

**VILLAGE OF SULLIVAN**

Sullivan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

# 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, 2014, 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.

To the Village Board  
Village of Sullivan

### ***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, 2014 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 management's discussion and analysis 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 Vichow Krause LLP*

Madison, Wisconsin  
February 19, 2015

# VILLAGE OF SULLIVAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2014

The management of the Village of Sullivan, Wisconsin 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, 2014. We encourage readers to consider the information presented here in conjunction with the village's financial statements.

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### **FINANCIAL HIGHLIGHTS**

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- > The total assets of the Village of Sullivan, including the sewer utility, exceeded its liabilities at the close of the most recent fiscal year by \$4,040,102 (*net position*). Of this amount, \$1,641,618 (*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 \$99,901.
  - > As of the close of the current fiscal year, the Village of Sullivan's governmental funds reported combined ending fund balances of \$659,292, an increase of \$50,383 in comparison with the prior year.
  - > At the end of the current fiscal year, the village had committed fund balance of \$39,340 and assigned fund balance of \$595,219. There was unassigned fund balance for the general fund of \$24,733 as of December 31, 2014.
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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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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 non-financial 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, 2014

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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#### ***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 of Sullivan 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, 2014

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### OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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#### *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 11 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 12 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 14 to 36 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. This schedule can be found on pages 37 to 40 of this report.

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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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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 non-financial 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 of Sullivan, total assets exceeded liabilities by \$4,040,102 as of December 31, 2014.

The largest portion of the village's net position (approximately 59%) 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, 2014

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

A summary of the village's Statement of Net Position for 2014 and 2013 is presented in the table below.

#### **VILLAGE OF SULLIVAN'S NET POSITION**

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 1,037,862	\$ 989,043	\$ 1,048,029	\$ 1,012,654	\$ 2,085,891	\$ 2,001,697
Capital assets	<u>1,951,180</u>	<u>2,036,265</u>	<u>1,307,399</u>	<u>1,326,135</u>	<u>3,258,579</u>	<u>3,362,400</u>
Total Assets	<u>2,989,042</u>	<u>3,025,308</u>	<u>2,355,428</u>	<u>2,338,789</u>	<u>5,344,470</u>	<u>5,364,097</u>
Long-term liabilities	892,391	905,968	1,828	10,990	894,219	916,958
Other liabilities	<u>52,557</u>	<u>147,814</u>	<u>5,615</u>	<u>6,877</u>	<u>58,172</u>	<u>154,691</u>
Total Liabilities	<u>944,948</u>	<u>1,053,782</u>	<u>7,443</u>	<u>17,867</u>	<u>952,391</u>	<u>1,071,649</u>
Unearned revenues	<u>351,977</u>	<u>352,247</u>	-	-	<u>351,977</u>	<u>352,247</u>
Total Deferred Inflows of Resources	<u>351,977</u>	<u>352,247</u>	-	-	<u>351,977</u>	<u>352,247</u>
Net Position						
Net investment in capital assets	1,058,789	1,055,775	1,307,399	1,326,135	2,366,188	2,381,910
Restricted	-	-	32,296	32,268	32,296	32,268
Unrestricted	<u>633,328</u>	<u>563,504</u>	<u>1,008,290</u>	<u>962,519</u>	<u>1,641,318</u>	<u>1,526,023</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,692,117</u>	<u>\$ 1,619,279</u>	<u>\$ 2,347,985</u>	<u>\$ 2,320,922</u>	<u>\$ 4,040,102</u>	<u>\$ 3,940,201</u>

The majority of the village's net position (approximately 59%) 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, 2014

