

**TOWN OF DELAFIELD  
WAUKESHA COUNTY, WISCONSIN**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**TOWN OF DELAFIELD**

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**Year Ended December 31, 2022**

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## Independent Auditors' Report

Town Board  
Town of Delafield  
Waukesha County, Wisconsin

Dear Board Members:

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Delafield, Wisconsin as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Delafield, Wisconsin as of December 31, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Delafield and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Delafield's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town of Delafield's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Delafield, Wisconsin's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Town Board  
Town of Delafield  
Page Three

Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in blue ink, appearing to read "Robert J. Sc...". The signature is written in a cursive style.

Delafield, Wisconsin  
June 1, 2023

TOWN OF DELAFIELD  
STATEMENT OF NET POSITION  
Governmental Activities  
December 31, 2022

Assets:	
Current assets:	
Cash and temporary investments	\$ 3,517,698
Receivables:	
Property taxes	2,571,836
Other (net)	81,439
Prepaid expenses	3,984
Inventory of supplies	20,155
Non-current assets:	
Special assessments	8,571
Capital assets:	
Non-depreciable:	
Land	544,229
Construction in progress	59,474
Depreciable:	
Capital assets, net of accumulated depreciation	11,977,426
Total assets	<u>18,784,812</u>
Liabilities:	
Current liabilities:	
Accounts payable	137,071
Refundable bonds and deposits	105,395
Other accrued liabilities	66,494
Unearned revenue	1,452,674
Current portion of long-term obligations	384,907
Non-current liabilities:	
Non-current portion of long-term obligations	3,170,010
Total liabilities	<u>5,316,551</u>
Deferred Inflows of Resources:	
Subsequent year's tax levy	<u>2,382,227</u>
Net Position:	
Net investment in capital assets	9,125,908
Restricted	
Expendable:	
Capital outlays	78,771
Unrestricted	1,881,355
Total net position	<u>\$ 11,086,034</u>

The accompanying notes are an integral part of these financial statements

TOWN OF DELAFIELD  
STATEMENT OF ACTIVITIES  
Governmental Activities  
Year Ended December 31, 2022

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government:					
Direct expenses:					
General government	\$ 647,119	49,621	-	-	(597,498)
Public safety	1,197,293	342,810	91,831	-	(762,652)
Health and sanitation	933,692	940,755	-	-	7,063
Highway and transportation	1,349,810	7,920	246,088	236,310	(859,492)
Parks and recreation	101,517	40,108	-	21,923	(39,486)
Indirect expenses:					
Interest and other related charges	129,657	-	-	-	(129,657)
Total primary government	\$ 4,359,088	1,381,214	337,919	258,233	(2,381,722)
General revenues and gains:					
					\$ 2,275,957
Property taxes					138,784
Grants not restricted to specific programs					51,546
Video service provider fee					47,649
Interest and investment earnings					24,022
Miscellaneous					20,377
Gain on sale of assets					2,558,335
					Change in Net Position 176,613
					Net Position - Beginning of Year 10,909,421
					Net Position - End of Year \$ 11,086,034

The accompanying notes are an integral part of these financial statements

TOWN OF DELAFIELD  
BALANCE SHEET  
Governmental Funds  
December 31, 2022

	General	ARPA	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and temporary investments	\$ 2,845,224	488,532	105,171	78,771	3,517,698
<b>Receivables:</b>					
Taxes	2,227,149	-	344,687	-	2,571,836
Accounts	15,219	-	-	-	15,219
Intergovernmental	66,220	-	-	-	66,220
Special assessments	8,571	-	-	-	8,571
Prepaid expenditures	3,984	-	-	-	3,984
Inventory of supplies	20,155	-	-	-	20,155
<b>Total assets</b>	<b>\$ 5,186,522</b>	<b>488,532</b>	<b>449,858</b>	<b>78,771</b>	<b>6,203,683</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 137,071	-	-	-	137,071
Accrued payroll	23,502	-	-	-	23,502
Refundable bonds and deposits	105,395	-	-	-	105,395
Other accrued liabilities	6,808	-	-	-	6,808
Unearned revenue	964,142	488,532	-	-	1,452,674
<b>Total liabilities</b>	<b>1,236,918</b>	<b>488,532</b>	<b>-</b>	<b>-</b>	<b>1,725,450</b>
<b>Deferred Inflows of Resources:</b>					
Subsequent year's tax levy	1,932,493	-	449,734	-	2,382,227
Special assessments	8,571	-	-	-	8,571
<b>Total deferred inflows of resources</b>	<b>1,941,064</b>	<b>-</b>	<b>449,734</b>	<b>-</b>	<b>2,390,798</b>
<b>Fund Balance:</b>					
Nonspendable	24,139	-	-	-	24,139
Restricted	-	-	-	78,771	78,771
Assigned	488,457	-	124	-	488,581
Unassigned	1,495,944	-	-	-	1,495,944
<b>Total fund balance</b>	<b>2,008,540</b>	<b>-</b>	<b>124</b>	<b>78,771</b>	<b>2,087,435</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 5,186,522</b>	<b>488,532</b>	<b>449,858</b>	<b>78,771</b>	<b>6,203,683</b>

