

VILLAGE OF SULLIVAN

Sullivan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the Village of Sullivan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Sullivan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Sullivan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sullivan, Wisconsin, as of December 31, 2019 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.

Emphasis of Matter

As discussed in Note 1, the Village of Sullivan adopted the provision of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 8, 2020

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2019

The management of the Village of Sullivan, Wisconsin (village) offers readers of the village's financial statements this narrative overview and analysis of the financial activities of the village for the fiscal year ending December 31, 2019. We encourage readers to consider the information presented here in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The total assets and deferred outflows of resources of the village, including the sewer utility, exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,517,889 (*net position*). Of this amount, \$2,158,775 (*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 \$134,381.
- > As of the close of the current fiscal year, the village's governmental funds reported combined ending fund balances of \$921,885, an increase of \$19,419 in comparison with the prior year.
- > At the end of the current fiscal year, the village had restricted fund balance of \$89,997, and assigned fund balance of \$831,888. There was no unassigned fund balance as of December 31, 2019.
- > The village implemented GASB Statement No. 84, *Fiduciary Activities* as of January 1, 2019. As a result, portions of net position/fund balance were restated to include the Fire Donation Fund, previously reported as an agency fund of the village, within the nonmajor governmental fund. Details of the restatement can be found in Footnote IV.H. The 2018 information presented within the MD&A tables has not been updated to reflect this change.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

The *Statement of Activities* presents information showing how the village's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

Both of the government-wide financial statements distinguish functions of the village that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the village include general government; public safety; public works; leisure activities; and conservation and development. The business-type activities of the village include the sewer utility.

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

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the village can be divided into three categories: governmental funds, proprietary funds, and agency funds.

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

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

The village maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the fire department fund and debt service fund. The general fund and debt service fund are considered to be major funds. The fire department is a nonmajor fund.

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

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The village reports one (1) fiduciary fund – a custodial Tax Collection Fund.

The basic fiduciary fund financial statements can be found on pages 11 and 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 13 to 40 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents the following: a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget, a schedule of the village's proportionate share of the net pension liability/ (asset) in the Wisconsin Retirement System, and a schedule of the village's contributions to the Wisconsin Retirement System. These schedules can be found on pages 41 to 45 of this report.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the village, total assets exceeded liabilities by \$4,517,889 as of December 31, 2019.

The largest portion of the village's net position (approximately 51%) 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, 2019

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

A summary of the village's Statement of Net Position for 2019 and 2018 is presented in the table below.

VILLAGE OF SULLIVAN'S NET POSITION

| | Governmental Activities | | Business-type Activities | | Totals | |
|-------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 1,332,401 | \$ 1,310,633 | \$ 1,374,363 | \$ 1,321,476 | \$ 2,706,764 | \$ 2,632,109 |
| Capital assets | <u>1,803,329</u> | <u>1,796,235</u> | <u>1,066,962</u> | <u>1,058,951</u> | <u>2,870,291</u> | <u>2,855,186</u> |
| Total Assets | <u>3,135,730</u> | <u>3,106,868</u> | <u>2,441,325</u> | <u>2,380,427</u> | <u>5,577,055</u> | <u>5,487,295</u> |
| Deferred Outflows of Resources | <u>46,679</u> | <u>22,757</u> | <u>25,595</u> | <u>17,476</u> | <u>72,274</u> | <u>40,233</u> |
| Long-term liabilities | 600,706 | 679,466 | 10,925 | 961 | 611,631 | 680,427 |
| Other liabilities | <u>53,781</u> | <u>51,102</u> | <u>53,828</u> | <u>7,319</u> | <u>107,609</u> | <u>58,421</u> |
| Total Liabilities | <u>654,487</u> | <u>730,568</u> | <u>64,753</u> | <u>8,280</u> | <u>719,240</u> | <u>738,848</u> |
| Deferred Inflows of Resources | <u>398,187</u> | <u>396,516</u> | <u>14,013</u> | <u>19,162</u> | <u>412,200</u> | <u>415,678</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 1,218,702 | 1,116,769 | 1,066,962 | 1,058,951 | 2,285,664 | 2,175,720 |
| Restricted | - | 10,030 | 73,450 | 21,984 | 73,450 | 32,014 |
| Unrestricted | <u>911,033</u> | <u>875,742</u> | <u>1,247,742</u> | <u>1,289,526</u> | <u>2,158,775</u> | <u>2,165,268</u> |
| TOTAL NET POSITION | <u>\$ 2,129,735</u> | <u>\$ 2,002,541</u> | <u>\$ 2,388,154</u> | <u>\$ 2,370,461</u> | <u>\$ 4,517,889</u> | <u>\$ 4,373,002</u> |

