

VILLAGE OF SULLIVAN

Sullivan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF SULLIVAN

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Sullivan
Sullivan, Wisconsin

Report on the Financial Statements

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 Sullivan, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village of Sullivan'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 Village of Sullivan'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 Village of Sullivan'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 Sullivan, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sullivan's basic financial statements. The combining statement 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 combining statement is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
January 8, 2019

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2017

The management of the Village of Sullivan, Wisconsin (village) offers readers of the village's financial statements this narrative overview and analysis of the financial activities of the village for the fiscal year ending December 31, 2017. We encourage readers to consider the information presented here in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The total assets and deferred outflows of resources of the village, including the sewer utility, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,377,274 (*net position*). Of this amount, \$2,082,217 (*unrestricted net position*) may be used to meet the government's obligations to citizens and creditors.
 - > The village's total net position, including the sewer utility, increased by \$102,419.
 - > As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$874,193, an increase of \$83,164 in comparison with the prior year.
 - > At the end of the current fiscal year, the village had nonspendable fund balance of \$4,215, restricted fund balance of \$8,703, committed fund balance of \$50,497, and assigned fund balance of \$810,778. There was no unassigned fund balance as of December 31, 2017.
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OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

The *Statement of Net Position* presents information on all of the village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the village is improving or deteriorating. To assess the overall health of the village you need to consider additional nonfinancial factors such as changes in the village's property tax base and the condition of the village's infrastructure.

The *Statement of Activities* presents information showing how the village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the 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., uncollected taxes and earned but unused compensated absences).

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 include general government; public safety; public works; leisure activities; and conservation and development. The business-type activities of the village include the sewer utility.

The government-wide financial statements can be found on pages 1 to 3 of this report.

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, 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 three categories: governmental funds, proprietary funds, and agency funds.

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 balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The village maintains three individual 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, the fire department fund and debt service fund. The general fund and debt service fund are considered to be major funds. The fire department is a nonmajor fund.

The basic governmental fund financial statements can be found on pages 4 and 6 of this report.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

Proprietary Funds – The village maintains one (1) proprietary fund – the Sewer Utility. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 8 to 10 of this report.

Agency Funds – Agency funds are used to account for resources held for the benefit of parties outside the government. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for agency funds is much like that used for proprietary funds.

The statement of assets and liabilities – agency funds can be found on page 11 of this report.

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 13 to 40 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents the following: a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget, a schedule of the village's proportionate share of the net pension asset in the Wisconsin Retirement System, and a schedule of the village's contributions to the Wisconsin Retirement System. These schedules can be found on pages 41 to 44 of this report.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

An analysis of the village's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations.

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the village, total assets exceeded liabilities by \$4,377,274 as of December 31, 2017.

The largest portion of the village's net position (approximately 52%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide service 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.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

A summary of the village's Statement of Net Position for 2017 and 2016 is presented in the table below.

VILLAGE OF SULLIVAN'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,291,424	\$ 1,165,973	\$ 1,248,411	\$ 1,187,417	\$ 2,539,835	\$ 2,353,390
Capital assets	1,850,056	1,910,575	1,127,183	1,171,293	2,977,239	3,081,868
Total Assets	<u>3,141,480</u>	<u>3,076,548</u>	<u>2,375,594</u>	<u>2,358,710</u>	<u>5,517,074</u>	<u>5,435,258</u>
Deferred Outflows of Resources	<u>28,429</u>	<u>42,584</u>	<u>20,009</u>	<u>32,460</u>	<u>48,438</u>	<u>75,044</u>
Long-term liabilities	718,234	798,228	3,892	7,037	722,126	805,265
Other liabilities	<u>69,333</u>	<u>40,758</u>	<u>7,276</u>	<u>3,121</u>	<u>76,609</u>	<u>43,879</u>
Total Liabilities	<u>787,567</u>	<u>838,986</u>	<u>11,168</u>	<u>10,158</u>	<u>798,735</u>	<u>849,144</u>
Deferred Inflows of Resources	<u>380,818</u>	<u>373,375</u>	<u>8,685</u>	<u>12,928</u>	<u>389,503</u>	<u>368,303</u>
Net Position						
Net investment in capital assets	1,135,124	1,119,791	1,127,183	1,171,293	2,262,307	2,291,084
Restricted	-	-	32,750	32,462	32,750	32,462
Unrestricted	<u>866,400</u>	<u>786,980</u>	<u>1,215,817</u>	<u>1,164,329</u>	<u>2,082,217</u>	<u>1,951,309</u>
TOTAL NET POSITION	<u>\$ 2,001,524</u>	<u>\$ 1,906,771</u>	<u>\$ 2,375,750</u>	<u>\$ 2,368,084</u>	<u>\$ 4,377,274</u>	<u>\$ 4,274,855</u>

The majority of the village's net position (approximately 52%) represents net investment in capital assets. An additional portion of the village's net position (approximately 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE (cont.)

