

VILLAGE OF SUMMIT
Summit, Wisconsin

**Basic Financial Statements
And Supplementary Information**

Year Ended December 31, 2018

VILLAGE OF SUMMIT
Summit, Wisconsin

Year Ended December 31, 2018

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Independent Auditors' Report

To the Village Board
Village of Summit
Summit, 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 Summit, Wisconsin ("Village"), as of and for the year ended December 31, 2018, and the related notes to 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Summit, Wisconsin, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1H, 5 and 12 to the financial statements, in 2018 the Village adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 13 and 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Reilly, Penner & Benton LLP

May 3, 2019
Milwaukee, Wisconsin

Village of Summit, Waukesha County, Wisconsin Management's Discussion and Analysis December 31, 2018

(UNAUDITED)

As management of the Village of Summit, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village's year ended December 31, 2018. The Village of Summit was incorporated by the State of Wisconsin from the remaining Town of Summit on July 29, 2010. The Town implemented the provisions of Governmental Accounting Standards Board Statement 34 effective for the Town on January 1, 2005. The Village of Summit has continued these standards and continued to implement additional GASB recommendations as identified by the Village's Audit firm.

A. Financial Highlights

The assets of the Village of Summit exceeded its liabilities at the close of the most recent fiscal year by \$13,746,611, an increase of over \$1,320,463 from 2017. The increase came in part by reducing the Summit Utility District #2 debt and continued collection of the Amended Final Special Assessment Resolution in Summit Utility District #2. The bridge loan that was shown in 2017 as a liability was paid off during 2018 from proceeds of the GO Bond.

The Village of Summit includes GASB 54 fund balance reporting descriptions as part of the Financial Statements. This information provides a clearer fund balance classification that can be more consistently applied. This reporting policy uses fund balance classifications in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in government funds. The categories include Non-spendable, Restricted, Committed, Assigned and Unassigned. Page 33 of the Notes to Financial Statements further describes these classifications.

As of the close of the current fiscal year, Summit's Governmental Funds reported ending fund balances of \$2,482,681, a decrease of \$6,706,159. Of this ending fund balance, approximately 52.53% of this total amount (or \$1,304,137) represents monies available for spending at the government's discretion (Unassigned Funds). At year-end, management had committed \$702,772 from these monies for specific purposes.

At the end of the current fiscal year the Unassigned fund balance for the general fund was \$1,304,262, or 62.86% of total general fund balance. The Village's total debt responsibility decreased by \$7,084,458. The Village used proceeds from general obligation bonds received at the end of 2017 to repay a bridge loan from the Board of Commissioners of Public Lands in the amount of \$6,258,582 for construction of the new Village Hall, Department of Public Works and Police Department. The Village also repaid \$89,581 in other general obligation debt as well as paying business-type debt of \$655,000. Liabilities for compensated absences decreased by \$81,295.

B. Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Summit's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2018

B. Overview of the Financial Statements (continued)

B.1. Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Village of Summit's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position for the Village. Since 2007, the total assets for the community have increased by \$7,135,237, to \$31,606,439. This value exists in spite of ongoing depreciation of the Village's utility system infrastructure. The net position of the Village has increased from \$6,177,047 in 2007 to \$13,746,611 at the end of 2018.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., earned but unused vacation leave or sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Summit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Summit include general government, public safety, public works, leisure activities, health and human services. Beginning in 2012 the Village also provided stormwater and flood hazard mitigation activities in the Genesee Lakes Utility District. The business-type activities of the Village include Silver Lake Utility District and Summit Utility District #2, wherein the Village provides District administrative, billing, and limited property maintenance services.

B.2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Summit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and enterprise funds. Within each of these classes there are also identified major and non-major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
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Overview of the Financial Statements (continued)

B.2. Fund Financial Statements (continued)

Governmental Funds

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

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

The Village of Summit maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the five other governmental funds are combined into a single, aggregated presentation and listed as non-major governmental funds. These five funds include the Land Acquisition and Capital Improvements, Impact Fees, Genesee Lakes Utility District, Summit Utility District #3 and Cemetery Funds. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* on pages 64 - 65 of this report.

The Village of Summit adopts an annual appropriated budget for the entire general fund and various other funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village of Summit maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Silver Lake Utility District and Summit Utility District #2, which are considered to be major *enterprise funds* of the Village of Summit.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Summit's own programs. The Village maintains a Tax Roll Fund for this purpose. The accounting used for fiduciary funds is much like that used for proprietary funds.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
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Overview of the Financial Statements (continued)

B.3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-59 of this report.

B.4. Supplementary information

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 64 and 65 of this report.

C. Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Summit, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$13,746,611 at the close of the most current fiscal year, as presented in the following table. This is an increase of \$7,580,956 since December 31, 2007 and reflects a commitment on the part of the Village to reduce the long-term liabilities.

This reduction in long-term liabilities occurred during a time of tremendous change in the community. In 2007 the Town of Summit had just completed the installation of the Silver Lake sanitary sewer system. In 2009 the Town of Summit completed boundary agreements with seven of the nine adjacent communities. In 2010 the Town was approved by the State of Wisconsin for incorporation into the Village of Summit – losing over two square miles of developed territory and valuation. In 2012 the Village Board adopted and began to implement a rolling five-year Capital Improvement Plan. In 2013 the Summit Utility District #2 completed a major refinancing for their long-term debt, partially financed by the Village of Summit. In 2017, the Village purchased vacant lands and began construction of new facilities to replace the aging and deficient buildings that currently housed the Administrative offices, Police Department and Department of Public Works. During 2018 the construction of the new Village Facilities was completed and the Village took occupancy in April, 2018. The Village approved the use of excess funds to support the 2018 Capital Improvements project instead of borrowing, there was no additional borrowing during 2018.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
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C. Government-Wide Financial Analysis (continued)

Village of Summit Net Position
December 31, 2018 and December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$5,102,703	\$12,812,965	\$ 3,714,333	\$ 3,543,944	\$ 8,817,036	\$ 16,356,909
Net pension asset	319,357	---	---	---	319,357	---
Capital assets	11,355,861	10,288,275	11,114,185	11,409,270	22,470,046	21,697,545
Total assets	\$16,777,921	\$23,101,240	\$14,828,518	\$14,953,214	\$31,606,439	\$38,054,454
Deferred Outflows	\$937,511	\$754,248	---	---	\$937,511	\$754,248
Current and other liabilities	\$646,296	\$7,812,856	\$ 993,871	\$ 932,780	\$ 1,640,167	\$ 8,745,636
Net OPEB liability	58,381	---	---	---	58,381	---
Net pension liability	---	86,576	---	---	---	86,576
Long-term liabilities	6,388,495	6,835,158	5,948,946	6,625,690	12,337,441	13,460,848
Total liabilities	\$7,093,172	\$14,734,590	\$6,942,817	\$7,558,470	\$14,035,989	\$22,293,060
Deferred inflows	\$3,338,635	\$2,657,667	\$1,422,715	\$1,383,947	\$4,761,350	\$4,041,614
Net position:						
Net investment in capital assets	\$4,641,671	\$4,335,082	\$ 4,500,239	\$ 4,128,580	\$ 9,141,910	\$ 8,463,662
Restricted	409,412	383,270	---	---	409,412	383,270
Unrestricted	2,232,542	1,744,879	1,962,747	1,882,217	4,195,289	3,627,096
Total net position	\$7,283,625	\$6,463,231	\$ 6,462,986	\$ 6,010,797	\$ 13,746,611	\$ 12,474,028

The Village of Summit uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

C.1. Governmental activities

Governmental activities increased the Village of Summit's net position by \$820,394, \$868,274 from normal activities and a decrease of \$47,880 from a prior period adjustment due to change in accounting principle, while business-type activities increased net position by \$452,189. Major reasons for this change are noted on the following page.