The majority of the village's net position (approximately 51%) 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, 2019

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, 2019 and 2018. Governmental activities increased the village's net position by \$116,688. Business-type activities increased the village's net position by \$17,693.

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

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 117,901 | \$ 114,010 | \$ 272,915 | \$ 232,029 | \$ 390,816 | \$ 346,039 |
| Operating grants and Contributions | 67,131 | 60,666 | - | - | 67,131 | 60,666 |
| Capital grants and Contributions | - | 8,892 | - | - | - | 8,892 |
| General Revenues | | | | | | |
| Property taxes | 189,866 | 189,476 | - | - | 189,866 | 189,476 |
| Other taxes - debt service | 127,120 | 125,029 | - | - | 127,120 | 125,029 |
| Intergovernmental | 54,156 | 53,835 | - | - | 54,156 | 53,835 |
| Investment income | 18,492 | 16,050 | 24,331 | 18,812 | 42,823 | 34,862 |
| Miscellaneous | 50,667 | 31,451 | - | - | 50,667 | 31,451 |
| Total Revenues | <u>625,333</u> | <u>599,409</u> | <u>297,246</u> | <u>250,841</u> | <u>922,579</u> | <u>850,250</u> |
| Expenses | | | | | | |
| General government | 155,104 | 178,301 | - | - | 155,104 | 178,301 |
| Public safety | 140,265 | 186,193 | - | - | 140,265 | 186,193 |
| Public works | 160,292 | 178,345 | - | - | 160,292 | 178,345 |
| Leisure activities | 14,372 | 12,710 | - | - | 14,372 | 12,710 |
| Conservation and development | 7,366 | 5,846 | - | - | 7,366 | 5,846 |
| Interest and fiscal charges | 31,246 | 36,997 | - | - | 31,246 | 36,997 |
| Sewer utility | - | - | 279,553 | 256,130 | 279,553 | 256,130 |
| Total Expenses | <u>508,645</u> | <u>598,392</u> | <u>279,553</u> | <u>256,130</u> | <u>788,198</u> | <u>854,522</u> |
| Change in net position | 116,688 | 1,017 | 17,693 | (5,289) | 134,381 | (4,272) |
| NET POSITION – January 1 (as restated) | <u>2,013,047</u> | <u>2,001,524</u> | <u>2,370,461</u> | <u>2,375,750</u> | <u>4,383,508</u> | <u>4,377,274</u> |
| NET POSITION – December 31 | <u>\$ 2,129,735</u> | <u>\$ 2,002,541</u> | <u>\$ 2,388,154</u> | <u>\$ 2,370,461</u> | <u>\$ 4,517,889</u> | <u>\$ 4,373,002</u> |

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the village's governmental funds reported combined ending fund balances of \$921,885. Approximately 90% of this total amount, \$831,888, constitutes assigned fund balance. \$89,997 is restricted for debt service. There is no unassigned fund balance.

General Fund: The general fund is the main operating fund of the village. The general fund balance increased from \$826,958 to \$831,888, an increase of \$4,930 as a result of normal activities and operations.

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt. The debt service fund balance at year-end is \$17,595, which is equal to the previous year.

Fire Department Fund: The fire department fund is a nonmajor special revenue fund that reports the activities and operations of the fire department, which is a blended component unit of the village. Fund balance at year-end is \$72,402, an increase of \$14,489 from 2018.

PROPRIETARY FUND

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

Sewer Utility: The Sullivan Sewer Utility is an enterprise fund of the village. Current sewer rates were approved by the village board and were made effective in the third quarter of 2019. The operating loss for the year was \$(6,638). The total increase in net position was \$17,693.

