**Note 10 - Defined Benefit Pension Plan (Continued)**

At December 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 42,631	\$ 21,334
Net differences between projected and actual earnings on pension plan investments	-	45,913
Changes in assumptions	1,750	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,646	551
Employer contributions subsequent to the measurement date	8,097	-
	<u>\$ 54,124</u>	<u>\$ 67,798</u>

The \$8,097 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2020	\$ (6,504)
2021	(4,273)
2022	810
2023	(11,804)
	<u>\$ (21,771)</u>

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

### Note 10 - Defined Benefit Pension Plan (Continued)

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 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:

#### Asset Allocation Targets and Expected Returns as of December 31, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0% *	7.5%	4.6%
Variable Fund Asset Class			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0%	7.8%	4.9%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

## VILLAGE OF YORKVILLE

Notes to Financial Statements

December 31, 2020

### Note 10 - Defined Benefit Pension Plan (Continued)

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
<b>Village's Proportionate Share of the Net Pension Liability (Asset)</b>	\$ 57,834	\$ (22,458)	\$ (82,486)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**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, is \$1,920 for December payrolls.

### Note 11 - 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 year.

### Note 12 - Commitments and Contingencies

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2020, are not likely to have a material adverse impact on the Village's financial position.

**VILLAGE OF YORKVILLE**  
Notes to Financial Statements  
December 31, 2020

---

**Note 13 - Commitments and Contingencies (Continued)**

Funds 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.

**Note 14 - Upcoming Accounting Pronouncement**

**GASB Statement No. 87, Leases**

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for years ending December 31, 2022.

The Village is evaluating the impact these standards will have on the financial statements when adopted.

**Note 15 – Subsequent events**

The Village has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 22, 2021, the date on which the financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF YORKVILLE**  
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- Employee Payroll	Village's Collective Net Pension Liability (Asset) as a Percentage of the Employer's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2019	0.00069650%	\$ (22,458)	\$ 111,736	-20.10%	102.96%
12/31/2018	0.00069422%	24,698	106,822	23.12%	96.45%
12/31/2017	0.00069344%	(20,589)	103,469	-19.90%	102.93%
12/31/2016	0.00090950%	7,496	99,872	7.51%	99.12%

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)	Village's Covered- Employee Payroll	Contributions as a Percentage of Covered Employee- Payroll
12/31/2020	\$ 8,097	\$ 8,097	-	\$ 119,959	6.75%
12/31/2019	7,318	7,318	-	111,736	6.55%
12/31/2018	7,157	7,157	-	106,822	6.70%
12/31/2017	7,035	7,035	-	103,469	6.80%
12/31/2016	6,591	6,591	-	99,872	6.60%

\*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 2016.

**VILLAGE OF YORKVILLE**  
Schedule of Budgetary Comparison  
General Fund  
For the Year Ended December 31, 2020

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 1,166,732	\$ 1,166,732	\$ 1,147,525	\$ (19,207)
Intergovernmental	254,911	254,911	290,374	35,463
Licenses and Permits	152,403	275,653	287,841	12,188
Fines, Forfeitures and Penalties	50	50	1,129	1,079
Public Charges for Services	51,691	51,691	50,561	(1,130)
Miscellaneous	38,500	38,500	28,332	(10,168)
<b>Total Revenues</b>	<u>1,664,287</u>	<u>1,787,537</u>	<u>1,805,762</u>	<u>18,225</u>
<b>EXPENDITURES</b>				
General Government	372,387	405,485	434,063	(28,578)
Public Safety	324,933	391,834	391,767	67
Public Works	582,176	586,876	386,780	200,096
Culture and Recreation	20,700	16,000	16,000	-
Health and Human Services	25,888	26,138	25,943	195
Conservation and Development	32,875	55,875	53,658	2,217
Capital Outlay	676,029	676,029	434,682	241,347
<b>Total Expenditures</b>	<u>2,034,988</u>	<u>2,158,237</u>	<u>1,742,893</u>	<u>415,344</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(370,701)	(370,700)	62,869	433,569
<b>OTHER FINANCING SOURCE</b>				
Transfer In	17,714	17,714	268,894	251,180
<b>NET CHANGE IN FUND BALANCE</b>	(352,987)	(352,986)	331,763	684,749
<b>FUND BALANCE - BEGINNING</b>	956,894	956,894	956,894	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 603,907</u>	<u>\$ 603,908</u>	<u>\$ 1,288,657</u>	<u>\$ 684,749</u>

**VILLAGE OF YORKVILLE**  
Notes to Required Supplementary Information  
December 31, 2020

---

**Defined Benefit Pension Plan**

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

*Changes of assumptions.* No significant change in assumptions were noted from the prior year.