Analysis of the Village's Operations – The following table provides a summary of the village's operations for the years ended December 31, 2017 and 2016. Governmental activities increased the village's net position by \$94,753. Business-type activities increased the village's net position by \$7,666.

VILLAGE OF SULLIVAN CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for services	\$ 115,443	\$ 114,360	\$ 232,695	\$ 225,039	\$ 348,138	\$ 339,399
Operating grants and Contributions	49,954	65,751	-	-	49,954	65,751
Capital grants and Contributions	8,814	9,268	-	-	8,814	9,268
General Revenues						
Property taxes	198,301	192,717	-	-	198,301	192,717
Other taxes - debt service	103,846	107,867	-	-	103,846	107,867
Intergovernmental	54,099	48,807	-	-	54,099	48,807
Investment income	6,215	2,587	8,343	4,684	14,558	7,271
Loss on disposal of assets	-	(4,809)	-	-	-	(4,809)
Miscellaneous	29,072	39,060	-	-	29,072	39,060
Transfers	-	(7,497)	-	7,497	-	-
Total Revenues	<u>565,744</u>	<u>568,111</u>	<u>241,038</u>	<u>237,220</u>	<u>806,782</u>	<u>805,331</u>
Expenses						
General government	153,588	144,640	-	-	153,588	144,640
Public safety	141,499	134,335	-	-	141,499	134,335
Public works	119,382	142,834	-	-	119,382	142,834
Leisure activities	13,462	7,392	-	-	13,462	7,392
Conservation and development	5,091	5,152	-	-	5,091	5,152
Interest and fiscal charges	37,969	40,736	-	-	37,969	40,736
Sewer utility	-	-	233,372	224,970	233,372	224,970
Total Expenses	<u>470,991</u>	<u>475,089</u>	<u>233,372</u>	<u>224,970</u>	<u>704,363</u>	<u>700,059</u>
Increase in net position	94,753	93,022	7,666	12,250	102,419	105,272
NET POSITION – January 1	<u>1,906,771</u>	<u>1,813,749</u>	<u>2,368,084</u>	<u>2,355,834</u>	<u>4,274,855</u>	<u>4,169,583</u>
NET POSITION – December 31	<u>\$ 2,001,524</u>	<u>\$ 1,906,771</u>	<u>\$ 2,375,750</u>	<u>\$ 2,368,084</u>	<u>\$ 4,377,274</u>	<u>\$ 4,274,855</u>

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
As of and for the Year Ended December 31, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

The focus of the village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the village's financing requirements. In particular, assigned and unassigned fund balances may serve as useful measures of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the village's governmental funds reported combined ending fund balances of \$874,193. Approximately 93% of this total amount, \$810,778, constitutes assigned fund balance. \$50,497 of the fund balance is committed to indicate that it is not available for new spending because it has already been committed for fire department expenditures. \$8,703 is restricted for debt service. \$4,215 is considered nonspendable. There is no unassigned fund balance.

General Fund: The general fund is the main operating fund of the village. The general fund balance increased from \$751,423 to \$814,993, an increase of \$63,570.

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt. The debt service fund balance at year-end is \$8,703.

Fire Department Fund: The fire department fund reports the activities of the fire department separate bank accounts. Fund balance at year-end is \$50,497.

PROPRIETARY FUND

The village's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Sewer Utility: The Sullivan Sewer Utility is an enterprise fund of the village. The operating loss for the year was \$(677). Total increase in net position was \$7,666.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had \$112 in additional appropriations in comparison to the original budget. The village budgeted for an \$11,203 decrease in fund balance and the actual result was a \$63,570 increase in fund balance.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2017

CAPITAL ASSETS

At the end of 2017, the village had invested a total of \$2,977,239 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	14,172	15,184	-	-	14,172	15,184
Buildings	251,607	255,909	-	-	251,607	255,909
Machinery and equipment	319,079	348,786	-	-	319,079	348,786
Infrastructure	1,136,458	1,161,956	-	-	1,136,458	1,161,956
Sewer plant	-	-	1,126,365	1,170,475	1,126,365	1,170,475
Totals	<u>\$ 1,850,056</u>	<u>\$ 1,910,575</u>	<u>\$1,127,183</u>	<u>\$ 1,171,293</u>	<u>\$ 2,977,239</u>	<u>\$ 3,081,868</u>

Additional information on the village's capital assets can be found in Note IV.D. of this report.

LONG-TERM DEBT

During 2017, the village retired debt of \$75,852 and issued no new debt, resulting in \$714,932 in general obligation debt outstanding bonds at the end of 2017.

Under Wisconsin State Statutes, Chapter 67, the village's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the village. The net amount of debt that is applicable to the statutory limit is \$714,932 which is 31% of the maximum allowed of \$2,336,095.