Village of Summit, Waukesha County, Wisconsin
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C. Government-wide Financial Analysis (continued)

Village of Summit's Changes in Net Position
For the Years ending December 31, 2018 and December 31, 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for services	\$ 1,973,499	\$ 1,191,895	\$ 851,455	\$ 844,957	\$ 2,824,954	\$ 2,036,852
Operating grants and contributions	391,179	293,851	---	---	391,179	293,851
Capital grants and contributions	---	2,000	227,634	1,183,645	227,634	1,185,645
General Revenues:						
Property taxes - general	1,341,063	1,293,412	349,928	349,463	1,690,991	1,642,875
Property taxes debt service	531,235	303,837	---	---	531,235	303,837
Other taxes	151,471	150,627	---	---	151,471	150,627
Intergovernmental	151,229	151,190	---	---	151,229	151,190
Investment income	35,875	37,728	7,937	11,002	43,812	48,730
Gain (Loss) on retirement of capital assets	411,662	5,231	---	---	411,662	5,231
Miscellaneous	15,189	9,636	(18,243)	2,168	(3,054)	11,804
Total revenues	<u>5,002,402</u>	<u>3,439,407</u>	<u>1,418,711</u>	<u>2,391,235</u>	<u>6,421,113</u>	<u>5,830,642</u>
Expenses:						
General government	903,516	819,797	---	---	903,516	819,797
Public safety	1,824,401	2,032,513	---	---	1,824,401	2,032,513
Public works	1,114,650	936,839	---	---	1,114,650	936,839
Culture, education and recreation	81,554	31,777	---	---	81,554	31,777
Health and human services	34,026	32,880	---	---	34,026	32,880
Interest and fiscal charges	175,981	217,549	---	---	175,981	217,549
Utility Districts	---	---	966,522	899,583	966,522	899,583
Total expenses	<u>4,134,128</u>	<u>4,071,355</u>	<u>966,522</u>	<u>899,583</u>	<u>5,100,650</u>	<u>4,970,938</u>
Change in net position	868,274	(631,948)	452,189	1,491,652	1,320,463	859,704
Net Position – Jan. 1	6,463,231	7,095,179	6,010,797	4,519,145	12,426,028	11,614,324
Adjustment due to change in accounting principal	(47,880)	---	---	---	(47,880)	---
Net Position – Dec. 31	<u>\$ 7,283,625</u>	<u>\$ 6,463,231</u>	<u>\$ 6,462,986</u>	<u>\$ 6,010,797</u>	<u>\$ 13,746,611</u>	<u>\$ 12,474,028</u>

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
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C. Government-wide Financial Analysis (continued)

C.2. Business-type activities

Business-type activities continued to improve in 2018 with an increase of \$452,189 in net position.

The Summit Utility District #2 functions to collect and transport sewage to the Del-Hart Treatment Plant in the City of Delafield. The operating revenue for Summit Utility District #2 during the current fiscal year was \$742,865, generated by monthly charges for service. This is an increase of \$206,933 from 2012 and \$282,024 more than collected during 2007. Operating expenses for the current fiscal year increased to \$627,117, \$55,473 more than 2017 and \$60,317 more than 2016. The depreciation of the utility assets continued to affect the District. The District shows gradual improvement in position because of the 2013 refinancing and maintenance of recommended service rates as well as additional development within the district.

The Silver Lake Utility District contracted with the City of Oconomowoc in 2005 for the installation of sanitary sewer through the entire District. This work was completed on January 6, 2006 and the system continues to be operated by the City of Oconomowoc. As such, all operating revenue goes directly for treatment charges and license fees. Expenses for the District included administrative costs totaling \$34,685 during the current fiscal year. In November 2011 the Silver Lake Utility Commission adopted a 10-year Financial Management Plan. The District continues to use this plan for service rate changes. Debt for this district was paid off in 2016. The Net Position in the Silver Lake Utility District at the end of 2018 totals \$1,591,382.

D. Financial Analysis of the Government's Funds

Summit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

D.1. Government funds

The focus of the Summit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the community's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Summit's governmental funds reported combined ending fund balances of \$2,482,681, a decrease of \$6,706,159 in comparison with the prior year. As noted in Section E2, the result of repayment of the bridge note for the new Village facilities was a significant factor in this decrease.

Of the \$2,482,681 ending fund balance, approximately 52.5% of this total amount (\$1,303,922) constitutes *Unassigned monies* available for spending at the government's discretion. The Village Board has committed \$702,772 for Facility Improvements. \$35,000 remains in long-term advance receivables representing monies forwarded to the Summit Utility District #2. The remainder of the fund balance is restricted for work of the following items: 1) continuing care in the Summit Cemetery (\$273,153), 2) a variety of other parkland acquisition and development uses (\$3,040), 3) Genesee Lakes Utility District (\$27,296), or 4) payments as allowed by Wisconsin Statutes ("Impact Fees" \$104,308).

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
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D. Financial Analysis of the Government's Funds (continued)

D.2. Proprietary funds

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

User charge rates for Summit Utility District #2 have been charged since completion of the system in 2002. All of the developed properties in the district were connected and served as of December 31, 2007. The 2004 and 2008 District audits identified on-going concerns over the long-term financing of the District. After incorporation, the Summit Village Board and District Commissioners completed a Financial Management Plan in November 2011 that extends through 2027. The Commission completed a refinancing of the District's long-term debt in May of 2012. The Commission also adopted an amended Final Special Assessment Resolution on January 3, 2013. The Commission continues to use the 2011 Plan and updates this information on an annual basis. Copies of this Plan are available from the Village Administrator.

The Silver Lake Utility District completed installation of the sanitary sewer on January 6, 2006. All of the developed properties in the district were connected and served as of December 31, 2011. The District Commissioners completed a financial analysis in the spring of 2006 and refinanced the project into a 10-year general obligation note in September 2006. This District was also part of the 2011 Financial Management Plan for the Village. Based on this Plan the commission adopted a single increase in the annual tax assessment in November 2012 to stabilize the long-term funding of this District. In 2016 the Village approved a short-term funds transfer to cover the remaining debt service, this was paid off in full in December 2017. Copies of this financial management plan are available from the Village Administrator.

E. Capital Asset and Debt Administration

E.1. Capital Assets

The Village of Summit inherited all of the assets and liabilities of the Town of Summit when the State of Wisconsin approved incorporation on July 29, 2010. This inheritance included all of the Town's prior investment in capital assets for its governmental and business-type activities. As of December 31, 2018, these investments amount to \$22,470,046, an increase of \$772,501 (net of accumulated depreciation). The governmental-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and street infrastructure. Major capital asset changes during the current fiscal year include the completion of the new Village Hall, purchase of one police squad, completion of the columbarium, purchase of audio-visual equipment and purchase of new furniture. The Village's governmental activities capital assets, net of depreciation, total \$11,355,861; this is \$1,067,586 more than December 31, 2017.

The business-type investment in capital assets includes land, land improvements, buildings, machinery and equipment, and sanitary sewer infrastructure. The Village's business activities capital assets, net of depreciation, totals \$11,114,185 - this is \$295,085 less than December 31, 2017.

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E. Capital Asset and Debt Administration (continued)

Village of Summit - Capital Assets (net of accumulated depreciation)
December 31, 2018 and December 31, 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land (not being depreciated)	\$ 1,594,282	\$ 1,594,282	\$ 92,861	\$ 92,861	\$ 1,687,143	\$ 1,687,143
Construction in Progress	---	4,958,825	---	---	---	4,958,825
Buildings	6,408,350	337,023	1,331,938	1,371,698	7,740,288	1,708,721
Vehicles and Equipment	576,298	544,561	360,817	402,220	937,115	946,781
Infrastructure	2,776,931	2,853,584	---	---	2,776,931	2,853,584
Sewer system and services	---	---	7,802,552	7,961,974	7,802,552	7,961,970
Investment in City of Oconomowoc treatment plant	---	---	1,526,017	1,580,517	1,526,017	1,580,517
Total	<u>\$ 11,355,861</u>	<u>\$ 10,288,275</u>	<u>\$ 11,114,185</u>	<u>\$ 11,409,270</u>	<u>\$ 22,470,046</u>	<u>\$ 21,697,545</u>

Additional information on the Village's capital assets can be found in Note 3(E).

Additional information on the Village's capital assets for Business-Type Activities can be found in the separate Financial Statements for the Summit Utility District #2, Note 4 of the report.

E.2. Long-term debt

At the end of the current fiscal year, the Village of Summit had total debt outstanding of \$13,170,448. Of this amount, \$13,136,147 comprises debt backed by the full faith and credit of the government. The remainder of the Village's governmental activities debt (\$34,301 as shown in Note 3.F) represents accumulated sick pay benefits for current, full-time police officers. The Village Board voted in November 2013, to convert to a Paid-Time-Off policy for non-represented employees. This policy change froze the growth in vested compensated absences for these employees and changed the future hourly benefit into an annual obligation. The Village Board approved a 3-year agreement with the Summit Police Association on November 3, 2015 which included a change to the accumulated sick leave policy for existing full-time officers, this policy is further explained in Note 1.D.

The Village's total debt decreased by \$7,084,458 during the current fiscal year. The decrease in debt results from payment of the bridge loan for the new Village hall, Police Department, Department of Public Works, existing debt payments and repayment of Utility District #2.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village of Summit is \$50,355,465 which is significantly in excess of the Village's outstanding general obligation debt. The Village's current debt includes approximately 26.09% of the overall statutory amount available.

Additional information on the Village of Summit's long-term debt can be found in note 3(F).

Village of Summit, Waukesha County, Wisconsin
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December 31, 2018

F. Economic Factors and Other Budget Notes

The final budget of the Village's general fund contained revenues and other financing sources of \$3,000,064 and expenditures and other financing uses of \$3,162,839. There were no amendments to the budget during the year. Actual results for the year show revenues and other financing sources exceeding expenditures and other financing uses by \$452,546, which is \$615,321 better than budgeted. Revenues were significantly higher than budget in the area of licenses and permits. This is due to the rapid issuance of building permits for the Lake Country Village and Newbridge Crossings subdivisions. Expenses were significantly higher than budget in the area of public safety. This is due to the increased building inspection fees which correlate to the permits issued.