The accompanying notes are an integral part of these financial statements

TOWN OF DELAFIELD  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
Governmental Funds  
December 31, 2022

Total fund balances - governmental funds	\$	2,087,435
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain accounts receivable are not available soon enough after year-end to pay for the current year's expenditures, and therefore are not reported in the governmental funds		
		8,571
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$ 20,776,613	
Less: Accumulated depreciation	<u>(8,195,484)</u>	12,581,129
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.		
		(36,184)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		
		(25,299)
Premiums associated with the issuance of long-term debt are amortized over the life of the debt issue in the governmental activities.		
		(65,826)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.		
		<u>(3,463,792)</u>
Total net position - governmental activities	\$	<u><u>11,086,034</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF DELAFIELD  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Governmental Funds  
Year Ended December 31, 2022

	General	ARPA	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 1,854,516	-	421,441	-	2,275,957
Special assessments	8,571	-	-	-	8,571
Intergovernmental	451,074	251,570	-	-	702,644
Regulation and compliance	418,343	-	-	-	418,343
Charges for services	1,024,787	-	-	-	1,024,787
Public improvement	-	-	-	21,923	21,923
Interest	37,781	8,748	-	1,120	47,649
Miscellaneous	24,022	-	-	-	24,022
	<u>3,819,094</u>	<u>260,318</u>	<u>421,441</u>	<u>23,043</u>	<u>4,523,896</u>
Expenditures:					
Current:					
General government	627,255	-	-	-	627,255
Public safety	1,006,823	-	-	-	1,006,823
Health and sanitation	933,692	-	-	-	933,692
Highway and transportation	1,273,308	-	-	-	1,273,308
Parks and recreation	84,979	-	-	-	84,979
Capital outlays	251,570	-	-	125,716	377,286
Debt service:					
Principal	-	-	2,927,753	-	2,927,753
Interest	-	-	99,363	-	99,363
Debt issue costs	-	-	50,095	-	50,095
	<u>4,177,627</u>	<u>-</u>	<u>3,077,211</u>	<u>125,716</u>	<u>7,380,554</u>
Excess (deficiency) of revenues over expenditures	<u>(358,533)</u>	<u>260,318</u>	<u>(2,655,770)</u>	<u>(102,673)</u>	<u>(2,856,658)</u>
Other financing sources (uses):					
Sale of assets	22,785	-	-	-	22,785
Face value of long-term debt	250,000	-	2,580,000	-	2,830,000
Bond bid premium	-	-	75,894	-	75,894
Transfers in	260,437	-	-	-	260,437
Transfers out	-	(260,437)	-	-	(260,437)
	<u>533,222</u>	<u>(260,437)</u>	<u>2,655,894</u>	<u>-</u>	<u>2,928,679</u>
Net change in fund balances	174,689	(119)	124	(102,673)	72,021
Fund balance:					
January 1	1,833,851	119	-	181,444	2,015,414
December 31	<u>\$ 2,008,540</u>	<u>-</u>	<u>124</u>	<u>78,771</u>	<u>2,087,435</u>

The accompanying notes are an integral part of the financial statements

TOWN OF DELAFIELD  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 Governmental Funds  
 Year Ended December 31, 2022

Net change in fund balances - total governmental funds	\$	72,021
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in governmental funds include those which provide financial resources of the current year but which were earned in prior years.		(8,572)
Capital outlays are reported in governmental funds as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which exceeds capital asset purchases (\$941,316) exceed depreciation expense (\$867,008).		74,308
In governmental funds, gains from the exchange of capital assets are not recognized. In the Statement of Activities, however, gains are recognized to the extent that the value of assets received exceeds the remaining net book value of the assets disposed of.		(2,408)
Interest on long-term debt is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues.		2,216
Premiums associated with the issuance of long-term debt are reported as other financing sources in the governmental funds. In the Statement of Activities, these are amortized over the life of the debt issue.		(58,309)
Compensated absences payable from current year resources are reported as expenditures of the current year. In the Statement of Activities, however, these costs are expensed as they accrue.		(396)
Debt proceeds provide current financial resources to government funds but issuing debt increases long-term liabilities in the Statement of Net Position.		(2,830,000)
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		<u>2,927,753</u>
Change in net position of governmental activities	\$	<u><u>176,613</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF DELAFIELD  
BUDGETARY COMPARISON STATEMENT  
General Fund  
Year Ended December 31, 2022