The business-type activities have no debt outstanding as of December 31, 2017.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
As of and for the Year Ended December 31, 2017

LONG-TERM DEBT (cont.)

VILLAGE OF SULLIVAN'S OUTSTANDING LONG-TERM OBLIGATIONS

	Governmental Activities	
	2017	2016
General Obligation Bonds	\$ 175,000	\$ 215,000
State Trust Fund Loan	489,364	515,209
Promissory Note	50,568	60,575
Net Pension Liability	<u>3,302</u>	<u>7,444</u>
Total Outstanding Long-Term Obligations	<u>\$ 718,234</u>	<u>\$ 798,228</u>

Additional information on the village's long-term debt can be found in Footnote IV.F. of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts or economic conditions were considered in preparing this report.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with general overview of the village's finances. If you have questions about this report or need any additional information, contact the Village of Sullivan, 500 Madison Avenue (Hwy. 18), Sullivan, WI 53178, Attn: Heather Rupnow, call 262 593 2388, or e-mail clerk@villageofsullivan.com.

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION As of December 31, 2017

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 929,489	\$ 1,140,437	\$ 2,069,926
Taxes receivable	372,516	-	372,516
Accounts	1,000	56,042	57,042
Accrued interest	-	628	628
Internal balances	(15,796)	15,796	-
Prepaid items	4,215	2,758	6,973
Restricted assets			
Restricted cash and investments	-	32,750	32,750
Capital Assets (net of accumulated depreciation)			
Land	128,740	818	129,558
Other capital assets, net of depreciation	<u>1,721,316</u>	<u>1,126,365</u>	<u>2,847,681</u>
Total Assets	<u>3,141,480</u>	<u>2,375,594</u>	<u>5,517,074</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>28,429</u>	<u>20,009</u>	<u>48,438</u>
Total Deferred Outflows of Resources	<u>28,429</u>	<u>20,009</u>	<u>48,438</u>
LIABILITIES			
Accounts payable and accrued expenses	69,333	7,276	76,609
Noncurrent Liabilities			
Due within one year	77,201	-	77,201
Due in more than one year	<u>641,033</u>	<u>3,892</u>	<u>644,925</u>
Total Liabilities	<u>787,567</u>	<u>11,168</u>	<u>798,735</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	369,940	-	369,940
Pension related amounts	<u>10,878</u>	<u>8,685</u>	<u>19,563</u>
Total Deferred Inflows of Resources	<u>380,818</u>	<u>8,685</u>	<u>389,503</u>
NET POSITION			
Net investment in capital assets	1,135,124	1,127,183	2,262,307
Restricted for			
Equipment	-	32,750	32,750
Unrestricted	<u>866,400</u>	<u>1,215,817</u>	<u>2,082,217</u>
TOTAL NET POSITION	<u>\$ 2,001,524</u>	<u>\$ 2,375,750</u>	<u>\$ 4,377,274</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 153,588	\$ 2,880	\$ 3,830	\$ -
Public safety	141,499	71,517	18,753	-
Public works	119,382	40,038	27,371	8,814
Culture, recreation and education	13,462	-	-	-
Conservation and development	5,091	1,008	-	-
Interest and fiscal charges	<u>37,969</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>470,991</u>	<u>115,443</u>	<u>49,954</u>	<u>8,814</u>
Business-type Activities				
Sewer Utility	<u>233,372</u>	<u>232,695</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>233,372</u>	<u>232,695</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 704,363</u>	<u>\$ 348,138</u>	<u>\$ 49,954</u>	<u>\$ 8,814</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (146,878)	\$ -	\$ (146,878)
(51,229)	-	(51,229)
(43,159)	-	(43,159)
(13,462)	-	(13,462)
(4,083)	-	(4,083)
<u>(37,969)</u>	<u>-</u>	<u>(37,969)</u>
<u>(296,780)</u>	<u>-</u>	<u>(296,780)</u>
<u>-</u>	<u>(677)</u>	<u>(677)</u>
<u>-</u>	<u>(677)</u>	<u>(677)</u>
<u>(296,780)</u>	<u>(677)</u>	<u>(297,457)</u>
198,301	-	198,301
103,846	-	103,846
54,099	-	54,099
6,215	8,343	14,558
<u>29,072</u>	<u>-</u>	<u>29,072</u>
<u>391,533</u>	<u>8,343</u>	<u>399,876</u>
94,753	7,666	102,419
<u>1,906,771</u>	<u>2,368,084</u>	<u>4,274,855</u>
<u>\$ 2,001,524</u>	<u>\$ 2,375,750</u>	<u>\$ 4,377,274</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2017