**Budgetary Process**

The Village follows these procedures in establishing the budgetary data:

- During October, 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 accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. 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.

**Excess of Actual Expenditures Over Budget in Individual Funds**

The Village had the following function with an excess of actual expenditures over budget for the year ended December 31, 2020:

General Government	\$ 28,578
--------------------	-----------

## **SUPPLEMENTARY INFORMATION**

**VILLAGE OF YORKVILLE**

Schedule of Water, Wastewater, and Stormwater Utilities Operating Revenues and Expenses  
For the Year Ended December 31, 2020

**OPERATING REVENUES**

**Sales:**

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater</u>	<u>Total</u>
Metered Sales:				
Residential	\$ -	\$ 51,961	\$ -	\$ 51,961
Commercial	88,232	357,997	-	446,229
Irrigation	15,183	-	-	15,183
<b>Total Metered Sales</b>	<u>103,415</u>	<u>409,958</u>	<u>-</u>	<u>513,373</u>
Unmetered Sales	1,252	-	-	1,252
Public Fire Protection	91,950	-	-	91,950
<b>Total Sales</b>	<u>196,617</u>	<u>409,958</u>	<u>-</u>	<u>606,575</u>

**Other Operating Revenues**

Miscellaneous	9,168	5,870	-	15,038
Connection Fees	-	112,000	-	112,000
Special Charges	-	-	55,907	55,907
<b>Total Operating Revenues</b>	<u>205,785</u>	<u>527,828</u>	<u>55,907</u>	<u>789,520</u>

**OPERATING EXPENSES**

**Operation, Maintenance and General Expenses**

Operation and Maintenance Expenses:

Supervision and Labor	34,186	63,013	-	97,199
Maintenance and Repairs	35,507	76,881	24,463	136,851
Power Purchased for Pumping	12,316	-	-	12,316
Chemicals	3,199	10,869	-	14,068
Operating Supplies and Expenses	7,914	5,252	-	13,166
Sludge Hauling	-	42,840	-	42,840
Lab Testing	-	39,892	-	39,892
Utilities	-	17,814	-	17,814
Transportation Expenses	-	373	-	373
<b>Total Operating and Maintenance Expenses</b>	<u>93,122</u>	<u>256,934</u>	<u>24,463</u>	<u>374,519</u>

**Administrative and General Expenses**

Administrative Salaries and Wages	425	482	600	1,507
Office Supplies and Expenses	5,175	34,704	-	39,879
Professional Services	40,741	106,143	2,100	148,984
Property Insurance	4,228	4,731	-	8,959
Miscellaneous	242	2,853	-	3,095
<b>Total Administrative and General Expenses</b>	<u>50,811</u>	<u>148,913</u>	<u>2,700</u>	<u>202,424</u>

**Total Operation, Maintenance and General Expenses**

<u>143,933</u>	<u>405,847</u>	<u>27,163</u>	<u>576,943</u>
----------------	----------------	---------------	----------------

**Other Operating Expenses**

Depreciation	60,618	32,518	-	93,136
Taxes	2,674	-	-	2,674
<b>Total Other Operating Expenses</b>	<u>63,292</u>	<u>32,518</u>	<u>-</u>	<u>95,810</u>

**Total Operating Expenses**

<u>207,225</u>	<u>438,365</u>	<u>27,163</u>	<u>672,753</u>
----------------	----------------	---------------	----------------

**OPERATING INCOME (LOSS)**

<u>\$ (1,440)</u>	<u>\$ 89,463</u>	<u>\$ 28,744</u>	<u>\$ 116,767</u>
-------------------	------------------	------------------	-------------------