	Budget		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Budgetary fund balance, January 1	\$ 1,833,851	1,833,851	1,833,851	-
Resources (inflows):				
Taxes	1,841,135	1,841,135	1,854,516	13,381
Special assessments	8,571	8,571	8,571	-
Intergovernmental	362,350	362,350	451,074	88,724
Regulation and compliance	323,038	323,038	418,343	95,305
Charges for services	1,017,377	1,017,377	1,024,787	7,410
Interest	2,595	2,595	37,781	35,186
Miscellaneous	25,500	25,500	24,022	(1,478)
Proceeds from sale of assets	-	-	22,785	22,785
Transfers in	-	-	260,437	260,437
Face amount of long-term debt	250,000	250,000	250,000	-
Amounts available for appropriation	<u>5,664,417</u>	<u>5,664,417</u>	<u>6,186,167</u>	<u>521,750</u>
Charges to appropriations (outflows):				
Current:				
General government	663,247	656,976	627,255	29,721
Public safety	926,014	1,006,823	1,006,823	-
Health and sanitation	948,823	948,823	933,692	15,131
Highway and transportation	1,285,586	1,285,586	1,273,308	12,278
Parks and recreation	71,896	93,416	84,979	8,437
Capital outlays	-	251,570	251,570	-
Total charges to appropriations	<u>3,895,566</u>	<u>4,243,194</u>	<u>4,177,627</u>	<u>65,567</u>
Fund balance, December 31	\$ <u>1,768,851</u>	<u>1,421,223</u>	<u>2,008,540</u>	<u>587,317</u>

The accompanying notes are an integral part of the financial statements

TOWN OF DELAFIELD  
STATEMENT OF FIDUCIARY NET POSITION  
Custodial Fund  
December 31, 2022

	<u>Tax Collection Fund</u>
Assets:	
Cash and cash equivalents	\$ 4,484,447
Taxes receivable	<u>14,715,436</u>
Total assets	<u>\$ 19,199,883</u>
Liabilities:	
Due to other taxing units:	
School districts	\$ 15,083,145
Waukesha County	3,815,345
Sanitary districts	<u>301,393</u>
Total liabilities	<u>\$ 19,199,883</u>

The accompanying notes are an integral part of the financial statements

TOWN OF DELAFIELD  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
Custodial Fund  
Year Ended December 31, 2022

	<u>Tax Collection Fund</u>
Additions:	
Taxes collected on behalf of other taxing entities	\$ 19,014,720
Deductions:	
Taxes remitted to other taxing entities	<u>(19,014,720)</u>
Change in net position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	\$ <u><u>-</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

## **(1) Summary of Significant Accounting Policies**

The accounting and reporting policies of the Town of Delafield included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

### **A. Reporting Entity**

This report includes all of the funds of the Town of Delafield. The reporting entity for the Town consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or 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. This report does not contain any component units.

### **B. Government-Wide and Fund Financial Statements**

In June 2017, the GASB issued Statement No. 87 – *Leases*. The purpose of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This standard was implemented January 1, 2022.

#### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### **Fund Financial Statements**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies**

**B. Government-Wide and Fund Financial Statements - continued**

**Fund Financial Statements - continued**

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental category. Major individual governmental funds are reported in separate columns in the fund financial statements.

A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The Town reports the following major governmental funds:

*General Fund* – The general fund accounts for the Town's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

*ARPA Fund* – The ARPA fund is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures allowable under the American Rescue Plan Act of 2021.

*Debt Service Fund* – The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term debt.

The Town reports the following non-major governmental funds:

*Impact Fee Fund* – The impact fee fund is a special revenue fund which accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for parks, playgrounds and athletic fields.

In addition, the Town reports the following fund type:

*Custodial Fund* – The custodial fund accounts for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

**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. Accordingly, all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

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

**Government-Wide Financial Statements - continued**

Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied.

Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Unearned revenue represents resources related to certain grants, which have been received, but not yet been earned.