GENERAL FUND BUDGETARY HIGHLIGHTS

The village budgeted for a \$10,881 decrease in fund balance and the actual result was a \$4,930 increase in fund balance. The most significant variances to budget include the following items:

- > Miscellaneous revenues: \$11,509 over budget
- > Public works machinery and equipment: \$13,200 under budget
- > Public works street replacement: \$17,000 under budget

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2019

CAPITAL ASSETS

At the end of 2019, the village had invested a total of \$2,870,291 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 | |
|-----------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 4,201 | \$ 4,201 | \$ 818 | \$ 818 | \$ 5,019 | \$ 5,019 |
| Right-of-way | 124,539 | 124,539 | - | - | 124,539 | 124,539 |
| Improvements | 12,148 | 13,160 | - | - | 12,148 | 13,160 |
| Buildings | 243,293 | 247,450 | - | - | 243,293 | 247,450 |
| Machinery and equipment | 334,783 | 297,022 | - | - | 334,783 | 297,022 |
| Infrastructure | 1,084,365 | 1,109,863 | - | - | 1,084,365 | 1,109,863 |
| Construction in progress | - | - | 76,243 | - | 76,243 | - |
| Sewer plant | - | - | 989,901 | 1,058,133 | 989,901 | 1,058,133 |
| Totals | <u>\$ 1,803,329</u> | <u>\$ 1,796,235</u> | <u>\$1,066,962</u> | <u>\$ 1,058,951</u> | <u>\$ 2,870,291</u> | <u>\$ 2,855,186</u> |

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

LONG-TERM DEBT

During 2019, the village retired debt of \$94,839, resulting in \$584,627 in outstanding general obligation debt at the end of 2019.

Under Wisconsin State Statutes, Chapter 67, the village's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the village. The net amount of debt that is applicable to the statutory limit is \$584,627 which is 23% of the maximum allowed of \$2,492,175.

The business-type activities have no debt outstanding as of December 31, 2019.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
As of and for the Year Ended December 31, 2019

LONG-TERM DEBT (cont.)

VILLAGE OF SULLIVAN'S OUTSTANDING LONG-TERM OBLIGATIONS

| | Governmental Activities | |
|--|----------------------------|-------------------|
| | 2019 | 2018 |
| General Obligation Bonds | \$ 90,000 | \$ 135,000 |
| State Trust Fund Loan | 433,533 | 462,163 |
| Promissory Notes | <u>61,094</u> | <u>82,303</u> |
| Total Outstanding Long-Term Obligations | <u>\$ 584,627</u> | <u>\$ 679,466</u> |

Additional information on the village's long-term debt, including information about direct placements or direct borrowings, can be found in Footnote IV.F. of this report.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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

REQUESTS FOR INFORMATION

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

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION As of December 31, 2019

| | Governmental Activities | Business-type Activities | Totals |
|--|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 967,614 | \$ 1,203,519 | \$ 2,171,133 |
| Taxes receivable | 383,677 | - | 383,677 |
| Accounts receivable | 1,000 | 76,876 | 77,876 |
| Accrued interest | - | 628 | 628 |
| Internal balances | (19,890) | 19,890 | - |
| Restricted assets | | | |
| Restricted cash and investments | - | 73,450 | 73,450 |
| Capital Assets (net of accumulated depreciation) | | | |
| Land and right of way | 128,740 | 818 | 129,558 |
| Construction in progress | - | 76,243 | 76,243 |
| Other capital assets, net of depreciation | 1,674,589 | 989,901 | 2,664,490 |
| Total Assets | <u>3,135,730</u> | <u>2,441,325</u> | <u>5,577,055</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>46,679</u> | <u>25,595</u> | <u>72,274</u> |
| Total Deferred Outflows of Resources | <u>46,679</u> | <u>25,595</u> | <u>72,274</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 53,781 | 53,828 | 107,609 |
| Noncurrent Liabilities | | | |
| Due within one year | 95,040 | - | 95,040 |
| Due in more than one year | 489,587 | 1,125 | 490,712 |
| Net pension liability | <u>16,079</u> | <u>9,800</u> | <u>25,879</u> |
| Total Liabilities | <u>654,487</u> | <u>64,753</u> | <u>719,240</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenues | 376,568 | - | 376,568 |
| Pension related amounts | <u>21,619</u> | <u>14,013</u> | <u>35,632</u> |
| Total Deferred Inflows of Resources | <u>398,187</u> | <u>14,013</u> | <u>412,200</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 1,218,702 | 1,066,962 | 2,285,664 |
| Restricted for | | | |
| Equipment | - | 73,450 | 73,450 |
| Unrestricted | <u>911,033</u> | <u>1,247,742</u> | <u>2,158,775</u> |
| TOTAL NET POSITION | <u>\$ 2,129,735</u> | <u>\$ 2,388,154</u> | <u>\$ 4,517,889</u> |