**VILLAGE OF YORKVILLE**  
Schedule of Detailed Budgetary Comparison  
General Fund  
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>REVENUE AND OTHER FINANCING SOURCE</b>				
<b>TAXES</b>				
General Property Taxes	\$ 1,086,630	\$ 1,086,630	\$ 1,086,630	\$ -
Other Taxes	70,102	70,102	58,709	(11,393)
Room Tax	10,000	10,000	2,186	(7,814)
<b>Total Taxes</b>	<u>1,166,732</u>	<u>1,166,732</u>	<u>1,147,525</u>	<u>(19,207)</u>
<b>INTERGOVERNMENTAL</b>				
Shared Revenues	40,819	40,819	40,852	33
Fire Insurance Dues	22,250	22,250	23,131	881
General Highway Aids	126,298	126,298	126,127	(171)
Bridge Aids	-	-	16,000	16,000
Computer Aid	6,597	6,597	6,597	-
Recycling Grant	7,750	7,750	7,758	8
Personal Property Aid	33,710	33,710	33,710	-
Other State Aids	17,487	17,487	36,199	18,712
<b>Total Intergovernmental</b>	<u>254,911</u>	<u>254,911</u>	<u>290,374</u>	<u>35,463</u>
<b>LICENSES AND PERMITS</b>				
Business Licenses	18,253	18,253	20,626	2,373
Nonbusiness Licenses	3,550	3,550	5,764	2,214
Building Permits	127,000	250,250	258,901	8,651
Other Permits	3,600	3,600	2,550	(1,050)
<b>Total Licenses and Permits</b>	<u>152,403</u>	<u>275,653</u>	<u>287,841</u>	<u>12,188</u>
<b>FINES AND FORFEITS</b>				
Fines, Forfeitures, and Penalties	50	50	1,129	1,079
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government Fees	4,005	4,005	2,875	(1,130)
Wastewater Utility Fees	36,000	36,000	36,000	-
Water Utility Fees	11,086	11,086	11,086	-
Stormwater Utility Fees	600	600	600	-
<b>Total Public Charges for Services</b>	<u>51,691</u>	<u>51,691</u>	<u>50,561</u>	<u>(1,130)</u>
<b>MISCELLANEOUS REVENUES</b>				
Interest	37,500	37,500	13,942	(23,558)
Insurance Recoveries	1,000	1,000	1,489	489
Other Miscellaneous Revenues	-	-	12,901	12,901
<b>Total Miscellaneous Revenues</b>	<u>38,500</u>	<u>38,500</u>	<u>28,332</u>	<u>(10,168)</u>
<b>OTHER FINANCING SOURCE</b>				
Transfer In	17,714	17,714	268,894	251,180
<b>TOTAL REVENUES AND OTHER FINANCING SOURCE</b>	<u>\$ 1,682,001</u>	<u>\$ 1,805,251</u>	<u>\$ 2,074,656</u>	<u>\$ 269,405</u>