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

**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 Town considers revenues to be available if they are collected within sixty 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, and judgments, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Inspection fees, refuse collection fees and video service provider fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Intergovernmental aids and grants are recognized as revenues in the period the Town is entitled to the resources and the amounts are available. Amounts owed to the Town but not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as unearned revenues.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Wisconsin municipalities are authorized by statute to invest idle funds in the following institutions and investments:

- a. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association, which is authorized to transact business in this state.
- b. Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
- c. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state.
- d. Bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district or local cultural arts district.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity - continued**

**1. Deposits and Investments - continued**

- e. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- f. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- g. Securities of an open-end management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:
  - 1. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
  - 2. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
  - 3. Repurchase agreements fully collateralized by bonds or securities under (g) 1 or 2.
- h. Bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipality liability or a liability of the property owners of the municipality for special improvements and may sell or hypothecate the bonds or securities.
- i. The Local Government Pooled Investment Fund.
- j. Repurchase agreements with public depositories if federal bonds or securities secure the agreement.

Investments made during 2022 were held in the Town's name and were in accordance with those allowable by state statutes.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is unrated and is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**2. Receivables**

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Town, taxes are collected for and remitted to the county government as well as the local school district and technical college district.

Taxes for all local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying custodial fund statement of fiduciary net position.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

**2. Receivables - continued**

Property tax calendar – 2022 tax roll:

Levy:

Tax lien and levy date	December 2022
Tax bills mailed	December 2022

Due dates:

Real property taxes:

Payment in full or first installment	January 31, 2023
Second installment payable to County	July 31, 2023

Personal property taxes, special assessments and special charges, in full	January 31, 2023
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Tax settlements with taxing jurisdictions:

First settlement	January 15, 2023
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Second settlement	February 20, 2023
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Final settlement	August 20, 2023
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Tax sale - 2022 delinquent real estate taxes	October 2025
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Delinquent real estate taxes as of July 31 are paid in full by Waukesha County, which assumes their collection. The Town maintains responsibility for collection of delinquent personal property taxes.

**3. Inventories and Prepaid Items**

Governmental fund inventories are valued at cost on a first in, first out basis. Inventory in the general fund consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed. Reported inventories are offset as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net position.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Capital Assets**

**Government – Wide Statements**

In the government-wide financial statements, capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Prior to 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units were required to account for all capital assets, including infrastructure, in the government-wide statements. As allowed under the reporting standards the Town elected to report its infrastructure prospectively from the date of implementation.

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.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

**4. Capital Assets - continued**

**Government – Wide Statements - continued**

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5-50 Years
Land improvements	10-40 Years
Machinery and equipment	5-20 Years
Vehicles	10-25 Years
Infrastructure	10-50 Years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenditure) until then.

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

**6. Compensated Absences**

Compensated absences represent liabilities arising from the Town's sick leave and vacation leave policies. The sick leave policy allows full-time and supervisory employees to accrue sick leave at a rate of one day per month to a maximum of 320 hours for all eligible employees. Employees, with a minimum of 15 years of service, will receive payment upon leaving employment with the Town for those accumulated unused hours at the hourly rate or equivalent that they were paid at the time their tenure is ended. A liability is recorded only to the extent that it is estimated to result in termination payments. At December 31, 2022, the total liability for payments related to accrued sick time was \$25,299.

The Town's vacation leave policy allows employees to accrue vacation benefits. Vacation leave accrues to a maximum of four weeks based upon each employee's length of service. A maximum of 40 hours of the earned benefit can be carried over to the following year. No vacation time was accrued at December 31, 2022.

All vested vacation and sick leave pay are accrued when earned in the full-accrual government-wide financial statements. The vacation pay liability is reported in governmental fund financial statements however, vested sick pay is accrued only to the extent that it is expected to utilize current financial resources.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

**7. Long-Term Obligations**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of bonds, notes and loans payable.

For the government-wide statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year-end is shown as an increase or decrease in the liability section of the Statement of Net Position.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures.

**8. Claims and Judgments**

Claims and judgments are recorded as liabilities if all of 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 as expenses when the related liabilities are incurred. There were no significant claims or judgements at year end.

**9. Equity Classifications**

**Government–Wide Statements**

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

- a. Net investment in capital assets includes the Town’s capital assets, net of accumulated depreciation, 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 includes assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position includes all other net positions that do not meet the definition of “net investment in capital assets” or “restricted”.