The Village Assessor reported the 2018 current assessed value of the Village at \$956,629,895, a market increase of about \$55.5 million compared to 2014 values. After the major recession of 2009-2011, the Village finally saw fairly stable property values return in 2015. They have contracted with Grota Appraisals to complete a maintenance-level appraisal for three years (2016-18).

The Village of Summit tax rate for 2018 was \$2.7970 per \$1,000 of assessed value (mil rate). The minimal increase from 2017 resulted from the Village's decision to continue to apply the Western Lakes Fire District capital expenses as part of the levy but to use the allowable Levy Limit adjustments to maintain an increase within the allowable limits. The 2018 budgeted tax levy for Village services increased by \$273,071 from 2017. The vast majority of increase in expenses comes from a \$227,400 increase in debt service for the Village. This debt service results from a policy by the Village Board to borrow for capital expenditures and payment of the new village facilities debt, rather than fund out of the annual levy.

The Village has a full time Village Administrator-Clerk/Treasurer, Village Deputy Treasurer/Deputy Clerk, Village Planner, Police Chief and DPW Lead Person. Staff in these positions are required to monitor revenues and control expenses within their departments to prevent exceeding the various departments' expenditures established by the budget, the Administrator-Clerk/Treasurer insures proper capital funding for the future and that the Village's capital investments are protected, and future maintenance and replacement cost are minimized.

As part of the 2011 financial planning the Village Board and staff developed a 5-year Capital Improvement Plan program. During 2018 the Board and staff updated this Plan for 2019 - 2023, including possible expenditures for storm sewer system improvements, bridge repairs/replacement, park improvements, road repairs and upgrades, vehicle and equipment replacement. The Village also added the costs for new Village facilities. The Village Board used this tool as part of the 2018 budgeting process to determine both funding sources and expenditures. The Village's 2018 adopted budget was approved November 7, 2017 following a public hearing that same evening.

During 2017 the Village began construction of new administrative, Police Department and public works facilities. These facilities were built on property purchased by the Village in 2017. The overall project costs of approximately \$7 million will be funded by a combination of approximately \$1,220,000 in Facility Improvement Fund monies and \$91,552 in Police "Impact Fee" monies currently in the Village, short-term capital debt financed by the Wisconsin Local Government Investment Program (paid off in 2018) and then long-term GO Bonds for the 20-year notes.

During 2018 the Village sold the existing facilities at 2911 N Dousman Road and applied those proceeds of approximately \$428,231 to offset the new facilities costs. On April 5, 2018 the Village took occupancy of the new facilities, construction was not 100% completed and the project was not closed out during 2018. Due to excess revenues from new development mainly within Lake Country Village and Newbridge Crossing subdivisions, the Village did not borrow during 2018 for the Capital Improvements projects but used monies from the general fund balance.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2018

G. Requests for Information

This financial report is designed to provide a general overview of the Village of Summit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Debra Michael, WCMC
Village Administrator-Clerk/Treasurer
37100 Delafield Road
Summit, Wisconsin 53066

(262) 567-2757
administrator@summitvillage.org

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
December 31, 2018

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 3,564,618	\$ 1,168,510	\$ 4,733,128
Taxes and special charges receivable	1,408,495	477,838	1,886,333
Accounts receivable	57,012	175,357	232,369
Internal balances	41,003	(41,003)	---
Prepaid expenses	31,575	---	31,575
Current special assessment receivable	---	64,507	64,507
Noncurrent special assessments receivable	---	1,805,204	1,805,204
Net pension asset	319,357	---	319,357
Restricted Assets:			
Connection charges receivable	---	63,920	63,920
Capital Assets:			
Land	1,594,282	92,861	1,687,143
Other capital assets, net of accumulated depreciation	9,761,579	11,021,324	20,782,903
Total assets	16,777,921	14,828,518	31,606,439
Deferred Outflows of Resources:			
Deferred outflows related to pensions	930,774	---	930,774
Deferred outflows related to OPEB	6,737	---	6,737
Total deferred outflows	937,511	---	937,511
Liabilities:			
Accounts payable	188,897	242,951	431,848
Due to other government units	7,023	---	7,023
Accrued wages and benefits	61,679	---	61,679
Accrued interest	28,701	22,000	50,701
Liabilities payable from restricted assets:			
Connection charges payable	---	63,920	63,920
Net OPEB liability	58,381	---	58,381
Accrued compensated absences	34,301	---	34,301
Bonds and notes - due within one year	351,768	665,000	1,016,768
Waukesha County note - due within one year	8,228	---	8,228
Bonds and notes - due in more than one year	6,245,509	5,855,000	12,100,509
Waukesha County note - due in more than one year	10,642	---	10,642
Unamortized debt premium	98,043	93,946	191,989
Total liabilities	7,093,172	6,942,817	14,035,989
Deferred Inflows of Resources:			
Special assessment revenue	---	1,048,263	1,048,263
Deferred inflows related to pensions	974,724	---	974,724
Deferred inflows related to OPEB	1,488	---	1,488
Tax roll revenue	2,362,423	374,452	2,736,875
Total deferred inflows of resources	3,338,635	1,422,715	4,761,350
Net Position:			
Net investment in capital assets	4,641,671	4,500,239	9,141,910
Restricted for:			
Cemetery fund	273,153	---	273,153
Other	136,259	---	136,259
Unrestricted	2,232,542	1,962,747	4,195,289
Total net position	\$ 7,283,625	\$ 6,462,986	\$ 13,746,611

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT

Summit, Wisconsin

Statement of Activities

For the Year Ended December 31, 2018

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 903,516	\$ 133,862	\$ 24,619	\$ ---	\$ (745,035)	\$ ---	\$ (745,035)
Public safety	1,824,401	974,862	120,884	---	(728,655)	---	(728,655)
Public works	1,114,650	650,026	245,676	---	(218,948)	---	(218,948)
Health and human services	34,026	30,200	---	---	(3,826)	---	(3,826)
Culture, education and recreation	81,554	184,549	---	---	102,995	---	102,995
Interest and fiscal charges	175,981	---	---	---	(175,981)	---	(175,981)
Total governmental activities	<u>4,134,128</u>	<u>1,973,499</u>	<u>391,179</u>	<u>---</u>	<u>(1,769,450)</u>	<u>---</u>	<u>(1,769,450)</u>
Business-type:							
Silver Lake Utility District	213,887	108,590	---	20,128	---	(85,169)	(85,169)
Summit Utility District No. 2	752,635	742,865	---	207,506	---	197,736	197,736
Total business-type activities	<u>966,522</u>	<u>851,455</u>	<u>---</u>	<u>227,634</u>	<u>---</u>	<u>112,567</u>	<u>112,567</u>
Total Government	<u>\$ 5,100,650</u>	<u>\$ 2,824,954</u>	<u>\$ 391,179</u>	<u>\$ 227,634</u>	<u>(1,769,450)</u>	<u>112,567</u>	<u>(1,656,883)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,341,063	349,928	1,690,991
Property taxes, levied for debt service					531,235	---	531,235
Other taxes					151,471	---	151,471
Intergovernmental revenues not restricted to specific programs					151,229	---	151,229
Interest income					35,875	7,937	43,812
Gain on sale of capital assets					409,437	---	409,437
Gain on sale of non-capital assets					2,225	---	2,225
Bad debt expense					---	(18,798)	(18,798)
Miscellaneous					15,189	555	15,744
Total General Revenues					<u>2,637,724</u>	<u>339,622</u>	<u>2,977,346</u>
Change in net position					868,274	452,189	1,320,463
Net position - beginning					6,463,231	6,010,797	12,474,028
Adjustment due to change in accounting principle					(47,880)	---	(47,880)
Net position - beginning, as adjusted					<u>6,415,351</u>	<u>6,010,797</u>	<u>12,426,148</u>
Net position - ending					<u>\$ 7,283,625</u>	<u>\$ 6,462,986</u>	<u>\$ 13,746,611</u>

