

# **Waterford Waterway Management District**

Financial Statements and  
Supplementary Information

September 30, 2022

# Waterford Waterway Management District

---

Table of Contents  
September 30, 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements</b>	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Index to Notes to Financial Statements	6
Notes to Financial Statements	7
<b>Supplementary Information</b>	
Operating Revenues and Expenses	12

## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Board of Commissioners of  
Waterford Waterway Management District

### **Opinion**

We have audited the accompanying financial statements of the Waterford Waterway Management District (District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 opinion.

### **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 District'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.

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

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.



Milwaukee, Wisconsin  
February 3, 2023

## **BASIC FINANCIAL STATEMENTS**

## Waterford Waterway Management District

---

Statement of Net Position

September 30, 2022

### Assets

Cash and investments	\$ 403,520
Accounts receivables	67,571
Prepaid items	127,667
Capital assets, net of depreciation	<u>123,233</u>

Total assets	<u>721,991</u>
--------------	----------------

### Current Liabilities

Accounts payable	5,309
Unearned revenue	74,175
Current portion of long-term obligation	<u>24,000</u>

Total current liabilities	<u>103,484</u>
---------------------------	----------------

### Noncurrent Liabilities

Noncurrent portion of long-term obligation	<u>72,000</u>
--	---------------

Total liabilities	<u>175,484</u>
-------------------	----------------

### Net Position

Net investment in capital assets	27,233
Unrestricted	<u>519,274</u>

Total net position	<u>\$ 546,507</u>
--------------------	-------------------

## Waterford Waterway Management District

Statement of Revenues, Expenses and Changes in Net Position  
Year Ended September 30, 2022

### Operating Revenues

Charges for services	\$ 370,500
Intergovernmental grants	48,514
	<hr/>
Total operating revenues	419,014

### Operating Expenses

Operation and maintenance	311,323
General and administrative	29,694
	<hr/>
Total operating expenses	341,017

Operating income	77,997
------------------	--------

### Nonoperating Revenue (Expenses)

Interest income	233
Loss on disposal of assets	(379)
	<hr/>
Total nonoperating revenue (expenses)	(146)

Change in net position	77,851
------------------------	--------

<b>Net Position, Beginning</b>	<hr/> 468,656
--------------------------------	---------------

<b>Net Position, Ending</b>	<hr/> <hr/> \$ 546,507
-----------------------------	------------------------

See notes to financial statements



## Waterford Waterway Management District

### Statement of Cash Flows

Year Ended September 30, 2022

#### Cash Flows From Operating Activities

Receipts from customers	\$ 440,481
Payments to suppliers for goods and services	(416,426)
	<u>24,055</u>
Net cash flows from operating activities	<u>24,055</u>

#### Cash Flows From Investing Activities

Investment income	<u>233</u>
-------------------	------------

#### Cash Flows From Capital and Financing Activities

Proceeds from debt issued	120,000
Debt retired	(24,000)
Acquisition and construction of capital assets	(120,000)
Proceeds from sale of capital asset	<u>70,700</u>

Net cash flows from capital and financing activities 46,700

Net change in cash and investments 70,988

Cash and Investments, Beginning 332,532

Cash and Investments, Ending \$ 403,520

#### Reconciliation of Operating Income to Net Cash

##### Flows From Operating Activities

Operating income	\$ 77,997
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	44,927
Changes in assets and liabilities:	
Accounts receivable	(52,708)
Prepaid items	(122,726)
Accounts payable	2,390
Unearned revenues	<u>74,175</u>

Net cash flows from operating activities \$ 24,055

#### Reconciliation of Cash and Investments to Statement of Net Position

Cash and investments	<u><u>\$ 403,520</u></u>
----------------------	--------------------------

See notes to financial statements

# Waterford Waterway Management District

Index to Notes to Financial Statements  
September 30, 2022

---

	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	
Reporting Entity	7
Measurement Focus, Basis of Accounting and Financial Statement Presentation Assets, Liabilities and Net Position	7
Deposits and Investments	7
Prepaid Items	8
Capital Assets	8
Revenues and Expenses	8
Unearned Revenues	8
Long-Term Obligations	8
Charges for Services	9
Net Position	9
Effect of New Accounting Standards on Current Period Financial Statements	9
<b>2. Deposits and Investments</b>	10
<b>3. Capital Assets</b>	10
<b>4. Long-Term Debt</b>	11
<b>5. Net Position</b>	11
<b>6. Claims and Judgments</b>	11
<b>7. Risk Management</b>	11

# Waterford Waterway Management District

---

Notes to Financial Statements  
September 30, 2022

## 1. Summary of Significant Accounting Policies

The financial statements of Waterford Waterway Management District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the District are described below.