**Fund Statements**

Governmental fund equity is classified as fund balance. In accordance with Governmental Standards Board Statement No. 54 fund balance is further categorized into five classifications based on the constraints imposed on the use of these resources. These five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form – prepaids or inventories; or are legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity – continued**

**9. Equity Classifications - continued**

**Fund Statements - continued**

- a. Restricted - This classification reflects the constraints imposed on resources externally by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- b. Committed - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Board, the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Town Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned - This classification reflects the amounts the Town intends to be used for a specific purpose but are neither restricted nor committed. The Town Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The Town has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. In these circumstances GASB Statement No. 54 indicates that restricted funds are to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

**10. Use of Estimates**

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

**(2) Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1(C). The Town prepares an annual budget for all funds on a basis consistent with generally accepted accounting principles.

Public hearings are conducted on the proposed budget prior to Town Board approval. After such hearings, the Town holds a special town meeting at which time the Town residents set and approve the annual tax levy. The budget is legally enacted prior to December 31 through approval of the Town Board.

All governmental funds of the Town are adopted at the functional level of expenditure.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(2) Stewardship, Compliance, and Accountability - Continued**

**A. Budgetary Information - continued**

Subsequent to the enactment of the budget, the Town Board has the authority to make amendments to the budget, which may result in changes in total appropriations. Such amendments require approval of two-thirds of the governing body. Amendments made to the original approved general fund budget were in accordance with these requirements and included the following:

	<u>Original</u>	<u>Amended</u>
General Fund		
Expenditures:		
Public safety	\$ 926,014	1,006,823
Capital outlays	-	251,570
Debt Service Fund		
Expenditures:		
Principal	312,754	2,927,753
Debt issue costs	-	50,095
Impact Fee Fund		
Expenditures:		
Capital outlays	-	125,716

The budgetary comparison statement for the general fund is shown as part of the basic financial statements. Budgetary comparisons for all other governmental funds are included in supplemental information.

**B. Limitations of the Town's Tax Levy**

Wisconsin Statute 66.0602 limits the Town's property tax levy, with exceptions, to its prior tax levy, increased by the percentage change in the Town's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

**(3) Detailed Notes on All Funds**

**A. Deposits and Investments**

The Town's deposits at December 31, 2022 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 168,290	199,460	Custodial credit risk
LGIP	7,833,305	6,032,991	Credit and Interest rate risk
Petty cash	550	550	
	<u>\$ 8,002,145</u>	<u>6,233,001</u>	

The difference between the carrying value and bank balance is due to deposits in transit and outstanding checks. Reconciliation of the carrying values of the deposits and investments to the statement of net position and statement of fiduciary assets is as follows:

Per Statement of Net Position	\$ 3,517,698
Per Statement of Fiduciary Net Position	<u>4,484,447</u>
	<u>\$ 8,002,145</u>

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(3) Detailed Notes on All Funds - Continued**

**A. Deposits and Investments - continued**

At December 31, 2022, idle funds were invested in time and demand deposits of authorized depositories. Such deposits and investments are insured in any one depository institution through federal depository insurance funds. Insurance coverage for governmental depositors depends upon the type of deposit and the location of the insured depository institution.

All time and savings deposits owned by the Town and held by the Town's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000. All demand deposits owned by the Town and held by the Town's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts. The term 'demand deposits' means both interest bearing and non-interest bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. For accounts held by the Town located outside the State of Wisconsin, all time, savings, and demand deposits are combined within each depository institution and insured up to \$250,000.

In addition to FDIC insurance, there is insurance currently available through the State of Wisconsin depository insurance program, which would provide a maximum of \$400,000 of insurance on deposits in any one institution. The amount available to fund the entire Wisconsin program is limited and, therefore, the actual benefits available at a time of claim would depend upon the remaining balance in the state fund.

The State Investment Fund, which the LGIP is a part of, had 88% of its investments in U.S. government securities at December 31, 2022.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a financial institution failure, the Town would not be able to recover its deposits or collateral securities that are in the possession of an outside party. As of December 31, 2022, all of the Town's total bank balance was collateralized with federal depository insurance. The Town does not have a deposit policy for custodial credit risk.

*Credit and Interest Rate Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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 has to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from changes in interest rates.

At December 31, 2022, the Town held investments with a fair value of \$7,833,305 in the LGIP. The average maturity date for investments held by the LGIP is 35 days.