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
ASSETS				
Cash and investments	\$ 870,289	\$ 8,703	\$ 50,497	\$ 929,489
Receivables				
Taxes	258,802	113,714	-	372,516
Accounts	1,000	-	-	1,000
Prepaid Items	4,215	-	-	4,215
TOTAL ASSETS	\$ 1,134,306	\$ 122,417	\$ 50,497	\$ 1,307,220
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 44,511	\$ -	\$ -	\$ 44,511
Accrued liabilities	2,780	-	-	2,780
Due to other funds	15,796	-	-	15,796
Total Liabilities	63,087	-	-	63,087
Deferred Inflows of Resources				
Unearned revenues	256,226	113,714	-	369,940
Total Deferred Inflows of Resources	256,226	113,714	-	369,940
Fund Balances				
Nonspendable	4,215	-	-	4,215
Restricted	-	8,703	-	8,703
Committed	-	-	50,497	50,497
Assigned	810,778	-	-	810,778
Total Fund Balances	814,993	8,703	50,497	874,193
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,134,306	\$ 122,417	\$ 50,497	\$ 1,307,220

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

Total Fund Balances - Governmental Funds	\$ 874,193
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	1,850,056
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(3,302)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	28,429
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(10,878)
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(736,974)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 2,001,524</u></u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
REVENUES				
Taxes	\$ 198,301	\$ 103,846	\$ -	\$ 302,147
Intergovernmental	87,874	8,814	-	96,688
Licenses and permits	20,847	-	-	20,847
Public charges for services	39,863	-	2,000	41,863
Intergovernmental charges for services	64,300	-	-	64,300
Investment income	6,147	-	68	6,215
Miscellaneous	21,335	-	12,349	33,684
Total Revenues	<u>438,667</u>	<u>112,660</u>	<u>14,417</u>	<u>565,744</u>
EXPENDITURES				
Current				
General government	149,084	-	-	149,084
Public safety	97,289	-	20,236	117,525
Public works	82,883	-	-	82,883
Culture, recreation and education	12,725	-	-	12,725
Conservation and development	5,091	-	-	5,091
Debt Service				
Principal	-	75,852	-	75,852
Interest and fiscal charges	-	39,420	-	39,420
Total Expenditures	<u>347,072</u>	<u>115,272</u>	<u>20,236</u>	<u>482,580</u>
Excess (deficiency) of revenues over expenditures	<u>91,595</u>	<u>(2,612)</u>	<u>(5,819)</u>	<u>83,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	11,315	16,710	28,025
Transfers out	(28,025)	-	-	(28,025)
Total Other Financing Sources (Uses)	<u>(28,025)</u>	<u>11,315</u>	<u>16,710</u>	<u>-</u>
Net Change in Fund Balances	63,570	8,703	10,891	83,164
FUND BALANCES - Beginning of Year	<u>751,423</u>	<u>-</u>	<u>39,606</u>	<u>791,029</u>
FUND BALANCES - END OF YEAR	<u>\$ 814,993</u>	<u>\$ 8,703</u>	<u>\$ 50,497</u>	<u>\$ 874,193</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	83,164
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Depreciation is reported in the government-wide financial statements		(60,519)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		75,852
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest and other debt expenses		1,451
Net pension liability		4,142
Deferred outflows of resources related to pensions		(14,155)
Deferred inflows of resources related to pensions		<u>4,818</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>94,753</u>

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2017

	<u>Sewer Utility</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 309,851
Interest receivable	628
Customer accounts receivable	56,042
Due from other funds	15,796
Cash and investments - depreciation account	830,586
Prepaid Items	<u>2,758</u>
Total Current Assets	<u>1,215,661</u>
Noncurrent Assets	
Restricted Assets	
Replacement account	32,750
Capital Assets	
Property and equipment	2,254,328
Less: Accumulated depreciation	<u>(1,127,145)</u>
Total Noncurrent Assets	<u>1,159,933</u>
Total Assets	<u>2,375,594</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>20,009</u>
Total Deferred Outflows of Resources	<u>20,009</u>
LIABILITIES	
Current Liabilities	
Accounts payable	6,587
Accrued wages	<u>689</u>
Total Current Liabilities	<u>7,276</u>
Noncurrent Liabilities	
Long-Term Debt	
Net pension liability	2,909
Compensated absences	<u>983</u>
Total Noncurrent Liabilities	<u>3,892</u>
Total Liabilities	<u>11,168</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>8,685</u>
Total Deferred Inflows of Resources	<u>8,685</u>
NET POSITION	
Investment in capital assets	1,127,183
Restricted for	
Equipment replacement	32,750
Unrestricted	<u>1,215,817</u>
TOTAL NET POSITION	<u><u>\$ 2,375,750</u></u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2017

	<u>Sewer Utility</u>
OPERATING REVENUES	
Treatment charges	\$ 228,400
Other	<u>4,295</u>
Total Operating Revenues	<u>232,695</u>
OPERATING EXPENSES	
Operation and maintenance	165,140
Depreciation	<u>68,232</u>
Total Operating Expenses	<u>233,372</u>
Operating Loss	<u>(677)</u>
NONOPERATING REVENUES	
Investment income	<u>8,343</u>
Total Nonoperating Revenues	<u>8,343</u>
Change in Net Position	7,666
NET POSITION - Beginning of Year	<u>2,368,084</u>
NET POSITION - END OF YEAR	<u>\$ 2,375,750</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2017