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | |
|-----------------------------------|-------------------|---------------------------------|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| Governmental Activities | | | |
| General government | \$ 155,104 | \$ 3,135 | \$ 3,340 |
| Public safety | 140,265 | 73,995 | 26,435 |
| Public works | 160,292 | 39,672 | 29,390 |
| Culture, recreation and education | 14,372 | - | - |
| Conservation and development | 7,366 | 1,099 | - |
| Interest and fiscal charges | <u>31,246</u> | <u>-</u> | <u>7,966</u> |
| Total Governmental Activities | <u>508,645</u> | <u>117,901</u> | <u>67,131</u> |
| Business-type Activities | | | |
| Sewer Utility | <u>279,553</u> | <u>272,915</u> | <u>-</u> |
| Total Business-type Activities | <u>279,553</u> | <u>272,915</u> | <u>-</u> |
| Totals | <u>\$ 788,198</u> | <u>\$ 390,816</u> | <u>\$ 67,131</u> |

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Change in Net Position

NET POSITION - Beginning of Year
(as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|------------------------------------|-------------------------------------|---------------------|
| \$ (148,629) | \$ - | \$ (148,629) |
| (39,835) | - | (39,835) |
| (91,230) | - | (91,230) |
| (14,372) | - | (14,372) |
| (6,267) | - | (6,267) |
| <u>(23,280)</u> | <u>-</u> | <u>(23,280)</u> |
| <u>(323,613)</u> | <u>-</u> | <u>(323,613)</u> |
| <u>-</u> | <u>(6,638)</u> | <u>(6,638)</u> |
| <u>-</u> | <u>(6,638)</u> | <u>(6,638)</u> |
| <u>(323,613)</u> | <u>(6,638)</u> | <u>(330,251)</u> |
| 189,866 | - | 189,866 |
| 127,120 | - | 127,120 |
| 54,156 | - | 54,156 |
| 18,492 | 24,331 | 42,823 |
| <u>50,667</u> | <u>-</u> | <u>50,667</u> |
| <u>440,301</u> | <u>24,331</u> | <u>464,632</u> |
| 116,688 | 17,693 | 134,381 |
| <u>2,013,047</u> | <u>2,370,461</u> | <u>4,383,508</u> |
| <u>\$ 2,129,735</u> | <u>\$ 2,388,154</u> | <u>\$ 4,517,889</u> |

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

| | General | Debt Service | Nonmajor Governmental Fund - Fire Department | Totals |
|--|---------------------|-------------------|---|---------------------|
| ASSETS | | | | |
| Cash and investments | \$ 877,617 | \$ 17,595 | \$ 72,402 | \$ 967,614 |
| Receivables | | | | |
| Taxes | 259,633 | 124,044 | - | 383,677 |
| Accounts | 1,000 | - | - | 1,000 |
| TOTAL ASSETS | \$ 1,138,250 | \$ 141,639 | \$ 72,402 | \$ 1,352,291 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 33,012 | \$ - | \$ - | \$ 33,012 |
| Accrued liabilities | 936 | - | - | 936 |
| Due to other funds | 19,890 | - | - | 19,890 |
| Total Liabilities | 53,838 | - | - | 53,838 |
| Deferred Inflows of Resources | | | | |
| Unearned revenues | 252,524 | 124,044 | - | 376,568 |
| Total Deferred Inflows of Resources | 252,524 | 124,044 | - | 376,568 |
| Fund Balances | | | | |
| Restricted | - | 17,595 | 72,402 | 89,997 |
| Assigned | 831,888 | - | - | 831,888 |
| Total Fund Balances | 831,888 | 17,595 | 72,402 | 921,885 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 1,138,250 | \$ 141,639 | \$ 72,402 | \$ 1,352,291 |