**VILLAGE OF YORKVILLE**  
Schedule of Detailed Budgetary Comparison - Continued  
General Fund  
For the Year Ended December 31, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Legislative				
Village Board	\$ 49,016	\$ 49,016	\$ 49,056	\$ (40)
Planning Commission	2,422	2,422	1,519	903
Printing and Publications	5,500	5,500	6,144	(644)
Ordinance Codification	1,000	1,000	720	280
Dues, Conventions, and Education	4,750	4,750	2,574	2,176
Municipal Court	3,000	3,000	2,812	188
Legal	40,000	70,348	69,225	1,123
Administrator-Clerk	88,194	88,194	89,118	(924)
Treasurer	60,312	60,062	67,594	(7,532)
Deputy Clerk-Treasurer	22,391	22,391	21,686	705
Elections	14,000	14,000	17,995	(3,995)
Audit	5,205	5,205	5,059	146
Assessor	27,182	27,182	26,839	343
Village Hall Expenses	29,708	29,708	44,200	(14,492)
Property and Liability Insurance	19,707	22,707	17,890	4,817
Tax Refund	-	-	11,632	(11,632)
<b>Total General Government</b>	<u>372,387</u>	<u>405,485</u>	<u>434,063</u>	<u>(28,578)</u>
<b>PUBLIC SAFETY</b>				
Constable	16,799	16,799	16,757	42
Fire Protection and Rescue Squad	206,584	206,584	206,584	-
Address Signs	750	1,401	1,402	(1)
Building Inspections	100,800	167,050	167,024	26
<b>Total Public Safety</b>	<u>324,933</u>	<u>391,834</u>	<u>391,767</u>	<u>67</u>
<b>PUBLIC WORKS</b>				
Highway Maintenance	175,800	175,800	91,943	83,857
Snow Removal	120,000	120,000	72,908	47,092
Highway Mowing	20,250	20,250	27,050	(6,800)
Bridges and Culverts	45,125	45,125	2,995	42,130
Stormwater Drainage	178	178	178	-
Street Lighting	15,000	15,000	13,407	1,593
Engineering	47,500	47,500	24,320	23,180
Sanitation	106,250	106,250	98,842	7,408
Recycling	51,750	56,450	54,814	1,636
Weed and Nuisance Control	323	323	323	-
<b>Total Public Works</b>	<u>582,176</u>	<u>586,876</u>	<u>386,780</u>	<u>200,096</u>
<b>CULTURE AND RECREATION</b>				
Recreation Programs	20,700	16,000	16,000	-
<b>HEALTH AND HUMAN SERVICES</b>				
Animal Control	2,635	2,885	2,690	195
Public Health Services	23,253	23,253	23,253	-
<b>Total Health and Human Services</b>	<u>25,888</u>	<u>26,138</u>	<u>25,943</u>	<u>195</u>
<b>CONSERVATION AND DEVELOPMENT</b>				
Planning	25,000	48,000	46,158	1,842
Bus Service	7,875	7,875	7,500	375
<b>Total Conservation and Development</b>	<u>32,875</u>	<u>55,875</u>	<u>53,658</u>	<u>2,217</u>
<b>CAPITAL OUTLAY</b>				
General Government	13,500	13,500	10,670	2,830
Public Works	662,529	662,529	424,012	238,517
<b>Total Capital Outlay</b>	<u>676,029</u>	<u>676,029</u>	<u>434,682</u>	<u>241,347</u>
<b>Total Expenditures</b>	<u>2,034,988</u>	<u>2,158,237</u>	<u>1,742,893</u>	<u>415,344</u>
<b>NET CHANGE IN FUND BALANCE</b>	(352,987)	(352,986)	331,763	684,749
<b>FUND BALANCE - BEGINNING</b>	956,894	956,894	956,894	-
<b>FUND BALANCE - ENDING</b>	<u>\$ 603,907</u>	<u>\$ 603,908</u>	<u>\$ 1,288,657</u>	<u>\$ 684,749</u>





To the Village Board  
of the Village of Yorkville  
Yorkville, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Yorkville as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Yorkville's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Yorkville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Yorkville's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be significant deficiency:

#### **Segregation of Duties**

Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction. Due to the size of the Village and the limited number of employees in the accounting area, the internal controls over cash receipts and disbursements are inadequate because of a lack of segregation of duties. We understand that this condition is not unusual in villages of this size, and it may be cost prohibitive to hire additional employees to improve the internal controls; but we are required to communicate this deficiency. Under these conditions, the most effective controls rest in management's knowledge and monitoring of the Village's finances.

Additionally, during our audit, we became aware of several matters that are opportunities for strengthening efficiency.

#### **Cash Accounts**

As of December 31, 2020, the Village held funds in one financial institution of \$489,020. Of this, \$250,000 is insured by the Federal Deposit Insurance Corporation (FDIC). This leaves the Village with uninsured funds of \$179,918. We recommend the Village obtain a pledged collateral agreement with the bank to alleviate the risk of deposits in excess of insured limits.

#### **Minimum Fund Balance/Net Position Policy**

A minimum fund balance/net position policy is created to offset unanticipated events that could adversely affect the financial condition of the Village. This policy will ensure that the Village maintains an adequate "cushion" in order to provide sufficient cash flow for daily financial needs and provide funds for revenue shortfalls or unanticipated expenditures. A fund balance/net position policy should be based on a percentage of revenues or expenditures,

depending on which is less volatile. Whether revenues or expenditures are used may vary depending on the fund. Some funds, such as the general fund, have more predictable revenues, while other funds, such as utility funds, have more predictable expenditures. The Village Board should set a minimum fund balance/net position, generally no less than two months of operating revenues or expenditures.

We have already discussed many of these comments and suggestions with various Village personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of Village management, Village Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Huberty & Associates, S.C.*

Fond du Lac, Wisconsin  
April 22, 2021