	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 228,781
Paid to suppliers for goods and services	(100,191)
Paid to employees for services	(58,489)
Net Cash Flows From Operating Activities	<u>70,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments sold and matured	110,043
Investment income	8,343
Investments purchased	(112,414)
Net Cash Flows From Investing Activities	<u>5,972</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(24,122)
Net Cash Flows From Capital and Related Financing Activities	<u>(24,122)</u>
Net Change in Cash and Cash Equivalents	51,951
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>851,991</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 903,942</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (677)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation	68,232
Changes in assets, liabilities, and deferred items	
Accounts receivable	(203)
Due from other funds	(3,711)
Prepaid items	(2,758)
Accounts payable	4,359
Accrued liabilities	83
Other current liabilities	(204)
Pension related deferrals and assets/liabilities	4,980
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 70,101</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS	
Cash and investments	\$ 309,851
Cash and investments - depreciation account	830,586
Restricted cash and investments	32,750
Total Cash and Investments	<u>1,173,187</u>
Less: Noncash equivalents	<u>(269,245)</u>
CASH AND CASH EQUIVALENTS	<u>\$ 903,942</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None.	

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 511,988
Taxes receivable	<u>252,937</u>
TOTAL ASSETS	<u>\$ 764,925</u>
LIABILITIES	
Due to other governments	<u>\$ 764,925</u>
TOTAL LIABILITIES	<u>\$ 764,925</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

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VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Sullivan, Wisconsin conform to accounting principles generally accepted in the United States of America 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. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The village has not identified any organizations that meet this criteria.

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Financial statements of the village 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, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. 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, 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 governmental funds:

- General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- General Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt.

The village reports the following major enterprise fund:

- Sewer Utility - accounts for operations of the sewer system

The village reports the following nonmajor governmental fund:

- Special Revenue Fund - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Fire Department

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the village reports the following fund type:

Agency Funds - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund
Fire Donations 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 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. 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.

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 expendable available financial resources.

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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 sewer utility 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 on 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of 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.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Investment of village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. 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, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

No policy exists for the following risks:

- Credit risk
- Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. The village does not have any investments subject to fair value. 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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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 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, 2017, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

See Note IV. A. for further information.

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 village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and 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 statement of assets and liabilities - agency funds.

Property tax calendar - 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale - 2017 delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer utility 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.

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.

3. 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 SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, 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 \$25,000 for infrastructure assets, 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.

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

Buildings	85 Years
Land Improvements	25-50 Years
Machinery and Equipment	10-20 Years
Infrastructure	25-100 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. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017, are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

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 debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund 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.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity 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 (excluding unspent debt proceeds) 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 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 - All other net positions that do not meet the definitions 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 Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note IV. G. for further information.

10. Pension

For purposes of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

11. Basis for Existing Rates

Sewer Utility

Current sewer rates were approved by the village board on December 6, 2012 and made effective starting the first quarter of 2013. The charge is \$150 per quarter per Residential Equivalency Charge.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	4,201
Right of Way		124,539
Buildings		357,620
Machinery and equipment		872,459
Land improvements		25,305
Infrastructure		1,375,657
Less: Accumulated depreciation		<u>(909,725)</u>
Combined Adjustment for Capital Assets	\$	<u>1,850,056</u>

Long-term liabilities applicable to the village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net position.

Bonds and notes payable	\$	714,932
Accrued interest		<u>22,042</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>736,974</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the the general fund and debt service fund. A budget has not been formally adopted for the fire department fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

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.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

Wisconsin law limits the village's future tax levies. Generally the village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village's deposits and investments at year-end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 1,026,453	\$ 1,020,384	Custodial credit
Certificates of deposit	269,245	269,607	Custodial credit
LGIP	1,318,966	1,318,967	Credit
Total Deposits and Investments	\$ 2,614,664	\$ 2,608,958	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 2,069,926		
Restricted cash and investments	32,750		
Per statement of assets and liabilities -			
agency funds			
Agency Funds	511,988		
Total Deposits and Investments	\$ 2,614,664		

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 been considered in computing custodial credit risk.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

As of December 31, 2017, \$19,967 of the village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>19,967</u>
Total	\$ <u><u>19,967</u></u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

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

Governmental funds report *unavailable or unearned revenue* 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 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. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 314,505
Special charges on the tax roll	38,350
2018 rent paid for village property during 2017	<u>17,085</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u><u>\$ 369,940</u></u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2017:

Restricted Assets	
Replacement account	\$ <u>32,750</u>
Total Restricted Assets	\$ <u><u>32,750</u></u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	<u>124,539</u>	-	-	<u>124,539</u>
Total Capital Assets Not Being Depreciated	<u>128,740</u>	-	-	<u>128,740</u>
Capital assets being depreciated				
Land Improvements	25,305	-	-	25,305
Buildings	357,620	-	-	357,620
Machinery and equipment	872,459	-	-	872,459
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	<u>233,616</u>	-	-	<u>233,616</u>
Total Capital Assets Being Depreciated	<u>2,631,041</u>	-	-	<u>2,631,041</u>
Total Capital Assets	<u>2,759,781</u>	-	-	<u>2,759,781</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land Improvements	\$ (10,121)	\$ (1,012)	\$ -	\$ (11,133)
Buildings	(101,711)	(4,302)	-	(106,013)
Machinery and equipment	(523,673)	(29,707)	-	(553,380)
Streets	(162,295)	(19,698)	-	(181,993)
Sidewalks	(11,280)	(1,128)	-	(12,408)
Storm sewer	(40,126)	(4,672)	-	(44,798)
Total Accumulated Depreciation	(849,206)	(60,519)	-	(909,725)
Net Capital Assets Being Depreciated	1,781,835	(60,519)	-	1,721,316
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 1,910,575	\$ (60,519)	\$ -	\$ 1,850,056

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 1,457
Public safety	23,974
Public works	34,351
Culture, recreation and education	737
Total Governmental Activities Depreciation Expense	\$ 60,519

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 818	\$ -	\$ -	\$ 818
Total Capital Assets Not Being depreciated	818	-	-	818
Capital assets being depreciated				
Collecting system	601,615	16,484	14,380	603,719
Collecting system pumping	396,659	7,638	5,502	398,795
Treatment and disposal	1,148,805	-	-	1,148,805
General	102,191	-	-	102,191
Total Capital Assets Being Depreciated	2,249,270	24,122	19,882	2,253,510
Total Capital Assets	2,250,088	24,122	19,882	2,254,328
Less: Accumulated depreciation for				
Sewer	(1,078,795)	(68,232)	19,882	(1,127,145)
Total Accumulated Depreciation	(1,078,795)	(68,232)	19,882	(1,127,145)
Net Capital Assets Being Depreciated	1,170,475	(44,110)	-	1,126,365
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 1,171,293	\$ (44,110)	\$ -	\$ 1,127,183

Depreciation expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 68,232
Total Business-type Activities Depreciation Expense	\$ 68,232

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Sewer utility	General fund	\$ 15,796
Total		<u>\$ 15,796</u>

All amounts are due within one year.

The principal purpose of these interfunds is for amounts placed on the tax roll and payroll items.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Fire	General	\$ 16,710	Uniform allowances and reimbursement of capital purchases
Debt Service	General	<u>11,315</u>	Debt Service paid out of the equipment replacement fund
Total - Fund Financial Statements		28,025	
Less: Fund eliminations		<u>(28,025)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 790,784	\$ -	\$ 75,852	\$ 714,932	\$ 77,201
Sub-totals	790,784	-	75,852	714,932	77,201
Other Liabilities					
Net pension liability	7,444	-	4,142	3,302	-
Total Other Liabilities	7,444	-	4,142	3,302	-
Total Governmental Activities Long-Term Liabilities	\$ 798,228	\$ -	\$ 79,994	\$ 718,234	\$ 77,201
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 900	\$ 83	\$ -	\$ 983	\$ -
Net pension liability	6,137	-	3,228	2,909	-
Total Other Liabilities	7,037	83	3,228	3,892	-
Total Business-type Activities Long-Term Liabilities	\$ 7,037	\$ 83	\$ 3,228	\$ 3,892	\$ -

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2017, was \$2,336,095. Total general obligation debt outstanding at year-end was \$714,932.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

Governmental Activities					Balance
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2017</u>
2001 G.O. Debt	05/01/01	05/01/21	4.70-5.40%	\$ 605,000	\$ 175,000
2010 State Trust Fund Loan	08/26/10	03/15/30	5.25%	660,000	489,364
2016 Promissory Note	11/17/16	11/17/23	2.17%	60,575	<u>50,568</u>
Total Governmental Activities - General Obligation Debt					<u><u>\$ 714,932</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 77,201	\$ 35,129
2019	83,630	31,219
2020	85,070	27,131
2021	86,711	22,843
2022	43,376	19,746
2023-2027	195,594	69,451
2028-2030	<u>143,350</u>	<u>15,329</u>
Totals	<u><u>\$ 714,932</u></u>	<u><u>\$ 220,848</u></u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2017, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 4,201
Right of way	124,539
Other capital assets, net of accumulated depreciation	1,721,316
Less: Long-term debt outstanding	<u>(714,932)</u>
Total Net Investment in Capital Assets	<u><u>\$ 1,135,124</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017, include the following:

	General Fund	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
Fund Balances				
Nonspendable:				
Prepaid items	\$ 4,215	\$ -	\$ -	\$ 4,215
Sub-total	<u>4,215</u>	<u>-</u>	<u>-</u>	<u>4,215</u>
Restricted for:				
Debt service	-	8,703	-	8,703
Sub-total	<u>-</u>	<u>8,703</u>	<u>-</u>	<u>8,703</u>
Committed to:				
Fire department expenditures	-	-	50,497	50,497
Sub-total	<u>-</u>	<u>-</u>	<u>50,497</u>	<u>50,497</u>
Assigned to:				
Future capital projects	824,843	-	-	824,843
Subsequent year's budget	11,098	-	-	11,098
Reduction to available fund	<u>(25,163)</u>	<u>-</u>	<u>-</u>	<u>(25,163)</u>
Sub-total	<u>810,778</u>	<u>-</u>	<u>-</u>	<u>810,778</u>
Total Fund Balances	<u><u>\$ 814,993</u></u>	<u><u>\$ 8,703</u></u>	<u><u>\$ 50,497</u></u>	<u><u>\$ 874,193</u></u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Investment in Capital Assets	
Land	\$ 818
Other capital assets, net of accumulated depreciation	<u>1,126,365</u>
Total Net Investment in Capital Assets	<u>1,127,183</u>
Restricted	
Equipment replacement	<u>32,750</u>
Total Restricted	<u>32,750</u>
Unrestricted	<u>1,215,817</u>
Total Business-type Activities Net Position	<u>\$ 2,375,750</u>

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The 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 1200 hours a year 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>.

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 occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The 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. 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%	10.0%
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)

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$6,203 in contributions from the village.

Contribution rates as of December 31, 2017 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the village reported a liability of \$6,211 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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 liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the village's proportion was 0.00075353%, which was a decrease of 0.00008225% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the village recognized pension expense of \$16,549.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2017, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,367	\$ 19,533
Changes in assumptions	6,494	-
Net differences between projected and actual earnings on pension plan investments	30,915	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,288	30
Employer contributions subsequent to the measurement date	6,374	-
Totals	\$ 48,438	\$ 19,563

\$6,374 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows 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
2018	\$ 15,117	\$ 6,248
2019	15,116	6,248
2020	12,498	6,242
2021	(691)	825
2022	24	-

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
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, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.24	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. 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 3.78%. 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 liability.

Sensitivity of the village's proportionate share of the net pension liability to changes in the discount rate. The following presents the village's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability 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 liability	\$81,708	\$6,211	\$(51,925)

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>.

At December 31, 2017, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; 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 were no significant reductions in coverage compared to the prior year.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