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	\$ 2,810,838	\$ 218,087	\$ ---	\$ 535,693	\$ 3,564,618
Receivables					
Taxes	1,038,645	320,399	---	49,451	1,408,495
Accounts	57,012	---	---	---	57,012
Due from other funds	134,239	---	---	---	134,239
Prepaid expenditures	31,575	---	---	---	31,575
Advance to Utility Districts	35,000	---	---	---	35,000
Total assets	<u>4,107,309</u>	<u>538,486</u>	<u>---</u>	<u>585,144</u>	<u>5,230,939</u>
Liabilities:					
Accounts payable	188,897	---	---	---	188,897
Accrued wages and benefits	61,679	---	---	---	61,679
Due to other funds	---	---	---	128,236	128,236
Due to other governments	7,023	---	---	---	7,023
Total liabilities	<u>257,599</u>	<u>---</u>	<u>---</u>	<u>128,236</u>	<u>385,835</u>
Deferred Inflows of Resources:					
Tax roll revenue	1,774,486	538,486	---	49,451	2,362,423
Fund Balances (Deficit):					
Nonspendable	66,575	---	---	---	66,575
Restricted	1,615	---	---	407,797	409,412
Committed	702,772	---	---	---	702,772
Unassigned	1,304,262	---	---	(340)	1,303,922
Total fund balance	<u>\$ 2,075,224</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 407,457</u>	<u>\$ 2,482,681</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

December 31, 2018

Total fund balance of governmental funds	\$	2,482,681
Amounts reported for governmental activities in the government-wide statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.		
Land	\$	1,594,282
Other capital assets net of accumulated depreciation		<u>9,761,579</u>
		11,355,861
The Village's proportionate share of the net pension asset at the WRS is reported on the statement of net position, but is not reported in the governmental funds.		
		319,357
The Village's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") administered by the Wisconsin Department of Employee Trust Funds ("ETF") is reported on the statement of net position, but is not reported in the governmental funds.		
		(58,381)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions		930,774
Deferred inflows related to pensions		(974,724)
Deferred outflows related to OPEB		6,737
Deferred inflows related to OPEB		<u>(1,488)</u>
		(38,701)
Long-term debt and related items are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term debt and related items at year-end consist of:		
Bonds and notes payable		(6,616,147)
Compensated absences payable		(34,301)
Unamortized premium		(98,043)
Accrued interest payable		<u>(28,701)</u>
		<u>(6,777,192)</u>
Total net position of governmental activities	\$	<u><u>7,283,625</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 1,463,565	\$ 531,235	\$ ---	\$ 28,969	\$ 2,023,769
Operating grants and contributions:					
Intergovernmental	538,878	---	---	---	538,878
Other	3,529	---	---	---	3,529
Licenses and permits	577,508	---	---	---	577,508
Fines, forfeitures and penalties	79,641	---	---	---	79,641
Public charges for services	465,240	---	---	387,825	853,065
Intergovernmental charges for services	463,285	---	---	---	463,285
Interest income	15,254	---	13,959	6,662	35,875
Other revenues	15,194	---	---	---	15,194
Total revenues	<u>3,622,094</u>	<u>531,235</u>	<u>13,959</u>	<u>423,456</u>	<u>4,590,744</u>
Expenditures:					
Current:					
General government	635,401	---	6,341	---	641,742
Public safety	1,756,912	---	---	---	1,756,912
Public works	755,806	---	165,162	264,206	1,185,174
Health and human services	33,142	---	---	45	33,187
Culture, recreation and education	16,154	---	---	55,648	71,802
Capital outlay	---	---	1,409,129	18,795	1,427,924
Debt service:					
Principal	---	6,348,163	---	---	6,348,163
Interest and fiscal charges	---	286,754	---	---	286,754
Total expenditures	<u>3,197,415</u>	<u>6,634,917</u>	<u>1,580,632</u>	<u>338,694</u>	<u>11,751,658</u>
Excess (deficit) of revenues over (under) expenditures	424,679	(6,103,682)	(1,566,673)	84,762	(7,160,914)
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	433,948	---	---	---	433,948
Proceeds from sale of non-capital assets	2,225	---	---	---	2,225
Insurance recoveries	18,582	---	---	---	18,582
Transfers in	6,542	8,711	435,736	---	450,989
Transfers out	(433,430)	---	---	(17,559)	(450,989)
Total other financing sources (uses)	<u>27,867</u>	<u>8,711</u>	<u>435,736</u>	<u>(17,559)</u>	<u>454,755</u>
Net change in fund balance	452,546	(6,094,971)	(1,130,937)	67,203	(6,706,159)
Fund Balance, beginning of year	<u>1,622,678</u>	<u>6,094,971</u>	<u>1,130,937</u>	<u>340,254</u>	<u>9,188,840</u>
Fund Balance, end of year	<u>\$ 2,075,224</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 407,457</u>	<u>\$ 2,482,681</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ (6,706,159)

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

Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.

Capital outlay	\$ 1,427,924	
Depreciation expense	<u>(317,244)</u>	
		1,110,680

In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net assets by the cost of the assets sold or retired net of the accumulated depreciation on those assets.

(43,094)

Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets.

Principal payments on debt		6,348,163
----------------------------	--	-----------

In the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension Expense	(141,463)	
Village pension contributions	113,334	
OPEB Expense	(5,682)	
Village OPEB contributions	<u>430</u>	
		(33,381)

Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due.

105,298

Amortization of premium from the issuance of debt reduces the balance of the respective item in the statement of net position. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds.

5,472

Certain expenses do not require the use of current financial resources, and therefore, are not accrued in the governmental funds. These expenses are accrued in the government-wide statement of net assets and reported as expenses in the statement of activities.

Accrued compensated absences		<u>81,295</u>
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Net change in net position		\$ <u><u>868,274</u></u>
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The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Assets:			
Current Assets:			
Cash and investments	\$ 1,100,884	\$ 67,626	\$ 1,168,510
Due from other utility districts	4,339	---	4,339
Receivables:			
Customer	157,922	17,435	175,357
Taxes	339,452	35,000	374,452
Special charges on the tax roll	98,222	5,164	103,386
Current special assessments receivable	64,507	---	64,507
Total current assets	<u>1,765,326</u>	<u>125,225</u>	<u>1,890,551</u>
Non-Current Assets:			
Special assessments receivable	1,483,156	322,048	1,805,204
Restricted assets:			
Connection charges receivable	---	63,920	63,920
Capital assets:			
Land	92,861	---	92,861
Capital assets being depreciated	13,409,983	2,180,025	15,590,008
Accumulated depreciation and amortization	<u>(3,914,675)</u>	<u>(654,009)</u>	<u>(4,568,684)</u>
Total non-current assets	<u>11,071,325</u>	<u>1,911,984</u>	<u>12,983,309</u>
Total assets	12,836,651	2,037,209	14,873,860
Liabilities:			
Current Liabilities:			
Accounts payable	72,123	18,298	90,421
Accrued interest	22,000	---	22,000
Due to Village	3,781	2,222	6,003
Due to other utility districts	---	4,339	4,339
Liabilities payable from restricted assets:			
Connection charges payable	---	63,920	63,920
Current portion of general obligation debt	665,000	---	665,000
Total current liabilities	<u>762,904</u>	<u>88,779</u>	<u>851,683</u>
Non-Current Liabilities:			
General obligation debt	5,855,000	---	5,855,000
Unamortized debt premium	93,946	---	93,946
Advance from Village	35,000	---	35,000
Due to other utilities	152,530	---	152,530
Total non-current liabilities	<u>6,136,476</u>	<u>---</u>	<u>6,136,476</u>
Total liabilities	6,899,380	88,779	6,988,159
Deferred inflows of resources:			
Special assessment revenue	726,215	322,048	1,048,263
Tax roll revenue	339,452	35,000	374,452
Total deferred inflows of resources	<u>1,065,667</u>	<u>357,048</u>	<u>1,422,715</u>
Net Position:			
Net investment in capital assets	2,974,223	1,526,016	4,500,239
Unrestricted	<u>1,897,381</u>	<u>65,366</u>	<u>1,962,747</u>
Total net position	<u>\$ 4,871,604</u>	<u>\$ 1,591,382</u>	<u>\$ 6,462,986</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Operating Revenues	\$ 742,865	\$ 108,590	\$ 851,455
Operating Expenses:			
Operation and maintenance	275,299	124,701	400,000
Administrative and general	111,234	34,685	145,919
Depreciation	240,584	---	240,584
Amortization	---	54,501	54,501
Total operating expenses	<u>627,117</u>	<u>213,887</u>	<u>841,004</u>
Net Operating Income (Loss)	115,748	(105,297)	10,451
Non-Operating Revenues (Expenses):			
Taxes	314,928	35,000	349,928
Interest income	1,194	95	1,289
Interest on special assessments	6,648	---	6,648
Miscellaneous revenues	555	---	555
Interest expense	(125,518)	---	(125,518)
Bad debt expense	(18,798)	---	(18,798)
Net non-operating revenues	<u>179,009</u>	<u>35,095</u>	<u>214,104</u>
Net Income before Contributions	294,757	(70,202)	224,555
Capital Contributions	<u>207,506</u>	<u>20,128</u>	<u>227,634</u>
Change in Net Position	502,263	(50,074)	452,189
Net Position - Beginning of year	<u>4,369,341</u>	<u>1,641,456</u>	<u>6,010,797</u>
Net Position - End of year	<u>\$ 4,871,604</u>	<u>\$ 1,591,382</u>	<u>\$ 6,462,986</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	<u>Summit Utility District No. 2</u>	<u>Silver Lake Utility District</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 741,630	\$ 109,835	\$ 851,465
Payments to suppliers	(328,664)	(154,265)	(482,929)
Internal activity - receipts (payments) from (to) other funds	---	(10,700)	(10,700)
Net cash provided (used) by operating activities	<u>412,966</u>	<u>(55,130)</u>	<u>357,836</u>
Cash Flows From Noncapital Financing Activities:			
Taxes received	314,928	35,000	349,928
Net cash provided by noncapital financing activities	<u>314,928</u>	<u>35,000</u>	<u>349,928</u>
Cash Flows From Capital and Related Financing Activities:			
Special assessments received	440,562	21,844	462,406
Debt retired	(655,000)	---	(655,000)
Interest paid	(139,434)	---	(139,434)
Net cash provided (used) by capital and related financing activities	<u>(353,872)</u>	<u>21,844</u>	<u>(332,028)</u>
Cash Flows From Investing Activities:			
Investment earnings	7,842	95	7,937
Net cash provided by investing activities	<u>7,842</u>	<u>95</u>	<u>7,937</u>
Net change in cash and equivalents	381,864	1,809	383,673
Cash and equivalents, beginning of year	<u>719,020</u>	<u>65,817</u>	<u>784,837</u>
Cash and equivalents, end of year	<u>\$ 1,100,884</u>	<u>\$ 67,626</u>	<u>\$ 1,168,510</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities:			
Net Operating Income (Loss)	\$ 115,748	\$ (105,297)	\$ 10,451
Miscellaneous revenue	555		555
Noncash items in operating income (loss):			
Depreciation	240,584	---	240,584
Amortization	---	54,501	54,501
Changes in assets and liabilities:			
Customer accounts receivable	(1,790)	1,245	(545)
Accounts payable	47,169	5,121	52,290
Due to Village	---	(10,700)	(10,700)
Due to other utilities	10,700	---	10,700
Net cash flows provided (used) by operating activities	<u>\$ 412,966</u>	<u>\$ (55,130)</u>	<u>\$ 357,836</u>
Non-cash capital activities:			
Special assessments assessed	<u>207,506</u>	<u>20,128</u>	<u>227,634</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT

Summit, Wisconsin

Statement of Net Position - Fiduciary (Agency) Fund

December 31, 2018

	Tax Roll
	Fund
	<u> </u>
Assets:	
Cash and investments	\$ 5,437,802
Taxes receivable	<u>7,511,045</u>
Total assets	\$ <u><u>12,948,847</u></u>
Liabilities:	
Due to other governmental units	\$ <u><u>12,948,847</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

The Village has included in its financial statements the following entities, which are not considered separate entities with corporate powers:

Community Development Authority

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods and services.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

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

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

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

The Village reports the following major funds:

Major Governmental Fund

- 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 transactions except those legally or administratively required to be accounted for in another fund.
- Capital Projects Fund – This fund accounts for the acquisition or construction of capital assets that are financed with general obligation debt.
- Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Major Enterprise Funds

- Silver Lake Utility District Fund – This Fund accounts for operations of the sanitary sewer system.
- Summit Utility District No. 2 Fund – This Fund accounts for operations of the sanitary sewer system.

The Village reports the following non-major funds:

- Special Revenue Funds – These Funds are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

Land Acquisition and Public Improvements Fund
Impact Fees Funds
Genesee Lakes Utility District Fund
Summit Utility District #3 Fund

- Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Fund

In addition, the Village reports the following fund types:

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

Tax Roll Fund

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Government-Wide Financial Statements (continued)

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with the expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held by the county are reported as receivable and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments

For the purpose of the statement of net position and for the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment in Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority
- Bonds or securities issued or guaranteed by the federal government
- The Local Government Investment Pool
- Any security maturing in seven years or less and having the highest or second highest rating category of nationally recognized rating agency
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options
- Repurchase agreements with public depositories, with certain conditions

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Cash and Investments (continued)

The Village may deposit funds in authorized banks, the Wisconsin Local Government Investment Pool and Wisconsin Investment Trust without restriction of amounts. The Village may deposit funds in savings and loan associations and credit unions up to \$500,000. Deposits in authorized banks may be limited to \$500,000 upon the determination of the Investment Officer of the Village that circumstances exist regarding the viability of the bank.

The Village's investment policy does not address other types of risks.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Village has no investments that are measured at fair value. The local government investment pool ("LGIP") is valued at amortized cost, and the certificates of deposit ("CD's") are valued at cost plus accrued interest.

Receivables

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Management has determined that no allowance is necessary at December 31, 2018. No provision for uncollectible accounts receivable has been made for the enterprise funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Receivables (continued)

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Property Tax Calendar – 2018 Tax Roll:

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

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection. Therefore, management has determined that no allowance is considered necessary.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

Restricted Assets

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. The Village has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	50 years
Machinery and Equipment	5 - 25 years
Infrastructure	50 - 65 years
Utility System	33 - 80 years
Investment in City of Oconomowoc treatment plant	40 years

Fund Financial Statements

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Compensated Absences

The Village does not accrue vacation, paid time off, or sick leave, but rather expenses these costs as paid. Paid time off is not cumulative from year to year for highway and office employees, but at the end of each calendar year, the Village will contribute up to 40 hours of unused paid time off to employees' 401(a) account. Represented employees are allowed to accumulated sick leave benefits up to a maximum of 120 days to be used for sickness or injury. These days are not paid out upon termination of employment. Employees are allowed to accumulate compensated time for overtime hours worked during the year to be used, or paid out, at a later date. Accumulated benefits are recorded as expenditures in the fund statements in the year used. Due to the long-term nature of the accumulated benefits, the governmental fund statements do not report this liability. The accumulated paid time off is recorded as long-term debt in the government-wide financial statements.

Long-term Obligations and Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Payments of principal and interest, losses on debt refunding, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums is shown as a liability on the statement of net position. The balance at year end for gains/losses, is shown as a deferred outflow of resources or deferred inflow of resources on the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

The Village, under the authority of the Community Development Authority, has permitted the issuance of Redevelopment Revenue Bonds ("RRB") for a privately-owned company within the Village limits. The Village has no obligation for the RRBs in the event of default by the borrowers. Accordingly, no liability for the bonds is included in the Village's financial statements. The aggregate amount of these conduit obligations outstanding as of December 31, 2018 was \$11,495,000.

Claims and Judgments

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Net Position Classifications

Government-Wide Statements

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

- a. **Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net position** – Consists of net position with constraints placed on 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.
- c. **Unrestricted net position** – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Balance Classifications

Fund Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village’s fund balance classification policies and procedures are as follows:

- a. **Nonspendable** – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.
- b. **Restricted** – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- c. **Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s Board of Trustees.
- d. **Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. **Unassigned** – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Fund Balance Classifications (continued)

Fund Statements (continued)

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints previously approved by the Board of Trustees as designated funds in prior years. Amounts noted as assigned relate to constraints currently and previously approved by either the Village Administrator or designated department heads.

The Village applies resources in the following order when expense is incurred for purposes for which multiple fund balances are available: restricted, committed, assigned, unassigned.

The Village's current fund balance policy is to maintain a minimum unassigned fund balance of 15% of total General Fund budgeted revenues.

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

E. Deferred Outflows and Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement elements, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources related to property taxes, pensions, OPEB and special assessment revenue.

F. Pension

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

G. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (“LRLIF”) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF’s fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Adoption of New Accounting Guidance

The Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. See Notes 5 and 12 for additional information.

I. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (May 3, 2019). Subsequent to year-end, the Village approved the purchase of a 2019 truck for \$74,644. The Village also approved the following annual road work contracts:

2019 annual road work - \$197,196
2019 crack filling project – not to exceed \$20,000
Culvert placement project - \$8,000

2. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At December 31, 2018, the following fund had a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Summit Utility District #3	\$ 340

The deficit will be financed through tax levies in future periods.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

Cash and investments as shown on the Village's statement of net position are subject to the following risks:

	Cash	Investments	Total
Custodial Risk:			
Demand deposits	\$ 9,785,426	\$ ---	\$ 9,785,426
Local Government Investment Pool (LGIP)	---	1,300	1,300
Custodial, Interest and Credit Risk:			
Certificate of deposit	---	384,204	384,204
Total	\$ 9,785,426	\$ 385,504	\$ 10,170,930

The Village's cash and equivalents and investments are reported in the financial statements as follows:

Reconciliation to Financial Statements:

Cash and equivalents:

Per Statement of Net Position:

Cash and investments \$ 4,733,128

Per Statement of Net Position – Fiduciary (Agency) Fund:

Cash and investments 5,437,802

Total cash and investments \$ 10,170,930

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total coverage and other legal implications, recovery of material principal losses may be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments are amortized cost for purposes of calculating income to participants. At December 31, 2018, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

A. Cash and Investments (continued)

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-finance/LGIP>.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the Village's deposits and value of investments may not be returned to the Village. As of December 31, 2018, the custodial balance of the Village's cash and investments was \$10,206,668, of which \$1,702,349 was fully insured and \$7,982,788 was collateralized with securities held by the pledging financial institution, but not in the Village's name. \$521,531 is uninsured and uncollateralized. See note 1D for the Village's policy related to custodial risk.