### 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, 2014 and 2013. Governmental activities increased the Village of Sullivan's net position by \$72,838. Business-type activities increased the village's net position by \$27,063.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues						
Charges for services	\$ 124,685	\$ 117,546	\$ 234,284	\$ 237,684	\$ 358,969	\$ 355,230
Operating grants and contributions	58,161	59,600	-	-	58,161	59,600
Capital grants and contributions	9,979	11,140	3,280	6,400	13,259	17,540
General Revenues						
Property taxes	170,153	170,756	-	-	170,153	170,756
Other taxes - debt service	129,594	125,518	-	-	129,594	125,518
Intergovernmental	48,945	53,628	-	-	48,945	53,628
Investment income	739	950	3,670	4,100	4,409	5,050
Gain on disposal of assets	17,080	-	-	-	17,080	-
Miscellaneous	31,179	29,102	-	-	31,179	29,102
<b>Total Revenues</b>	<u>590,515</u>	<u>568,240</u>	<u>241,234</u>	<u>248,184</u>	<u>831,749</u>	<u>816,424</u>
<b>Expenses</b>						
General government	176,368	162,743	-	-	176,368	162,743
Public safety	127,930	146,157	-	-	127,930	146,157
Public works	141,438	169,628	-	-	141,438	169,628
Leisure activities	17,254	14,657	-	-	17,254	14,657
Conservation and development	4,551	4,303	-	-	4,551	4,303
Interest and fiscal charges	50,136	64,085	-	-	50,136	64,085
Sewer utility	-	-	214,171	204,872	214,171	204,872
<b>Total Expenses</b>	<u>517,677</u>	<u>561,573</u>	<u>214,171</u>	<u>204,872</u>	<u>731,848</u>	<u>766,445</u>
Increase (decrease) in net position before transfers	72,838	6,667	27,063	43,312	99,901	49,979
Transfers	-	9,080	-	(9,080)	-	-
Increase (decrease) in net position	72,838	15,747	27,063	34,232	99,901	49,979
<b>NET POSITION – January 1</b>	<u>1,619,279</u>	<u>1,603,532</u>	<u>2,320,922</u>	<u>2,286,690</u>	<u>3,940,201</u>	<u>3,890,222</u>
<b>NET POSITION – December 31</b>	<u>\$ 1,692,117</u>	<u>\$ 1,619,279</u>	<u>\$ 2,347,985</u>	<u>\$ 2,320,922</u>	<u>\$ 4,040,102</u>	<u>\$ 3,940,201</u>

# VILLAGE OF SULLIVAN

## MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2014

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### ***GOVERNMENTAL FUNDS***

The focus of the Village of Sullivan'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 of Sullivan's governmental funds reported combined ending fund balances of \$659,292. Approximately 90% of this total amount, \$595,219 constitutes assigned fund balance. \$39,340 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. The remaining balance of \$24,733 is unassigned.

**General Fund:** The general fund is the main operating fund of the village. The general fund balance increased from \$572,954 to \$619,952 an increase of \$46,998.

**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. There was no fund balance as of year end.

**Fire Department Fund:** The fire department fund reports the activities of the fire department separate bank accounts. Fund balance at year end is \$39,340.

#### ***PROPRIETARY FUND***

The Village of Sullivan'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 of Sullivan. The operating income for the year was \$20,113. Total increase in net position was \$27,063.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended General Fund budget had total appropriations \$10,000 higher than the original budget. The village budgeted for a \$28,659 fund balance deficit and the actual result was a \$46,998 increase in fund balance.

## VILLAGE OF SULLIVAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2014

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#### CAPITAL ASSETS

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At the end of 2014, the village had invested a total of \$3,258,579 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	17,208	18,220	-	-	17,208	18,220
Buildings	264,513	268,814	-	-	264,513	268,814
Machinery and equipment	327,767	382,041	-	-	327,767	382,041
Infrastructure	1,212,952	1,238,450	-	-	1,212,952	1,238,450
Sewer plant	-	-	1,306,581	1,325,317	1,306,581	1,325,317
Totals	<u>\$ 1,951,180</u>	<u>\$ 2,036,265</u>	<u>\$ 1,307,399</u>	<u>\$ 1,326,135</u>	<u>\$ 3,258,579</u>	<u>\$ 3,362,400</u>

Additional information on the Village of Sullivan's capital assets can be found in note IV.D. of this report.

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#### LONG-TERM DEBT

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During 2014, the village retired debt of \$60,909, resulting in \$853,025 in general obligation debt outstanding bonds at the end of 2014.

Under Wisconsin State Statutes, Chapter 67, the Village of Sullivan'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 \$853,025 which is 39% of the maximum allowed of \$2,197,310.

The business-type activities have no debt outstanding as of December 31, 2014.

## VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED  
As of and for the Year Ended December 31, 2014

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### LONG-TERM DEBT (cont.)

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#### VILLAGE OF SULLIVAN'S OUTSTANDING LONG-TERM OBLIGATIONS

	Governmental Activities	
	2014	2013
General obligation bonds	\$ 290,000	\$ 325,000
State Trust Fund Loan	563,025	588,934
Capital Leases	<u>39,366</u>	<u>66,556</u>
Total Outstanding Long-Term Obligations	<u>\$ 892,391</u>	<u>\$ 980,490</u>

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

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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

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### REQUESTS FOR INFORMATION

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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), Attn: Heather Rupnow, call 262 593 2388, or e-mail [clerk@villageofsullivan.com](mailto:clerk@villageofsullivan.com).