The village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > 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*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 186,986	\$ 186,986	\$ 198,301	\$ 11,315
INTERGOVERNMENTAL REVENUES				
State shared revenues	53,311	53,311	53,311	-
Fire insurance tax (2% fire dues)	5,900	5,900	6,404	504
Exempt computer aid	706	706	708	2
State aid - road allotment	33,674	33,674	25,201	(8,473)
DNR - in lieu of taxes	80	80	80	-
County aid - highway	2,000	2,000	-	(2,000)
State aid - recycling	2,757	2,757	2,170	(587)
Total Intergovernmental Revenues	<u>98,428</u>	<u>98,428</u>	<u>87,874</u>	<u>(10,554)</u>
LICENSES AND PERMITS				
Liquor and malt beverage licenses	1,700	1,700	2,050	350
Business and occupational licenses	1,000	1,000	1,008	8
Dog and cat licenses	700	700	785	85
Building permits	2,500	2,500	5,217	2,717
Other permits	-	-	70	70
Cable television franchise fees	11,900	11,900	11,567	(333)
Zoning permits and fees	100	100	150	50
Total Licenses and Permits	<u>17,900</u>	<u>17,900</u>	<u>20,847</u>	<u>2,947</u>
PUBLIC CHARGES FOR SERVICES				
Recycling	<u>39,000</u>	<u>39,000</u>	<u>39,863</u>	<u>863</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - fire services	<u>64,300</u>	<u>64,300</u>	<u>64,300</u>	<u>-</u>
INVESTMENT INCOME				
Investment income	<u>1,000</u>	<u>1,000</u>	<u>6,147</u>	<u>5,147</u>
MISCELLANEOUS REVENUES				
Rent	2,500	2,500	3,830	1,330
Sprint lease agreement	17,280	17,280	17,280	-
Other miscellaneous	-	-	225	225
Total Miscellaneous Revenues	<u>19,780</u>	<u>19,780</u>	<u>21,335</u>	<u>1,555</u>
Total Revenues	<u>427,394</u>	<u>427,394</u>	<u>438,667</u>	<u>11,273</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
GENERAL GOVERNMENT				
Council/Board	\$ 9,989	\$ 9,989	\$ 9,989	\$ -
Village President	3,768	3,768	3,768	-
Clerk - Treasurer	35,550	35,550	35,540	10
Clerk - Treasurer assistant	13,600	13,600	15,869	(2,269)
Assessment of property	5,750	5,750	6,935	(1,185)
Zoning and appeals board	2,410	2,410	882	1,528
Special accounting and auditing	17,100	17,100	14,505	2,595
Legal	5,000	5,000	4,008	992
Municipal building	28,020	28,020	24,943	3,077
Printing and postage	3,000	3,000	1,812	1,188
Maps and platbooks	50	76	76	-
Property and liability insurance	8,242	8,242	8,786	(544)
Elections	6,000	6,000	2,168	3,832
Mileage and per diem	900	874	400	474
General administration	1,916	1,916	2,486	(570)
Other insurance	18,350	18,350	16,917	1,433
Total General Government	<u>159,645</u>	<u>159,645</u>	<u>149,084</u>	<u>10,561</u>
PUBLIC SAFETY				
Fire protection	107,837	107,837	70,598	37,239
Ambulance	17,874	17,895	17,894	1
Building inspection	2,300	4,300	4,739	(439)
Emergency government	500	500	4,058	(3,558)
Total Public Safety	<u>128,511</u>	<u>130,532</u>	<u>97,289</u>	<u>33,243</u>
PUBLIC WORKS				
Machinery and equipment	19,415	19,415	5,302	14,113
Garages and sheds	1,600	1,900	1,894	6
Street maintenance	7,300	7,300	5,722	1,578
Street replacement	21,819	21,819	-	21,819
Snow and ice control	21,100	21,100	12,826	8,274
Street lighting	13,000	13,000	14,794	(1,794)
Refuse and garbage collection	31,000	26,967	25,895	1,072
Recycling	24,600	26,200	16,450	9,750
Storm sewers	3,000	3,000	-	3,000
Total Public Works	<u>142,834</u>	<u>140,701</u>	<u>82,883</u>	<u>57,818</u>
LEISURE ACTIVITIES				
Parks	11,550	11,550	12,725	(1,175)
Recreation administration	250	250	-	250
Total Leisure Activities	<u>11,800</u>	<u>11,800</u>	<u>12,725</u>	<u>(925)</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
CONSERVATION AND DEVELOPMENT				
Conservation and development	\$ 2,185	\$ 2,185	\$ 2,056	\$ 129
Weed control	<u>3,200</u>	<u>3,200</u>	<u>3,035</u>	<u>165</u>
Total Conservation and Development	<u>5,385</u>	<u>5,385</u>	<u>5,091</u>	<u>294</u>
 Total Expenditures	<u>448,175</u>	<u>448,063</u>	<u>347,072</u>	<u>100,991</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(20,781)</u>	<u>(20,669)</u>	<u>91,595</u>	<u>112,264</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(28,025)	(28,025)
Debt issued	<u>9,466</u>	<u>9,466</u>	<u>-</u>	<u>(9,466)</u>
Total Other Financing Sources (Uses)	<u>9,466</u>	<u>9,466</u>	<u>(28,025)</u>	<u>(37,491)</u>
 Net Change in Fund Balance	 (11,315)	 (11,203)	 63,570	 74,773
 FUND BALANCE - Beginning of Year	 <u>670,947</u>	 <u>670,947</u>	 <u>751,423</u>	 <u>80,476</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 659,632</u>	 <u>\$ 659,744</u>	 <u>\$ 814,993</u>	 <u>\$ 155,249</u>

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF SULLIVAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset)/ Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/17	0.00075353%	\$ 6,211	\$ 93,995	6.61%	99.12%
12/31/16	0.00083578%	13,581	89,631	15.15%	98.20%
12/31/15	0.00093010%	(22,841)	136,473	16.74%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 6,374	\$ 6,374	\$ -	\$ 93,738	6.80%
12/31/16	6,203	6,203	-	93,995	6.60%
12/31/15	6,095	6,095	-	89,631	6.80%

See independent auditors' report and accompanying notes to the required supplementary information.

VILLAGE OF SULLIVAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

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 I. C.

The budgeted amounts presented include any amendments made. 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 action.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The village is required to present the last ten years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF SULLIVAN

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2017

	<u>Tax Collection Fund</u>	<u>Fire Donation Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 498,841	\$ 13,147	\$ 511,988
Tax roll receivable	<u>252,937</u>	<u>-</u>	<u>252,937</u>
TOTAL ASSETS	<u>\$ 751,778</u>	<u>\$ 13,147</u>	<u>\$ 764,925</u>
LIABILITIES			
Due to other governments	\$ 751,778	\$ 13,147	\$ 764,925
TOTAL LIABILITIES	<u>\$ 751,778</u>	<u>\$ 13,147</u>	<u>\$ 764,925</u>