Interest Rate Risk: Is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Information regarding the exposure of the Village's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1-5 Years
Certificates of deposit	\$ 384,203	\$ 69,992	\$ 314,211

Credit Risk: Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Village's investment policy minimized credit risk by limiting investments to the safest type of securities.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

B. Receivables

All of the receivables on the balance sheet – governmental funds are expected to be collected within one year.

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not available and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	Unavailable
Property taxes receivable for subsequent year	\$ <u>2,362,423</u>

At the end of the current fiscal year, the various components of deferred inflows in the proprietary funds relating to revenue applicable to future periods were as follows:

Property taxes receivable for subsequent year	\$ 374,452
Deferred special assessments	<u>1,048,263</u>
Total deferred inflows for proprietary funds	\$ <u>1,422,715</u>

C. Restricted Assets

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

	Governmental Activities	Business-Type Activities
Connection charges receivable	\$ <u>---</u>	\$ <u>63,920</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

D. Interfund Balances and Transfers

Internal Balances (Due to (from) other funds)

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 127,896
General Fund	Summit Utility District No. 2	3,781
General Fund	Summit Utility District No. 3	340
General Fund	Silver Lake Utility District	2,222

All amounts are due within one year. The principal purpose of these interfund balances is the allocation of commingled cash and investment balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to other funds consist of the following at December 31, 2018:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Summit Utility District No. 2	\$ 35,000

In a prior year, in order to maintain a positive cash-flow, an advance was made to Summit Utility District No. 2. The advance is interest-free and is to be repaid no later than December 31, 2029.

For the statement of net position, interfund balances that are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 6,542
Capital Projects Fund	Impact Fees Fund	11,017
Capital Projects Fund	General Fund	424,719
Debt Service Fund	General Fund	8,711

Transfers from the cemetery fund to the general fund were made to transfer investment income. Transfers from the general fund to the debt service fund were to fund current principal and interest payments. Transfers from the impact fees fund to the capital projects fund were for construction of the new village hall. Transfers from the general fund to the capital projects fund were for the annual road maintenance program and costs associated with construction of the new village hall and associated furniture and fixture purchases.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets

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

Governmental Activities

	Balance January 1, 2018	Additions	Transfers	Disposals	Balance December 31, 2018
Nondepreciable capital assets:					
Land	\$ 1,594,282	\$ ---	\$ ---	\$ ---	\$ 1,594,282
Construction in progress	4,958,825	1,230,388	(6,189,213)	---	---
Total nondepreciable capital assets	6,553,107	1,230,388	(6,189,213)	---	1,594,282
Depreciable capital assets:					
Vehicles and Equipment	1,350,476	197,536	---	(97,291)	1,450,721
Buildings and Improvement	730,281	---	6,189,213	(352,841)	6,566,653
Infrastructure	3,367,846	---	---	---	3,367,846
Total depreciable capital assets	5,448,603	197,536	6,189,213	(450,132)	11,385,220
Less accumulated depreciation:					
Vehicles and Equipment	805,915	139,817	---	(71,309)	874,423
Buildings and Improvement	393,258	100,774	---	(335,729)	158,303
Infrastructure	514,262	76,653	---	---	590,915
Total accumulated depreciation	1,713,435	317,244	---	(407,038)	1,623,641
Net depreciable capital assets	3,735,168	(119,708)	6,189,213	(43,094)	9,761,579
Net total capital assets	\$ 10,288,275	\$ 1,110,680	\$ ---	\$ (43,094)	\$ 11,355,861

Depreciation was charged to governmental functions as follow:

General government	\$ 85,287
Public safety	44,061
Public works	177,488
Health and human services	705
Culture and recreation	9,703
Total depreciation	\$ 317,244

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets (continued)

Business-type Activities

	<u>Balance January 1, 2018</u>	<u>Addition</u>	<u>Disposals</u>	<u>Balance December 31, 2018</u>
Nondepreciable capital assets:				
Land	\$ 92,861	\$ ---	\$ ---	\$ 92,861
Total nondepreciable capital assets	92,861	---	---	92,861
Depreciable capital assets:				
Buildings	1,987,978	---	---	1,987,978
Sewer system and services	10,379,704	---	---	10,379,704
Equipment	1,042,301	---	---	1,042,301
Investment in City of Oconomowoc treatment plant	2,180,025	---	---	2,180,025
Total depreciable capital assets	15,590,008	---	---	15,590,008
Accumulated depreciation/amortization	<u>(4,273,599)</u>	<u>(295,085)</u>	<u>---</u>	<u>(4,568,684)</u>
Net depreciable capital assets	<u>11,316,409</u>	<u>(295,085)</u>	<u>---</u>	<u>11,021,324</u>
Net total capital assets	<u>\$ 11,409,270</u>	<u>\$ (295,085)</u>	<u>\$ ---</u>	<u>\$ 11,114,185</u>

Depreciation/amortization was charged to business-type activities as follows:

Business-type Activities	
Summit Utility District No. 2	\$ 240,584
Silver Lake Utility District	<u>54,501</u>
Total depreciation/amortization	<u>\$ 295,085</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation debt:					
General obligation bonds	\$ 6,070,000	\$ ---	\$ (85,000)	\$ 5,985,000	\$ 140,000
State trust fund loans	6,875,440	---	(6,258,582)	616,858	216,349
Notes payable	18,870	---	(4,581)	14,289	3,647
Total General obligation debt	<u>12,964,310</u>	<u>---</u>	<u>(6,348,163)</u>	<u>6,616,147</u>	<u>359,996</u>
Other liabilities:					
Vested compensated absences	<u>115,596</u>	<u>68,792</u>	<u>(150,087)</u>	<u>34,301</u>	<u>---</u>
Total long-term obligations	\$ <u>13,079,906</u>	\$ <u>68,792</u>	\$ <u>(6,498,250)</u>	\$ <u>6,650,448</u>	\$ <u>359,996</u>
Business-type Activities:					
General obligation debt:					
General obligation bonds	<u>\$ 7,175,000</u>	<u>\$ ---</u>	<u>\$ (655,000)</u>	<u>\$ 6,520,000</u>	<u>\$ 665,000</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village and will be retired by resources derived from various sources, including property tax levies, special assessments and impact fees. Details of general obligation debt are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/18</u>
State trust fund loan	08/20/15	03/15/20	3.00%	\$ 452,000	\$ 186,482
State trust fund loan	08/31/14	03/15/19	3.00%	253,000	7,548
Waukesha county note	11/06/14	02/15/22	0%	28,377	14,189
Waukesha county note	07/01/15	07/01/18	0%	3,201	100
State trust fund loan	08/09/16	03/15/21	2.50%	325,000	197,828
State trust fund loan	12/19/17	03/15/22	3.00%	225,000	225,000
General obligation bond	02/07/13	05/01/27	1.0-2.2%	9,495,000	6,520,000
General obligation bond	11/30/17	12/01/36	2.0-3.5%	6,070,000	<u>5,985,000</u>
Total general obligation debt					\$ <u>13,136,147</u>
Government activity debt					\$ 6,616,147
Business-type activity debt					<u>6,520,000</u>
Total general obligation debt					\$ <u>13,136,147</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

General Obligation Debt (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2018, the Village has used 26.09% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2018:

Equalized Value January 1, 2018	\$	<u>1,007,109,300</u>
Debt limit (5% of equalized value)	\$	50,355,465
General Obligation Debt outstanding		<u>(13,136,147)</u>
Remaining Margin of Indebtedness Available	\$	<u>37,219,318</u>
Ratio of applicable general obligation debt to debt limit		<u>26.09 %</u>

Debt Maturities

Debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

Year	General Obligation Debt		
	Principal	Interest	Total
2019	\$ 359,996	\$ 178,490	\$ 538,486
2020	369,849	167,960	537,809
2021	378,578	158,271	536,849
2022	382,724	150,357	533,081
2023	325,000	142,183	467,183
2024-2028	1,700,000	588,062	2,288,062
2029-2033	1,890,000	342,830	2,232,830
2034-2036	<u>1,210,000</u>	<u>75,975</u>	<u>1,285,975</u>
Totals	\$ <u>6,616,147</u>	\$ <u>1,804,128</u>	\$ <u>8,420,275</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Debt Maturities (continued)

Business-type Activities:

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 665,000	\$ 126,085	\$ 791,085
2020	680,000	112,635	792,635
2021	695,000	98,885	793,885
2022	710,000	84,835	794,835
2023	725,000	70,485	795,485
2024-2028	<u>3,045,000</u>	<u>130,658</u>	<u>3,175,658</u>
Totals	\$ <u>6,520,000</u>	\$ <u>623,583</u>	\$ <u>7,143,583</u>

Total Primary Government

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,024,996	\$ 304,575	\$ 1,329,571
2020	1,049,849	280,595	1,330,444
2021	1,073,578	257,156	1,330,734
2022	1,092,724	235,192	1,327,916
2023	1,050,000	212,668	1,262,668
2024-2028	4,745,000	718,720	5,463,720
2028-2032	1,890,000	342,830	2,232,830
2033-2037	<u>1,210,000</u>	<u>75,975</u>	<u>1,285,975</u>
Totals	\$ <u>13,136,147</u>	\$ <u>2,427,711</u>	\$ <u>15,563,858</u>

Debt Premiums

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in both the proprietary fund statements and the government-wide statements. The unamortized debt premiums are reported in the liability section, in both the proprietary fund statements and the government-wide statements.