# VILLAGE OF SULLIVAN

## STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS</b>			
Cash and investments	\$ 688,972	\$ 941,826	\$ 1,630,798
Taxes receivable	352,091	-	352,091
Accounts	5,950	56,631	62,581
Accrued interest	-	628	628
Internal balances	(16,648)	16,648	-
Delinquent charges held by county	7,497	-	7,497
Restricted assets	-	32,296	32,296
Capital Assets (net of accumulated depreciation)			
Land	128,740	818	129,558
Other capital assets, net of depreciation	<u>1,822,440</u>	<u>1,306,581</u>	<u>3,129,021</u>
Total Assets	<u>2,989,042</u>	<u>2,355,428</u>	<u>5,344,470</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	52,557	5,615	58,172
Noncurrent Liabilities			
Due within one year	87,048	-	87,048
Due in more than one year	<u>805,343</u>	<u>1,828</u>	<u>807,171</u>
Total Liabilities	<u>944,948</u>	<u>7,443</u>	<u>952,391</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	<u>351,977</u>	-	<u>351,977</u>
Total Deferred Inflows of Resources	<u>351,977</u>	-	<u>351,977</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,058,789	1,307,399	2,366,188
Restricted for			
Equipment replacement	-	32,296	32,296
Unrestricted	<u>633,328</u>	<u>1,008,290</u>	<u>1,641,618</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,692,117</u>	<u>\$ 2,347,985</u>	<u>\$ 4,040,102</u>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 176,368	\$ 3,367	\$ 2,631	\$ -
Public safety	127,930	77,904	20,029	-
Public works	141,438	42,384	35,501	9,979
Culture, recreation and education	17,254	-	-	-
Conservation and development	4,551	1,030	-	-
Interest and fiscal charges	<u>50,136</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>517,677</u>	<u>124,685</u>	<u>58,161</u>	<u>9,979</u>
Business-type Activities				
Sewer Utility	<u>214,171</u>	<u>234,284</u>	<u>-</u>	<u>3,280</u>
Total Business-type Activities	<u>214,171</u>	<u>234,284</u>	<u>-</u>	<u>3,280</u>
Total	<u>\$ 731,848</u>	<u>\$ 358,969</u>	<u>\$ 58,161</u>	<u>\$ 13,259</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

Gain on disposal of assets

Miscellaneous

Total General Revenues

**Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

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Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (170,370)	\$ -	\$ (170,370)
(29,997)	-	(29,997)
(53,574)	-	(53,574)
(17,254)	-	(17,254)
(3,521)	-	(3,521)
<u>(50,136)</u>	<u>-</u>	<u>(50,136)</u>
<u>(324,852)</u>	<u>-</u>	<u>(324,852)</u>
<u>-</u>	<u>23,393</u>	<u>23,393</u>
<u>-</u>	<u>23,393</u>	<u>23,393</u>
<u>(324,852)</u>	<u>23,393</u>	<u>(301,459)</u>
170,153	-	170,153
129,594	-	129,594
48,945	-	48,945
739	3,670	4,409
17,080	-	17,080
<u>31,179</u>	<u>-</u>	<u>31,179</u>
<u>397,690</u>	<u>3,670</u>	<u>401,360</u>
72,838	27,063	99,901
<u>1,619,279</u>	<u>2,320,922</u>	<u>3,940,201</u>
<u>\$ 1,692,117</u>	<u>\$ 2,347,985</u>	<u>\$ 4,040,102</u>

See accompanying notes to financial statements.

## VILLAGE OF SULLIVAN

### BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
<b>ASSETS</b>				
Cash and investments	\$ 649,632	\$ -	\$ 39,340	\$ 688,972
Receivables				
Taxes	218,189	133,902	-	352,091
Accounts	1,000	-	-	1,000
Delinquent charges held by County	7,497	-	-	7,497
Due from other governments	4,950	-	-	4,950
<b>TOTAL ASSETS</b>	<b>\$ 881,268</b>	<b>\$ 133,902</b>	<b>\$ 39,340</b>	<b>\$ 1,054,510</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 14,828	\$ -	\$ -	\$ 14,828
Accrued liabilities	11,765	-	-	11,765
Due to other funds	16,648	-	-	16,648
Total Liabilities	43,241	-	-	43,241
Deferred Inflows of Resources				
Unearned revenues	218,075	133,902	-	351,977
Total Deferred Inflows of Resources	218,075	133,902	-	351,977
Fund Balances				
Committed	-	-	39,340	39,340
Assigned	595,219	-	-	595,219
Unassigned	24,733	-	-	24,733
Total Fund Balances	619,952	-	39,340	659,292
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 881,268</b>	<b>\$ 133,902</b>	<b>\$ 39,340</b>	<b>\$ 1,054,510</b>