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, 2019

| | |
|--|------------|
| Total Fund Balances - Governmental Funds | \$ 921,885 |
|--|------------|

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 IV.D. | 1,803,329 |
|---|-----------|

| | |
|---|----------|
| The net pension liability does not relate to current financial resources and is not reported in the governmental funds. | (16,079) |
|---|----------|

| | |
|---|--------|
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 46,679 |
|---|--------|

| | |
|--|----------|
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (21,619) |
|--|----------|

| | |
|--|------------------|
| 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>(604,460)</u> |
|--|------------------|

| | |
|--|-----------------------------------|
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$ 2,129,735</u></u> |
|--|-----------------------------------|

VILLAGE OF SULLIVAN

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

For the Year Ended December 31, 2019

| | General | Debt Service | Nonmajor Governmental Fund - Fire Department | Totals |
|---|------------|--------------|---|------------|
| REVENUES | | | | |
| Taxes | \$ 189,866 | \$ 127,120 | \$ - | \$ 316,986 |
| Intergovernmental | 99,387 | - | - | 99,387 |
| Licenses and permits | 26,183 | - | - | 26,183 |
| Public charges for services | 39,543 | - | - | 39,543 |
| Intergovernmental charges for services | 64,300 | - | - | 64,300 |
| Investment income | 18,435 | - | 57 | 18,492 |
| Miscellaneous | 35,585 | - | 26,262 | 61,847 |
| Total Revenues | 473,299 | 127,120 | 26,319 | 626,738 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 149,860 | - | - | 149,860 |
| Public safety | 87,665 | - | 28,948 | 116,613 |
| Public works | 123,212 | - | - | 123,212 |
| Culture, recreation and education | 13,780 | - | - | 13,780 |
| Conservation and development | 7,366 | - | - | 7,366 |
| Capital Outlay | 69,368 | - | - | 69,368 |
| Debt Service | | | | |
| Principal | - | 94,839 | - | 94,839 |
| Interest and fiscal charges | - | 32,281 | - | 32,281 |
| Total Expenditures | 451,251 | 127,120 | 28,948 | 607,319 |
| Excess (deficiency) of revenues over expenditures | 22,048 | - | (2,629) | 19,419 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 17,118 | 17,118 |
| Transfers out | (17,118) | - | - | (17,118) |
| Total Other Financing Sources (Uses) | (17,118) | - | 17,118 | - |
| Net Change in Fund Balances | 4,930 | - | 14,489 | 19,419 |
| FUND BALANCES - Beginning of Year (as restated) | 826,958 | 17,595 | 57,913 | 902,466 |
| FUND BALANCES - END OF YEAR | \$ 831,888 | \$ 17,595 | \$ 72,402 | \$ 921,885 |

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, 2019

| | | |
|--|----|--------|
| Net change in fund balances - total governmental funds | \$ | 19,419 |
|--|----|--------|

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.

| | |
|--|----------|
| Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements | 67,876 |
| Depreciation is reported in the government-wide financial statements | (59,377) |
| Net book value of assets retired | (1,405) |

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 | 94,839 |
|------------------|--------|

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--|----------|
| Accrued interest and other debt expenses | 1,035 |
| Net pension asset/liability | (26,109) |
| Deferred outflows of resources related to pensions | 23,922 |
| Deferred inflows of resources related to pensions | (3,512) |

| | | |
|--|-----------|-----------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ | <u>116,688</u> |
|--|-----------|-----------------------|