Activity for the year ended December 31, 2018 is summarized as follows:

Governmental Activities:

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance December 31, 2018</u>
Governmental activities	\$ 103,515	\$ ---	\$ (5,472)	\$ 98,043

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Business-type Activities:

	Balance January 1, 2018	Additions	Amortization	Balance December 31, 2018
Business-type Activities	\$ 105,690	\$ ---	\$ (11,744)	\$ 93,946

As of December 31, 2018, the Village has no defeased debt outstanding.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

G. Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position consists of the following:

Net Investment in Capital Assets:

Land and construction in progress	\$ 1,594,282	
Other capital assets net of accumulated depreciation	9,761,579	
Less: related long-term debt	(6,616,147)	
Less: Unamortized premium related to debt	(98,043)	
Total Net Investment in Capital Assets		\$ 4,641,671

Restricted for:

Land acquisition	3,040	
Cemetery	273,153	
Genesee Lakes Utility District	27,296	
AED Equipment	1,400	
Fitness Equipment	215	
Impact fees	104,308	
Total Restricted		409,412

Unrestricted		2,232,542
Total Governmental Net Position		\$ 7,283,625

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Government-Wide Financial Statement Net Position (continued)

Business-type Activities

Business-type net position consists of the following:

Net Investment in Capital Assets:

Land	\$	92,861	
Other capital assets net of accumulated depreciation		11,021,324	
Less: related long-term debt		(6,520,000)	
Less: unamortized debt premium		<u>(93,946)</u>	
Net Investment in Capital Assets			\$ 4,500,239

Unrestricted			<u>1,962,748</u>
Total Business-type Net Position			\$ <u>6,462,987</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

Major Funds:

General Fund:

Nonspendable:

Advance to Utility Districts	\$	35,000	
Prepaid expenditures		31,575	
Subtotal			66,575

Restricted:

AED equipment			1,400
Fitness equipment			215

Committed:

Facility improvements			702,772
Unassigned			1,304,262
Total General Fund			\$ 2,075,224

Nonmajor Governmental Funds:

Restricted:

Land acquisition	\$	3,040	
Impact Fees		104,308	
Cemetery		273,153	
Genesee Lakes Utility District		27,296	
Subtotal			\$ 407,797
Unassigned			(340)
Total nonmajor governmental funds			\$ 407,457

4. Defined Benefit 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 and 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 <http://etf.wi.gov/publications/cafr.htm>.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Defined Benefit Pension Plan (continued)

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 12/31/16) 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.

WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Defined Benefit Pension Plan (continued)

Post-Retirement Adjustments (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as for 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 (calendar year 2017), the WRS recognized \$113,334 in contributions from the employer.

Contribution rates as of December 31, 2018 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.70%	6.70%
Protective with Social Security	6.70%	10.70%
Protective without Social Security	6.70%	14.90%

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources

At December 31, 2018, the Village reported an asset of \$319,357 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was 0.0108%, which was an increase of 0.0003% from its proportion measured as of December 31, 2016.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

For the year ended December 31, 2018, the Village recognized pension expense of \$141,463.

4. Defined Benefit Pension Plan (continued)

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 405,751	\$ 189,797
Changes in assumptions	63,098	---
Net difference between projected and actual earnings on pension plan investments	341,804	780,731
Changes in proportion and differences between employer contributions and proportionate share of contributions	788	4,196
Employer contributions subsequent to the measurement date	119,333	---
Total	\$ 930,774	\$ 974,724

The amount of \$119,333 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 324,498	\$ (292,490)
2020	287,139	(290,818)
2021	103,097	(212,518)
2022	95,942	(178,898)
2023	765	---

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

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

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

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

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2017 are summarized in the following table:

Asset Allocation Targets and Expected Returns As of December 31, 2017			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50	8.2	5.3
Fixed Income	24.5	4.2	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

4. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (Continued)

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village's proportionate share of the net pension (asset) liability	\$826,286	\$ (319,357)	\$ (1,190,082)

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

Payables to the Pension Plan

Payables to the pension plan at December 31, 2018 were \$18,096. This represents contributions earned as of December 31, 2018, but for which payment was not remitted to the pension plan until subsequent to year-end.

5. Other Post-Employment Benefits

Plan Description

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

OPEB Plan Fiduciary Net Position

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

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

Contributions.

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

5. Other Post-Employment Benefits

Contributions (Continued)

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

Contribution rates as of December 31, 2018 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
25% Post Retirement Coverage	20% of employee contribution

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

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

During the reporting period, the LRLIF recognized \$430 in contributions from the employer

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, the Village reported a liability of \$58,381 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the Village's proportion was .0194%, which was an increase of .0002% from its proportion measured as of December 31, 2016.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

5. Other Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

For the year ended December 31, 2018, the Village recognized OPEB expense of \$5,682.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ 823
Net difference between projected and actual earnings on OPEB plan investments	672	---
Changes in assumptions	5,642	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	665
Employer contributions subsequent to the measurement date	423	---
Total	\$ 6,737	\$ 1,488

The amount of \$423 reported as deferred outflows related to OPEB resulting from the employers contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		Deferred Outflows of Resources		Deferred Inflows of Resources
2019	\$	1,032	\$	227
2020		1,032		227
2021		1,032		227
2022		1,032		227
Thereafter		2,186		580

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

5. Other Post-Employment Benefits (Continued)

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

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.44%
Long-Term Expected Rated of Return:	5.00%
Discount Rate:	3.63%
Salary Increases	
Inflation:	3.20%
Seniority/Merit:	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

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

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2017

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.13%
US Credit Bonds	Barclays Credit	65%	2.61%
US Long Credit Bonds	Barclays Long Credit	3%	3.08%
US Mortgages	Barclays MBS	31%	2.19%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

5. Other Post-Employment Benefits (Continued)

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

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

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase To Discount Rate (4.63%)
Village's proportionate share of the net OPEB liability	\$ 82,515	\$ 58,381	\$ 38,861

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

6. Risk Management

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

7. Contingent Liabilities

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

9. Police Contract

Starting in 2011, the Village began providing police services to a local municipality. The Village received \$366,248 in the current year related to these services. In 2019, the services will provide \$373,573 in revenues for the Village.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

10. Joint Ventures

Western Lakes Fire Department

By agreement dated February 16, 2017, the Western Lakes Fire Department (“WLFD”) was created. The WLFD, which provides proper fire and emergency medical service protection for all persons and properties located within the District consistent with intergovernmental cooperation as authorized by 66.0301, Wis. Stats. Participants are the City of Oconomowoc, Village of Summit, Village of Dousman and Town of Ottawa. The WLFD is operated by a Joint Fire Board which govern the operations for the Fire District. The Fire Board shall be composed of seven voting members. Also established by the agreement is a Joint Fire Commission which shall function as the fire commission for the fire District.

The powers of the Joint Fire Board include executing all contracts and agreements and approving the bill list, initiate the audit process, communicate with member municipalities, sign checks and keep and accurate account in accordance with accounting principles generally accepted in the United States of America. The Fire Board will also submit a consolidated Fire District Budget to the municipalities no later than September 1.

Each participating municipality's annual financial contribution to the WLFD's operating budget shall be based on call volume prorated share of the population and equalized valuation of the municipality. Each municipality's annual financial contribution to the Fire District's capital budget shall be based on fixed percentage cost and the proportion of each municipality's percentage share of the operating budget. The Village accounts for its share of the operations of the WLFD in the General Fund. The Village's share of the 2018 operating budget was as follows:

Operating	\$	422,437
Capital		209,159
DFD past debt		98,634
Total	\$	<u>730,230</u>

The Joint Fire Agreement shall remain in effect in perpetuity subject to the following: 1) All municipalities shall participate in the agreement for a minimum of seven years commencing March 2, 2017; 2) Any municipality wishing to withdraw may do so effective the end of any calendar year after 2023 by providing two years written notice; 3) By consent of all municipalities at any time.