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, 2014

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Total Fund Balances - Governmental Funds	\$ 659,292
--	------------

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.	1,951,180
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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>(918,355)</u>
--	------------------

<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,692,117</u></b>
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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, 2014

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
<b>REVENUES</b>				
Taxes	\$ 170,153	\$ 129,594	\$ -	\$ 299,747
Intergovernmental	90,480	9,979	3,728	104,187
Licenses and permits	24,912	-	-	24,912
Public charges for services	42,257	-	2,475	44,732
Intergovernmental charges for services	66,557	-	-	66,557
Investment income	595	-	144	739
Miscellaneous	57,294	-	10,267	67,561
Total Revenues	<u>452,248</u>	<u>139,573</u>	<u>16,614</u>	<u>608,435</u>
<b>EXPENDITURES</b>				
Current				
General government	188,968	-	-	188,968
Public safety	67,228	-	30,475	97,703
Public works	110,740	-	-	110,740
Culture, recreation and education	16,517	-	-	16,517
Conservation and development	4,551	-	-	4,551
Debt Service				
Principal	-	88,099	-	88,099
Interest and fiscal charges	-	51,474	-	51,474
Total Expenditures	<u>388,004</u>	<u>139,573</u>	<u>30,475</u>	<u>558,052</u>
Excess (deficiency) of revenues over expenditures	<u>64,244</u>	<u>-</u>	<u>(13,861)</u>	<u>50,383</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	17,246	17,246
Transfers out	(17,246)	-	-	(17,246)
Total Other Financing Sources (Uses)	<u>(17,246)</u>	<u>-</u>	<u>17,246</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	46,998	-	3,385	50,383
FUND BALANCES - Beginning of Year	<u>572,954</u>	<u>-</u>	<u>35,955</u>	<u>608,909</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 619,952</u>	<u>\$ -</u>	<u>\$ 39,340</u>	<u>\$ 659,292</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, 2014

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Net change in fund balances - total governmental funds	\$	50,383
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		(67,165)
Net book value of assets retired		(17,920)
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		88,099
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.		
Compensated absences		18,103
Accrued interest and other debt expenses		<u>1,338</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>72,838</u></b>

# VILLAGE OF SULLIVAN

## STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2014

	<u>Sewer Utility</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 321,207
Interest receivable	628
Customer accounts receivable	56,631
Due from other funds	16,648
Cash and investments - depreciation account	<u>620,619</u>
Total Current Assets	<u>1,015,733</u>
Noncurrent Assets	
Restricted Cash and Investments	
Replacement account	32,296
Capital Assets	
Property and equipment	2,250,088
Less: Accumulated depreciation	<u>(942,689)</u>
Total Noncurrent Assets	<u>1,339,695</u>
Total Assets	<u>2,355,428</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	3,169
Accrued wages	<u>2,446</u>
Total Current Liabilities	<u>5,615</u>
Noncurrent Liabilities	
Compensated absences	<u>1,828</u>
Total Noncurrent Liabilities	<u>1,828</u>
Total Liabilities	<u>7,443</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,307,399
Restricted for	
Equipment replacement	32,296
Unrestricted	<u>1,008,290</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,347,985</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, 2014

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	<u>Sewer Utility</u>
<b>OPERATING REVENUES</b>	
Treatment charges	\$ 229,109
Other	<u>5,175</u>
Total Operating Revenues	<u>234,284</u>
<b>OPERATING EXPENSES</b>	
Operation and maintenance	147,011
Depreciation	<u>67,160</u>
Total Operating Expenses	<u>214,171</u>
Operating Income	<u>20,113</u>
<b>NONOPERATING REVENUES</b>	
Investment income	<u>3,670</u>
Total Nonoperating Revenues	<u>3,670</u>
Income Before Contributions	<u>23,783</u>
<b>CONTRIBUTIONS</b>	
Contributions in aid of construction	<u>3,280</u>
Total Contributions	<u>3,280</u>
<b>Change in Net Position</b>	27,063
NET POSITION - Beginning of Year	<u>2,320,922</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,347,985</u>

See accompanying notes to financial statements.

# VILLAGE OF SULLIVAN

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

For the Year Ended December 31, 2014

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	<u>Sewer Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from customers	\$ 246,927
Paid to suppliers for goods and services	(115,100)
Paid to employees for services	<u>(42,335)</u>
Net Cash Flows From Operating Activities	<u>89,492</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments sold and matured	92,552
Investment income	3,670
Investments purchased	<u>(215,304)</u>
Net Cash Flows From Investing Activities	<u>(119,082)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(48,424)
Capital contributions	<u>3,280</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(45,144)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(74,734)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>832,589</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 757,855</u>

See accompanying notes to financial statements.