**B. Receivables**

Governmental fund financial statements report deferred inflows of resources in connection with receivables not considered available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(3) Detailed Notes on All Funds - Continued**

**B. Receivables - continued**

At the end of the current fiscal year, the various components of the Town's receivables included deferred inflows of resources reported in the governmental fund financial statements as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Current year taxes receivable:			
General fund	\$ 2,227,149	-	2,227,149
Debt service fund	344,687	-	344,687
Special assessments receivable:			
General fund	-	8,571	8,571
	<u>\$ 2,571,836</u>	<u>8,571</u>	<u>2,580,407</u>

**C. Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2022 was as follows:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets Not Being Depreciated:				
Land	\$ 544,229	-	-	544,229
Construction in progress	-	59,474	-	59,474
	<u>544,229</u>	<u>59,474</u>	<u>-</u>	<u>603,703</u>
Capital Assets Being Depreciated:				
Buildings and improvements	4,610,195	-	-	4,610,195
Land improvements	756,370	142,851	33,949	865,272
Machinery and equipment	1,386,001	83,448	18,209	1,451,240
Vehicles	2,558,106	82,472	111,326	2,529,252
Infrastructure	<u>10,143,880</u>	<u>573,071</u>	<u>-</u>	<u>10,716,951</u>
	<u>19,454,552</u>	<u>881,842</u>	<u>163,484</u>	<u>20,172,910</u>
Total capital assets	<u>19,998,781</u>	<u>941,316</u>	<u>163,484</u>	<u>20,776,613</u>
Less Accumulated Depreciation:				
Buildings and improvements	(1,141,663)	(111,627)	-	(1,253,290)
Land improvements	(471,089)	(30,067)	(33,362)	(467,794)
Machinery and equipment	(714,214)	(93,278)	(16,388)	(791,104)
Vehicles	(1,102,435)	(134,797)	(111,326)	(1,125,906)
Infrastructure	<u>(4,060,151)</u>	<u>(497,239)</u>	<u>-</u>	<u>(4,557,390)</u>
Total accumulated depreciation	<u>(7,489,552)</u>	<u>(867,008)</u>	<u>(161,076)</u>	<u>(8,195,484)</u>
Capital assets, net of depreciation	<u>\$ 12,509,229</u>	<u>74,308</u>	<u>2,408</u>	<u>12,581,129</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 55,450
Public safety	190,470
Highway and transportation	587,415
Parks and recreation	<u>33,673</u>
	<u>\$ 867,008</u>

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(3) Detailed Notes on All Funds - Continued**

**D. Payables**

Payables as of December 31, 2022 for the Town's individual major funds and non-major funds in the aggregate, are as follows:

Accounts payable	\$ 137,071
Accrued payroll	23,502
Refundable bonds and deposits	105,395
Other accrued liabilities	<u>6,808</u>
Total per fund balance sheet	272,776
Accrued interest	<u>36,184</u>
Total per government-wide statement of net position	\$ <u>308,960</u>

**E. Long-Term Obligations**

Changes in long-term obligations activity for the year ended December 31, 2022 are as follows:

	Balance <u>12/31/21</u>	Increases	Decreases	Balance <u>12/31/22</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 2,795,000	2,580,000	2,795,000	2,580,000	195,000
Notes from direct borrowings	<u>766,545</u>	<u>250,000</u>	<u>132,753</u>	<u>883,792</u>	<u>179,484</u>
Total general obligation debt	3,561,545	2,830,000	2,927,753	3,463,792	374,484
Other liabilities:					
Unamortized premium	7,517	75,894	17,585	65,826	10,423
Compensated absences	<u>24,903</u>	<u>454</u>	<u>58</u>	<u>25,299</u>	<u>-</u>
Total governmental long-term liabilities	\$ <u>3,593,965</u>	<u>2,906,348</u>	<u>2,945,396</u>	<u>3,554,917</u>	<u>384,907</u>

The following is a list of long-term obligations at December 31, 2022:

	Final <u>Maturity</u>	Interest <u>Rates</u>	Original <u>Indebtedness</u>	Balance <u>12/31/22</u>	Amounts Due Within <u>One Year</u>
General obligation debt:					
2019 State trust fund loan	3/15/26	3.25%	\$ 250,000	162,761	41,630
2021 State trust fund loan	3/15/26	2.50%	250,000	202,206	48,697
2021 State trust fund loan	3/15/28	3.00%	150,000	130,246	20,137
2021 State trust fund loan	3/15/28	3.00%	161,000	138,579	21,426
2022 State trust fund loan	3/15/27	3.25%	250,000	250,000	47,594
2022 Refunding bonds	4/1/34	2.00%	2,580,000	<u>2,580,000</u>	<u>195,000</u>
				\$ <u>3,463,792</u>	<u>374,484</u>

All general obligation and installment debt will be retired by future property tax levies. In accordance with Wisconsin Statutes, total general obligation indebtedness of the Town may not exceed 5% of the equalized value of taxable property within the Town of \$2,187,285,800. The debt limit as of December 31, 2022, was \$109,364,290. Total general obligation debt outstanding at year-end was \$3,463,792.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(3) Detailed Notes on All Funds - Continued**