### Reporting Entity

The Waterford Waterway Management District is organized under Section 33 of the State of Wisconsin Statutes and constitutes a separate and distinct municipality. The District is designed to be a self-supporting entity, deriving its revenue from special charges. The District is managed by the Board of District Commissioners. The District provides services to properties within the Waterford Waterway Management District.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation Assets, Liabilities and Net Position

The financial statements 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 and exchange-like transactions are recognized when the exchange takes place.

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

### Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents have original maturities of three months or less from the date of acquisition.

Investment of District funds is restricted by state statutes. Investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company.
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace 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 a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

# Waterford Waterway Management District

---

Notes to Financial Statements  
September 30, 2022

The District has not adopted a formal investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

## Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

## Capital Assets

Capital assets are generally defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Capital assets of the District are recorded at cost or the fair market value at the time of contribution to the District. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

Machinery and equipment	5 Years
-------------------------	---------

## Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for the District include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## Unearned Revenues

At the end of the current fiscal year, the District has \$74,175 shown as unearned revenues – liabilities related to grants received prior to meeting all eligibility requirements.

## Long-Term Obligations

All long-term obligations to be repaid from District resources are reported as liabilities in the financial statements. The long-term obligations consist primarily of financed obligations.

# Waterford Waterway Management District

Notes to Financial Statements  
September 30, 2022

## Charges for Services

Special charges are included on Town of Waterford and the Village of Waterford Statements of Taxes and levied in December of each year on the properties within the District's boundaries. Each municipality collects all levied special charges and remits them to the District under the following schedule:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Third installment due	September 30, 2022

## Net Position

GASB No. 34 requires the classification of net position into three components - net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

**Net Investment in Capital Assets** - This component of net position 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** - This component of net position consists of net positions that do 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 District's policy to use restricted resources first, then unrestricted resources as they are needed.

## Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved 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* and Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

## Waterford Waterway Management District

Notes to Financial Statements  
September 30, 2022

### 2. Deposits and Investments

	<u>Risks</u>	<u>Bank Value</u>	<u>Carrying Value</u>
Deposits	Custodial credit	\$ 430,499	\$ 403,520

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

**Custodial Credit Risk** - Is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of September 30, 2022, \$180,499 of the District's total bank balance was exposed to custodial credit risk as uninsured or uncollateralized.

### 3. Capital Assets

A summary of changes in capital assets for 2022 follows:

	<u>Balance October 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2022</u>
Capital assets being depreciated:				
Equipment	\$ 126,849	\$ 120,000	\$ (88,849)	\$ 158,000
Less accumulated depreciation:				
Equipment	(7,609)	(44,928)	17,770	(34,767)
Net capital assets	<u>\$ 119,240</u>	<u>\$ 75,072</u>	<u>\$ (71,079)</u>	<u>\$ 123,233</u>

### 4. Long-Term Debt

A summary of changes in long-term debt for 2022 follows:

	<u>Balance October 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30, 2022</u>
Other long-term liability	<u>\$ -</u>	<u>\$ 120,000</u>	<u>\$ (24,000)</u>	<u>\$ 96,000</u>

# Waterford Waterway Management District

Notes to Financial Statements  
September 30, 2022

The District financed a purchase of an asset on October 1, 2021 in the amount of \$120,000. The debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Years ending September 30:		
2023	\$ 24,000	\$ -
2024	24,000	-
2025	24,000	-
2026	24,000	-
	<u>96,000</u>	<u>-</u>
Total	<u>\$ 96,000</u>	<u>\$ -</u>

## 5. Net Position/Fund Balances

Net position reported on the statement of net position on September 30, 2022 includes the following:

Net investment in capital assets:		
Other capital assets, net of accumulated depreciation	\$ 123,233	
Less long-term debt outstanding	<u>(96,000)</u>	
Total net investment in capital assets	<u>\$ 27,233</u>	

## 6. Claims and Judgments

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

## 7. Risk Management

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

## **SUPPLEMENTARY INFORMATION**



## Waterford Waterway Management District

---

Operating Revenues and Expenses  
Year Ended September 30, 2022

### Operating Revenues

Charges for service:	
Special charge revenue	\$ 370,500
Intergovernmental grants:	
Small scale dredging grants	<u>48,514</u>
Total operating revenue	<u>419,014</u>

### Operating Expenses

Operation and maintenance:	
Aquatic plants	154,075
Dredging	103,669
Water quality	2,652
Public safety	6,000
Depreciation expense	<u>44,927</u>
Total operation and maintenance	<u>311,323</u>

### General and Administrative

Administrative	16,681
Marketing, information and education	<u>13,013</u>
Total general and administrative	<u>29,694</u>
Total operating expenses	<u>341,017</u>
Operating income	<u><u>\$ 77,997</u></u>