	<u>Sewer Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 20,113
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities	
Depreciation	67,160
Changes in assets and liabilities	
Accounts receivable	915
Due from other funds	11,728
Accounts payable	(3,307)
Compensated absences	(9,162)
Other current liabilities	<u>2,045</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 89,492</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>	
Cash and investments - statement of net position	\$ 321,207
Restricted cash and investments - statement of net position	32,296
Cash and investments - depreciation account	<u>620,619</u>
Total Cash and Investments	974,122
Less: Noncash equivalents	<u>(216,267)</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 757,855</u></b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	

**VILLAGE OF SULLIVAN**

STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
As of December 31, 2014

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 615,958
Taxes receivable	<u>152,260</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 768,218</u></b>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 768,218</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 768,218</u></b>

See accompanying notes to financial statements.



# VILLAGE OF SULLIVAN

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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, 2014

---

## 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, 2014

---

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

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### ***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, 2014

---

### 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 and liabilities 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, 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.

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 maturing in three years or less.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

#### *1. Deposits and Investments (cont.)*

- 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
- Interest rate 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. Fair values are based on quoted market prices. 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, 2014, 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, 2014

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

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#### ***D. ASSETS, 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 - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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, 2014

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

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#### *D. ASSETS, 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 fair 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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. 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.



# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

#### **5. *Compensated Absences* (cont.)**

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, 2014, are determined on the basis of current salary rates and include salary related payments.

#### **6. *Long-Term Obligations/Conduit Debt***

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of 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.

#### **7. *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.

#### **8. *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.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

#### *8. Equity Classifications (cont.)*

##### *Government-Wide Statements (cont.)*

- 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.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) Board, committee, or management identification 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. 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.

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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

***8. Equity Classifications (cont.)***

***Fund Statements (cont.)***

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. H. for further information.

***9. 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.

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

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***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		811,899
Land improvements		25,305
Infrastructure		1,375,657
Less: Accumulated depreciation		<u>(748,041)</u>
Combined Adjustment for Capital Assets	\$	<u><u>1,951,180</u></u>

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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

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	\$	853,025
Capital leases		39,366
Accrued interest		<u>25,964</u>
Combined Adjustment for Long-Term Liabilities	\$	<u><u>918,355</u></u>

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## 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.

### 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.

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

### 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	\$ 1,164,059	\$ 1,166,032	Custodial credit
Certificates of deposit	262,185	262,535	Custodial credit
LGIP	852,808	852,808	Credit
 Total Deposits and Investments	 \$ 2,279,052	 \$ 2,281,375	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,630,798		
Restricted cash and investments	32,296		
Per statement of assets and liabilities -			
agency funds			
Agency Funds	615,958		
 Total Deposits and Investments	 \$ 2,279,052		

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.

#### ***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.

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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**A. DEPOSITS AND INVESTMENTS (cont.)**

***Custodial Credit Risk*** (cont.)

**Deposits** (cont.)

As of December 31, 2014, \$164,211 of the village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>164,211</u>
Total	\$ <u><u>164,211</u></u>

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

***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.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

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**B. RECEIVABLES (cont.)**

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 village had no unavailable revenue, and the various components of *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 296,447
Special charges on the tax roll	38,250
2015 rent paid for village property during 2014	<u>17,280</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 351,977</u>

**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.

Restricted assets at December 31, 2014 were \$32,296.

## VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	124,539	-	-	124,539
Total Capital Assets Not Being Depreciated	128,740	-	-	128,740
Capital assets being depreciated				
Land Improvements	25,305	-	-	25,305
Buildings	357,620	-	-	357,620
Machinery and equipment	839,899	-	28,000	811,899
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	233,616	-	-	233,616
Total Capital Assets Being Depreciated	2,598,481	-	28,000	2,570,481
Total Capital Assets	2,727,221	-	28,000	2,699,221
Less: Accumulated depreciation for				
Land Improvements	(7,085)	(1,012)	-	(8,097)
Buildings	(88,806)	(4,301)	-	(93,107)
Machinery and equipment	(457,858)	(36,354)	10,080	(484,132)
Streets	(103,201)	(19,698)	-	(122,899)
Sidewalks	(7,896)	(1,128)	-	(9,024)
Storm sewer	(26,110)	(4,672)	-	(30,782)
Total Accumulated Depreciation	(690,956)	(67,165)	10,080	(748,041)
Net Capital Assets Being Depreciated	1,907,525	(67,165)	17,920	1,822,440
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 2,036,265	\$ (67,165)	\$ 17,920	\$ 1,951,180



# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 1,457
Public safety	30,227
Public works	34,744
Culture, recreation and education	<u>737</u>
Total Governmental Activities Depreciation Expense	<u><u>\$ 67,165</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated				
Land	\$ 818	\$ -	\$ -	\$ 818
Total Capital Assets Not Being depreciated	<u>818</u>	<u>-</u>	<u>-</u>	<u>818</u>
Capital assets being depreciated				
Collecting system	601,615	-	-	601,615
Collecting system pumping	395,714	10,443	9,498	396,659
Treatment and disposal	1,115,573	37,981	4,749	1,148,805
General	<u>102,191</u>	<u>-</u>	<u>-</u>	<u>102,191</u>
Total Capital Assets Being Depreciated	<u>2,215,093</u>	<u>48,424</u>	<u>14,247</u>	<u>2,249,270</u>
Total Capital Assets	<u>2,215,911</u>	<u>48,424</u>	<u>14,247</u>	<u>2,250,088</u>
Less: Accumulated depreciation for				
Sewer	<u>(889,776)</u>	<u>(67,160)</u>	<u>14,247</u>	<u>(942,689)</u>
Total Accumulated Depreciation	<u>(889,776)</u>	<u>(67,160)</u>	<u>14,247</u>	<u>(942,689)</u>
Net Capital Assets Being Depreciated	<u>1,325,317</u>	<u>(18,736)</u>	<u>-</u>	<u>1,306,581</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 1,326,135</u></u>	<u><u>\$ (18,736)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,307,399</u></u>

Depreciation expense was charged to functions as follows:

#### Business-type Activities

Sewer	\$ <u>67,160</u>
Total Business-type Activities Depreciation Expense	<u><u>\$ 67,160</u></u>

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

**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	<u>\$ 16,648</u>
Total		<u><u>\$ 16,648</u></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	<u>\$ 17,246</u>	Uniform allowances and reimbursement of capital purchases
Total - Fund Financial Statements		17,246	
Less: Fund eliminations		<u>(17,246)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ -</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, 2014

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

#### *F. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 913,934	\$ -	\$ 60,909	\$ 853,025	\$ 58,334
Sub-totals	913,934	-	60,909	853,025	58,334
Other Liabilities					
Vested compensated absences	18,103	-	18,103	-	-
Capital leases	66,556	-	27,190	39,366	28,714
Total Other Liabilities	84,659	-	45,293	39,366	28,714
Total Governmental Activities Long-Term Liabilities	\$ 998,593	\$ -	\$ 106,202	\$ 892,391	\$ 87,048
<b>Business-type Activities</b>					
Other Liabilities					
Vested compensated absences	\$ 10,990	\$ -	\$ 9,162	\$ 1,828	\$ -
Total Other Liabilities	10,990	-	9,162	1,828	-
Total Business-type Activities Long-Term Liabilities	\$ 10,990	\$ -	\$ 9,162	\$ 1,828	\$ -

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, 2014, was \$2,197,310. Total general obligation debt outstanding at year end was \$853,025.

#### **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 General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2014
2001 G.O. Debt	05/01/01	05/01/21	4.70-5.40%	\$ 605,000	\$ 290,000
2010 State Trust Fund Loan	08/26/10	03/15/30	5.25%	660,000	563,025
Total Governmental Activities - General Obligation Debt					\$ 853,025

**VILLAGE OF SULLIVAN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2015	\$ 58,334	\$ 44,042
2016	64,482	40,951
2017	65,845	37,488
2018	67,201	34,032
2019	73,630	30,339
2030-2024	257,214	102,111
2025-2029	216,064	48,401
2030	50,255	2,638
Totals	<u>\$ 853,025</u>	<u>\$ 340,002</u>

**Capital Leases**

Refer to Note IV. G.

**G. LEASE DISCLOSURES**

**Lessee - Capital Leases**

In 2005 and 2013 the Village acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases are \$250,990 and \$41,400, respectively, which are included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2014, are as follows:

Years	Governmental Activities		
	Principal	Interest	Totals
2015	\$ 28,714	\$ 2,298	\$ 31,012
2016	10,652	687	11,339
Totals	<u>\$ 39,366</u>	<u>\$ 2,985</u>	<u>\$ 42,351</u>

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

#### **H. NET POSITION/FUND BALANCES**

Net position reported on the government wide statement of net position at December 31, 2014, 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	1,822,440
Less: Long-term debt outstanding	(853,025)
Less: Capital leases	<u>(39,366)</u>
Total Net Investment in Capital Assets	<u>1,058,789</u>
Unrestricted	<u>633,328</u>
Total Governmental Activities Net Position	<u><u>\$ 1,692,117</u></u>