**E. Long-Term Obligations - continued**

Debt service requirements on long-term debt at December 31, 2022 are as follows:

	<u>Bonds</u>		<u>Notes from Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 195,000	49,650	179,484	25,600
2024	200,000	45,700	183,855	21,227
2025	200,000	41,700	189,408	15,676
2026	205,000	37,650	183,027	10,015
2027	210,000	33,500	99,839	4,573
2028 - 2032	1,100,000	102,700	48,179	1,449
2033 - 2034	470,000	9,400	-	-
	<u>\$ 2,580,000</u>	<u>320,300</u>	<u>883,792</u>	<u>78,540</u>

**F. Governmental Activities Net Position/Fund Balances**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:

Capital assets, net of accumulated depreciation \$ 12,581,129

Less: related long-term debt outstanding, excluding  
borrowings for non-capital purposes

(3,455,221)  
9,125,908

Restricted

Expendable

Enabling legislation for capital projects 78,771

Unrestricted

Total governmental activities net position \$ 11,086,034

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

Non-Spendable - Major Funds:

General Fund

Prepaid expenditures \$ 3,984

Inventory of supplies 20,155

Restricted:

Non-Major Funds

Impact Fee Funds:

Capital improvements 78,771

Assigned – Major Funds:

General Fund

Future capital outlays 476,286

Park improvements 12,171

Debt service 124

Unassigned:

Major Funds:

General Fund 1,495,944

Total governmental fund balances \$ 2,087,435

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(3) Detailed Notes on All Funds - Continued**

**G. Leases**

Beginning April 1, 2021 the Town began leasing the premises of the former fire station # 2 to a local business for \$2,000 per month. The term of the lease is for three years and will expire March 31, 2024. Future revenues are:

2023	\$ 24,000
2024	6,000

**H. Interfund Transfers**

A transfer of \$260,437 from the ARPA fund to the general fund was for the purpose of financing the purchases of equipment in 2022.

**(4) Other Information**

**A. Other Employee Benefits**

The Town provides for benefits in lieu of a formal retirement plan for full time employees by contributing eleven percent of the employee's yearly base salary to a deferred compensation plan. Costs related to the Town's contributions are accrued when earned and the total cost for the year ended December 31, 2022, was \$43,103.

**B. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

**C. Joint Ventures**

On September 29, 2020 under the authority of Wisconsin State Statutes Section 66.0301, the Town entered into an agreement with the Villages of Chenequa, Nashotah, Oconomowoc Lake and Wales, the Town Genesee and the City of Delafield to establish a joint municipal fire department known as Lake Country Fire & Rescue (LCFR), effective January 1, 2021. The Department provides fire protection, rescue operations, emergency medical and paramedic services, water rescue, fire prevention and education, and inspections to those municipalities.

A fourteen-member Fire Board comprised of two members, serving two-year terms, from each municipality is responsible for overseeing the operations of the Fire Department.

The Fire Board prepares an annual budget for the fire department consisting of an operating budget and a capital budget and submits it to the participating municipalities no later than September 1. All funding and expenditures must be authorized and approved by the municipalities with the final budget adopted no later than December 1. If the municipalities do not adopt identical budgets for the Fire Board by December 1, the last budget approved, less amounts budgeted for capital expenditures, shall be deemed to be adopted for the next calendar year.

The Fire Chief is responsible for administering the annual budget for the department and is accountable to the Fire Board for the same. At no time may the Fire Chief or Fire Board or Fire Commission exceed, by any amount, the total budget. Any expenditure over the annual budget is required to receive unanimous prior approval by the municipalities.

TOWN OF DELAFIELD  
NOTES TO FINANCIAL STATEMENTS

**(4) Other Information - Continued**

**C. Joint Ventures – continued**

The Fire Board is authorized to amend the budget to recognize additional unbudgeted revenue to pay additional unbudgeted expenses by a 2/3 vote of the entire membership with at least one representative from each municipality voting in favor of the amendment, provided that the amendment does not require additional financial contributions from the member Municipalities.

All budgeted funds which are not spent prior to the end of the year will be retained by LCFR. Surplus funds may, upon approval of the Fire Board, be used to fund shortfalls, in current or future budgets, reserve accounts, or capital equipment purchases. Upon termination of the Fire Department, all surplus funds will be returned to each participating municipality in accordance with the current year's financing formula.

All proposed capital equipment expenditures included in the budget, and which are not spent prior to the end of the year, will be retained by LCFR. These remaining budgeted funds will be reserved for future capital equipment purchases.