11. Trail System Agreement

An agreement was entered into during 2017 between the Village of Summit and Lake Country Village, LLC. The developer of Lake Country Village will construct a paved trail system and related amenities along the trail system. The trail system shall be constructed by the developer of Lake Country Village and maintained in lieu of construction of a public park. The Village shall be responsible for collecting park impact fees at the time of building permit application for each lot within the Lake Country Village development. The parties have agreed that up to 50% of the collected park impact fees shall be reimbursed to the developer to off-set the costs to construct the trail system. At no time shall the amount reimbursed to developer exceed the actual costs to construct. For the year ended December 31, 2018 the Village paid \$55,648 in reimbursements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2018
(Continued)

12. Adjustment Due to Change in Accounting Principle

The Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement modified requirements for the accounting and financial statement reporting for postemployment benefits. The Village participates in the Local Retiree Life Insurance Fund which is a multi-employer defined benefit OPEB plan. Due to the application of GASB Statement No. 75, a prior period adjustment of \$47,880 was recorded for the OPEB liability.

13. Effect of New Accounting Standards on Financial Statements

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Director Borrowings and Direct Placements*
- Statement No. 89, *Accounting for interest-cost incurred before the end of a construction period*
- Statement No. 90, *Majority Equity Interest – An amendment of GASB Statements No. 14 and No. 61*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT
Summit, Wisconsin

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 1,458,990	\$ 1,458,990	\$ 1,463,565	\$ 4,575
Operating grants and contributions:				
Intergovernmental	411,489	411,489	538,878	127,389
Other	10,200	10,200	3,529	(6,671)
Licenses and permits	126,650	126,650	577,508	450,858
Fines, forfeitures and penalties	50,100	50,100	79,641	29,541
Public charges for services	456,250	456,250	465,240	8,990
Intergovernmental charges for services	465,285	465,285	463,285	(2,000)
Investment income	9,000	9,000	15,254	6,254
Other revenues	5,000	5,000	15,194	10,194
Total revenues	<u>2,992,964</u>	<u>2,992,964</u>	<u>3,622,094</u>	<u>629,130</u>
Expenditures:				
Current:				
General government	687,483	687,483	635,401	52,082
Public safety	1,421,646	1,421,646	1,756,912	(335,266)
Public works	823,019	823,019	755,806	67,213
Health and human services	34,699	34,699	33,142	1,557
Culture, recreation and education	26,117	26,117	16,154	9,963
Total expenditures	<u>2,992,964</u>	<u>2,992,964</u>	<u>3,197,415</u>	<u>(204,451)</u>
Excess (deficiency) of revenues over (under) expenditures	---	---	424,679	424,679
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	7,100	7,100	433,948	426,848
Proceeds from sale of non-capital assets	---	---	2,225	2,225
Insurance recoveries	---	---	18,582	18,582
Transfer in	---	---	6,542	6,542
Transfer out	(169,875)	(169,875)	(433,430)	(263,555)
Total other financing sources (uses)	<u>(162,775)</u>	<u>(162,775)</u>	<u>27,867</u>	<u>190,642</u>
Net change in fund balance	(162,775)	(162,775)	452,546	615,321
Fund Balance - Beginning of Year	<u>1,622,678</u>	<u>1,622,678</u>	<u>1,622,678</u>	---
Fund Balance - End of Year	<u>\$ 1,459,903</u>	<u>\$ 1,459,903</u>	<u>\$ 2,075,224</u>	<u>\$ 615,321</u>

See independent auditors' report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)
For the Year Ended December 31, 2018

Wisconsin Retirement System
Last 10 Fiscal Years*

	Village's proportion of the net pension asset (liability)	Village's proportionate share of the net pension asset (liability)	Village's covered payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
2018	0.0108%	\$ 319,357	\$ 1,211,564	26.36%	102.93%
2017	0.0105%	(86,576)	1,221,044	7.09%	99.20%
2016	0.0104%	(169,756)	1,156,076	14.68%	98.20%
2015	0.0110%	258,250	1,144,847	22.56%	102.74%

*The amounts presented for each fiscal year were determined as of the prior calendar-year end.

GASB Pronouncement 68 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Employer Contributions
For the Year Ended December 31, 2018

Wisconsin Retirement System
Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 113,334	\$ 113,334	\$ ---	\$ 1,211,564	9.35%
2017	102,904	102,904	---	1,221,044	8.43%
2016	98,911	98,911	---	1,156,076	8.56%
2015	102,782	102,782	---	1,144,847	8.98%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

GASB Pronouncement 68 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report.

VILLAGE OF SUMMIT

Summit, Wisconsin

Schedule of Proportionate Share of the Net OPEB Asset (Liability)

For the Year Ended December 31, 2018

Local Retiree Life Insurance
Last 10 Fiscal Years*

	Village's proportion of the net OPEB asset (liability)	Village's proportionate share of the net OPEB asset (liability)	Village's covered payroll	Net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total OPEB asset (liability)
2018	0.0194%	\$ (58,381)	\$ 816,036	7.15%	44.81%

*The amounts presented for each fiscal year were determined as of the prior calendar-year end.

GASB Pronouncement 75 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Employer Contributions

For the Year Ended December 31, 2018

Local Retiree Life Insurance
Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 430	\$ 430	\$ ---	\$ 816,036	0.05%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

GASB Pronouncement 75 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Required Supplementary Information
December 31, 2018

A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

The Village adopted annual Governmental Fund Budgets for the General Fund, the Special Revenue Fund, the Debt Service Fund and the Capital Projects Funds. These budgets are adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual fund level for each fund.

The budget amounts presented include any amendments made during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Board action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were not material.

B. Excess Expenditures Over Appropriations

Department	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund:			
Public safety	\$ 1,421,646	\$ 1,756,912	\$ 335,266

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

The excess expenditures were funded by revenues in excess of budget.

C. Wisconsin Retirement System

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

D. Other Postemployment Benefits (OPEB)

There were no changes of benefit terms for any participating employee in the LRLIF. There were no changes in the assumptions.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT

Summit, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2018

	Special Revenue Funds				Permanent Fund	Total Nonmajor Funds
	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Cemetery Fund	
Assets:						
Cash and investments	\$ 3,040	\$ 104,308	\$ 27,296	\$ ---	\$ 401,049	\$ 535,693
Receivables:						
Taxes	---	---	9,451	40,000	---	49,451
Total Assets	3,040	104,308	36,747	40,000	401,049	585,144
Liabilities:						
Due to other funds	---	---	---	340	127,896	128,236
Deferred Inflows of Resources:						
Tax roll revenue	---	---	9,451	40,000	---	49,451
Fund Balance (Deficit):						
Restricted	3,040	104,308	27,296	---	273,153	407,797
Unassigned	---	---	---	(340)	---	(340)
Total Fund Balance (Deficit)	\$ 3,040	\$ 104,308	\$ 27,296	\$ (340)	\$ 273,153	\$ 407,457

See independent auditors' report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Land Acquisition and Capital Improvements</u>	<u>Impact Fees</u>	<u>Genesee Lakes Utility District</u>	<u>Summit Utility District #3</u>	<u>Cemetery Fund</u>	
Revenues:						
Taxes	\$ ---	\$ ---	\$ 3,969	\$ 25,000	\$ ---	\$ 28,969
Public charges for services	---	145,755	---	228,020	14,050	387,825
Interest income	---	120	---	---	6,542	6,662
Total revenues	<u>---</u>	<u>145,875</u>	<u>3,969</u>	<u>253,020</u>	<u>20,592</u>	<u>423,456</u>
Expenditures:						
Current:						
Public works	---	---	11,186	253,020	---	264,206
Health and human services	---	---	---	---	45	45
Culture and recreation	---	55,648	---	---	---	55,648
Capital outlay	---	---	---	---	18,795	18,795
Total Expenditures	<u>---</u>	<u>55,648</u>	<u>11,186</u>	<u>253,020</u>	<u>18,840</u>	<u>338,694</u>
Excess (deficiency) of revenues over (under) expenditures	---	90,227	(7,217)	---	1,752	84,762
Other Financing Sources (Uses):						
Transfers out	---	(11,017)	---	---	(6,542)	(17,559)
Total other financing sources (uses)	<u>---</u>	<u>(11,017)</u>	<u>---</u>	<u>---</u>	<u>(6,542)</u>	<u>(17,559)</u>
Net change in fund balance	---	79,210	(7,217)	---	(4,790)	67,203
Fund Balance (Deficit), beginning of year	<u>3,040</u>	<u>25,098</u>	<u>34,513</u>	<u>(340)</u>	<u>277,943</u>	<u>340,254</u>
Fund Balance (Deficit) - end of year	<u>\$ 3,040</u>	<u>\$ 104,308</u>	<u>\$ 27,296</u>	<u>\$ (340)</u>	<u>\$ 273,153</u>	<u>\$ 407,457</u>

See independent auditors' report.