#### **Governmental Funds**

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

	General Fund	Nonmajor Governmental Fund - Fire Department	Totals
<b>Fund Balances</b>			
<b>Committed to:</b>			
Fire department expenditures	\$ -	\$ 39,340	\$ 39,340
<b>Assigned to:</b>			
Future capital projects	564,206	-	564,206
Subsequent year budget	31,013	-	31,013
<b>Unassigned:</b>	<u>24,733</u>	<u>-</u>	<u>24,733</u>
<b>Total Fund Balances</b>	<u><u>\$ 619,952</u></u>	<u><u>\$ 39,340</u></u>	<u><u>\$ 659,292</u></u>

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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

### H. NET POSITION/FUND BALANCES (cont.)

#### *Business-type Activities*

Net Investment in Capital Assets	
Land	\$ 818
Other capital assets, net of accumulated depreciation	<u>1,306,581</u>
Total Net Investment in Capital Assets	<u>1,307,399</u>
Restricted	
Equipment replacement	<u>32,296</u>
Total Restricted	<u>32,296</u>
Unrestricted	<u>1,008,290</u>
Total Business-type Activities Net Position	<u>\$ 2,347,985</u>

## NOTE V - OTHER INFORMATION

### A. EMPLOYEES' RETIREMENT SYSTEM

All eligible village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 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. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, and Executives and Elected Officials. Required contributions for protective employees are the same 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.

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

# VILLAGE OF SULLIVAN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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### NOTE V - OTHER INFORMATION (cont.)

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

The payroll for village employees covered by the WRS for the year ended December 31, 2014 was \$136,473; the employer's total payroll was \$153,960. The total required contribution for the year ended December 31, 2014 was \$19,106 or 14.0% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$16,345 and \$14,297, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the village.

#### **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.

#### **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.

# VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2014

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## **NOTE V - OTHER INFORMATION** (cont.)

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### **C. COMMITMENTS AND CONTINGENCIES** (cont.)

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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
  
- > Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>TAXES</b>				
General property taxes	\$ 170,153	\$ 170,153	\$ 170,153	\$ -
Total Taxes	<u>170,153</u>	<u>170,153</u>	<u>170,153</u>	<u>-</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	48,086	48,086	48,086	-
Fire insurance tax (2% fire dues)	6,000	6,000	6,034	34
Exempt computer aid	768	768	779	11
State aid - road allotment	33,331	33,331	33,323	(8)
DNR - in lieu of taxes	80	80	80	-
County aid - highway	2,000	2,000	-	(2,000)
State aid - recycling	<u>2,181</u>	<u>2,181</u>	<u>2,178</u>	<u>(3)</u>
Total Intergovernmental Revenues	<u>92,446</u>	<u>92,446</u>	<u>90,480</u>	<u>(1,966)</u>
<b>LICENSES AND PERMITS</b>				
Liquor and malt beverage licenses	2,050	2,050	2,050	-
Business and occupational licenses	1,130	1,130	1,030	(100)
Dog and cat licenses	950	950	994	44
Building permits	2,500	4,500	8,722	4,222
Cable television franchise fees	11,100	11,100	11,666	566
Zoning permits and fees	-	-	450	450
Total Licenses and Permits	<u>17,730</u>	<u>19,730</u>	<u>24,912</u>	<u>5,182</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
Snow and ice control	1,500	1,500	3,485	1,985
Recycling	39,000	39,000	38,899	(101)
Publication fees	-	-	(127)	(127)
Total Public Charges for Services	<u>40,500</u>	<u>40,500</u>	<u>42,257</u>	<u>1,757</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Local - fire services	<u>62,584</u>	<u>62,584</u>	<u>66,557</u>	<u>3,973</u>
<b>INVESTMENT INCOME</b>				
Investment income	<u>750</u>	<u>750</u>	<u>595</u>	<u>(155)</u>
<b>MISCELLANEOUS REVENUES</b>				
Sale of village property	-	-	35,000	35,000
Rent	1,500	1,500	2,631	1,131
Sprint lease agreement	14,400	14,400	14,400	-
Insurance dividends	-	-	2,768	2,768
Other miscellaneous	<u>-</u>	<u>8,000</u>	<u>2,495</u>	<u>(5,505)</u>
Total Miscellaneous Revenues	<u>15,900</u>	<u>23,900</u>	<u>57,294</u>	<u>33,394</u>
Total Revenues	<u>400,063</u>	<u>410,063</u>	<u>452,248</u>	<u>42,185</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Council/Board	\$ 5,933	\$ 5,752	\$ 5,852	\$ (100)
Village President	2,692	2,692	2,691	1
Clerk - Treasurer	51,710	55,410	58,597	(3,187)
Clerk - Treasurer assistant	28,073	31,788	33,090	(1,302)
Assessment of property	7,150	7,150	6,280	870
Zoning and appeals board	1,100	1,020	972	48
Special accounting and auditing	16,000	15,285	15,091	194
Legal	6,000	12,091	11,895	196
Municipal building	21,630	23,430	21,781	1,649
Printing and postage	3,500	3,000	2,531	469
Maps and platbooks	300	40	10	30
Property and liability insurance	7,000	6,320	6,375	(55)
Elections	6,500	4,867	4,771	96
Mileage and per diem	1,200	1,300	1,308	(8)
General administration	3,216	3,216	2,937	279
Other insurance	14,900	14,936	14,712	224
Miscellaneous wages	6,000	-	75	(75)
Total General Government	<u>182,904</u>	<u>188,297</u>	<u>188,968</u>	<u>(671)</u>
<b>PUBLIC SAFETY</b>				
Fire protection	64,931	64,931	44,600	20,331
Ambulance	17,001	17,001	17,089	(88)
Building inspection	3,000	5,000	5,013	(13)
Emergency government	500	500	426	74
Police	-	-	100	(100)
Total Public Safety	<u>85,432</u>	<u>87,432</u>	<u>67,228</u>	<u>20,204</u>
<b>PUBLIC WORKS</b>				
Machinery and equipment	16,600	26,100	20,640	5,460
Garages and sheds	2,500	2,500	2,176	324
Street maintenance	9,600	6,737	17,703	(10,966)
Street replacement	22,000	22,000	-	22,000
Snow and ice control	17,500	16,000	15,217	783
Street lighting	13,500	13,150	13,620	(470)
Refuse and garbage collection	28,640	28,640	26,380	2,260
Recycling	16,300	16,300	15,004	1,296
Storm sewers	1,000	-	-	-
Total Public Works	<u>127,640</u>	<u>131,427</u>	<u>110,740</u>	<u>20,687</u>
<b>LEISURE ACTIVITIES</b>				
Parks	10,750	9,750	16,517	(6,767)
Recreation administration	250	-	-	-
Total Leisure Activities	<u>11,000</u>	<u>9,750</u>	<u>16,517</u>	<u>(6,767)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>CONSERVATION AND DEVELOPMENT</b>				
Conservation and development	\$ 2,100	\$ 2,150	\$ 2,131	\$ 19
Weed control	<u>2,400</u>	<u>2,420</u>	<u>2,420</u>	<u>-</u>
Total Conservation and Development	<u>4,500</u>	<u>4,570</u>	<u>4,551</u>	<u>19</u>
 Total Expenditures	<u>411,476</u>	<u>421,476</u>	<u>388,004</u>	<u>33,472</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(11,413)</u>	<u>(11,413)</u>	<u>64,244</u>	<u>75,657</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(17,246)</u>	<u>(17,246)</u>	<u>(17,246)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(17,246)</u>	<u>(17,246)</u>	<u>(17,246)</u>	<u>-</u>
 <b>Net Change in Fund Balance</b>	 (28,659)	 (28,659)	 46,998	 75,657
 FUND BALANCE - Beginning of Year	 <u>572,954</u>	 <u>572,954</u>	 <u>572,954</u>	 <u>-</u>
 <b>FUND BALANCE - END OF YEAR</b>	 <u>\$ 544,295</u>	 <u>\$ 544,295</u>	 <u>\$ 619,952</u>	 <u>\$ 75,657</u>

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

## VILLAGE OF SULLIVAN

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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#### ***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. Carryovers to the following year were \$564,206. Budgets are adopted at the department level of expenditure.

**SUPPLEMENTARY INFORMATION**

# VILLAGE OF SULLIVAN

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2014

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	<u>Tax Collection Fund</u>	<u>Fire Donation Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 603,841	\$ 12,117	\$ 615,958
Tax roll receivable	<u>152,260</u>	<u>-</u>	<u>152,260</u>
TOTAL ASSETS	<u>\$ 756,101</u>	<u>\$ 12,117</u>	<u>\$ 768,218</u>
<b>LIABILITIES</b>			
Due to other governments	<u>\$ 756,101</u>	<u>\$ 12,117</u>	<u>\$ 768,218</u>
TOTAL LIABILITIES	<u>\$ 756,101</u>	<u>\$ 12,117</u>	<u>\$ 768,218</u>