65% of the Department's budgeted operating costs are shared between the participating municipalities based upon agreed percentages; the Town's portion of which is 20.5%. The remaining 35% is based upon a financing formula which includes the average of the most recent three-years for call volume, equalized value of improvements and population. Capital costs are shared on a pre-determined basis with the Town paying 24%. The Village's share of the operating and capital costs for 2022 was \$668,965.

Pursuant to the agreement, the Town will continue to own its fire station and lease it to LCFR for \$1/ year. Capital improvements, maintenance and utility costs are the responsibility of the Town. Vehicles and equipment owned prior to the agreement will continue to be owned by the Town until such time as they are replaced by LCFR. Any proceeds from disposal of the existing assets are to be returned to the Town.

The agreement remains in effect for a minimum of seven years. After the expiration of the initial five-year period, any municipality wishing to withdraw from the agreement may do so by providing two years written notice.

Financial statements of the District can be obtained at the office of the District clerk.

**D. Effect of New Accounting Standards on Current Period Financial Statements**

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

*Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*  
*Statement No. 96, Subscription-Based Information Technology Arrangements*  
*Statement No. 99, Omnibus 2022*  
*Statement No. 100, Accounting Changes and Error Corrections*  
*Statement No. 101, Compensated Absences*

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

**E. Subsequent Events**

In preparing the financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 1, 2023, the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

**SUPPLEMENTARY INFORMATION**

TOWN OF DELAFIELD  
STATEMENT OF NET EXPENDITURES, REVENUES AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
All Governmental Fund Types  
Year Ended December 31, 2022

		Program Revenues and Other Sources			Net (Expenditure)
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Fund Balance
Current:					
General government	\$ 627,255	49,622	-	-	(577,633)
Public safety	1,006,823	342,810	91,831	-	(572,182)
Health and sanitation	933,692	940,755	-	-	7,063
Highway and transportation	1,273,308	7,920	246,088	244,881	(774,419)
Parks and recreation	84,979	40,108	-	21,923	(22,948)
Capital outlays	377,286	-	-	-	(377,286)
Debt service:					
Principal	2,927,753	-	-	-	(2,927,753)
Interest	149,458	-	-	-	(149,458)
Total primary government	\$ 7,380,554	1,381,215	337,919	266,804	(5,394,616)
General revenues and other sources:					
					\$ 2,275,957
Property taxes					138,784
Grants not restricted to specific programs					51,546
Video service provider fee					47,649
Interest and investment earnings					22,785
Proceeds from sale of assets					24,022
Miscellaneous					2,830,000
Face amount of long-term debt					75,894
Bond bid premium					5,466,637
					72,021
					2,015,414
					\$ 2,087,435

TOWN OF DELAFIELD  
Special Revenue Fund  
ARPA Fund  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended December 31, 2022

Revenues:	
Intergovernmental:	
ARPA grant	\$ 251,570
Interest	<u>8,748</u>
Total revenues	<u>260,318</u>
Other financing uses:	
Transfer to general fund	<u>(260,437)</u>
Net change in fund balance	(119)
Fund balance, January 1	<u>119</u>
Fund balance, December 31	<u><u>\$ -</u></u>

TOWN OF DELAFIELD  
Debt Service Fund  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
Year Ended December 31, 2022

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Tax levy	\$ 421,441	421,441	-
Expenditures:			
Debt service:			
Principal	2,927,753	2,927,753	-
Interest	99,363	108,687	9,324
Debt issue costs	50,095	50,095	-
Total expenditures	3,077,211	3,086,535	9,324
Excess (deficiency) of revenues over expenditures	(2,655,770)	(2,665,094)	9,324
Other financing sources:			
Face value of long-term debt	2,580,000	-	2,580,000
Bond bid premium	75,894	-	75,894
Total other financing sources	2,655,894	-	2,655,894
Net change in fund balance	124	(2,665,094)	2,665,218
Fund balance, January 1	-		
Fund balance, December 31	\$ 124		

TOWN OF DELAFIELD  
Special Revenue Fund  
Impact Fee Fund  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Revenues:			
Public improvement:			
Impact fees	\$ 21,923	40,000	(18,077)
Interest	<u>1,120</u>	<u>100</u>	<u>1,020</u>
Total revenues	<u>23,043</u>	<u>40,100</u>	<u>(17,057)</u>
Expenditures:			
Capital outlays	<u>125,716</u>	<u>125,716</u>	<u>-</u>
Net change in fund balance	(102,673)	<u>(85,616)</u>	<u>(17,057)</u>
Fund balance, January 1	<u>181,444</u>		
Fund balance, December 31	\$ <u>78,771</u>		