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

| | <u>Sewer Utility</u> |
|---|----------------------|
| ASSETS | |
| Current Assets | |
| Cash and investments | \$ 338,078 |
| Interest receivable | 628 |
| Customer accounts receivable | 76,876 |
| Due from other funds | 19,890 |
| Cash and investments - depreciation account | 865,441 |
| Total Current Assets | <u>1,300,913</u> |
| Noncurrent Assets | |
| Restricted Assets | |
| Replacement account | 73,450 |
| Capital Assets | |
| Land | 818 |
| Construction in progress | 76,243 |
| Property and equipment | 2,253,510 |
| Less: Accumulated depreciation | <u>(1,263,609)</u> |
| Total Noncurrent Assets | <u>1,140,412</u> |
| Total Assets | <u>2,441,325</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related amounts | <u>25,595</u> |
| Total Deferred Outflows of Resources | <u>25,595</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts payable | 51,630 |
| Accrued wages | 2,198 |
| Total Current Liabilities | <u>53,828</u> |
| Noncurrent Liabilities | |
| Net pension liability | 9,800 |
| Compensated absences | 1,125 |
| Total Noncurrent Liabilities | <u>10,925</u> |
| Total Liabilities | <u>64,753</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related amounts | <u>14,013</u> |
| Total Deferred Inflows of Resources | <u>14,013</u> |
| NET POSITION | |
| Investment in capital assets | 1,066,962 |
| Restricted for equipment replacement | 73,450 |
| Unrestricted | <u>1,247,742</u> |
| TOTAL NET POSITION | <u>\$ 2,388,154</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, 2019

| | <u>Sewer Utility</u> |
|-----------------------------------|----------------------|
| OPERATING REVENUES | |
| Treatment charges | \$ 264,075 |
| Other | <u>8,840</u> |
| Total Operating Revenues | <u>272,915</u> |
| OPERATING EXPENSES | |
| Operation and maintenance | 211,321 |
| Depreciation | <u>68,232</u> |
| Total Operating Expenses | <u>279,553</u> |
| Operating Loss | <u>(6,638)</u> |
| NONOPERATING REVENUES | |
| Investment Income | <u>24,331</u> |
| Total Nonoperating Revenues | <u>24,331</u> |
| Change in Net Position | 17,693 |
| NET POSITION - Beginning of Year | <u>2,370,461</u> |
| NET POSITION - END OF YEAR | <u>\$ 2,388,154</u> |

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2019

| | <u>Sewer Utility</u> |
|---|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Received from customers | \$ 247,050 |
| Paid to suppliers for goods and services | (79,163) |
| Paid to employees for services | <u>(80,062)</u> |
| Net Cash Flows From Operating Activities | <u>87,825</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Investments sold and matured | 272,104 |
| Investment income | 24,331 |
| Investments purchased | <u>(244,060)</u> |
| Net Cash Flows From Investing Activities | <u>52,375</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition and construction of capital assets | <u>(76,243)</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(76,243)</u> |
| Net Change in Cash and Cash Equivalents | 63,957 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>968,952</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 1,032,909</u> |
| RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES | |
| Operating loss | \$ (6,638) |
| Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities | |
| Depreciation | 68,232 |
| Changes in assets, liabilities, and deferred items | |
| Accounts receivable | (20,954) |
| Due from other funds | (4,911) |
| Accounts payable | 45,529 |
| Compensated absences | 164 |
| Other current liabilities | 980 |
| Pension related deferrals and assets/liabilities | <u>5,423</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 87,825</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS | |
| Cash and investments | \$ 338,078 |
| Cash and investments - depreciation account | 865,441 |
| Restricted cash and investments | <u>73,450</u> |
| Total Cash and Investments | 1,276,969 |
| Less: Noncash equivalents | <u>(244,060)</u> |
| CASH AND CASH EQUIVALENTS | <u>\$ 1,032,909</u> |

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None.

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2019

| | <u>Custodial Fund</u> |
|---------------------------|-----------------------|
| ASSETS | |
| Cash and investments | \$ 607,300 |
| Receivables | |
| Taxes receivable | <u>171,419</u> |
| Total Assets | <u>778,719</u> |
| LIABILITIES | |
| Due to other governments | <u>778,719</u> |
| Total Liabilities | <u>778,719</u> |
| NET POSITION | |
| TOTAL NET POSITION | <u><u>\$ -</u></u> |

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended December 31, 2019

| | <u>Custodial Fund</u> |
|--|-----------------------|
| ADDITIONS | |
| Property taxes collected for other governments | \$ 564,734 |
| Total Additions | <u>564,734</u> |
| DEDUCTIONS | |
| Distributions to shareholders | <u>564,734</u> |
| Total Deductions | <u>564,734</u> |
| Change in Fiduciary Net Position | - |
| NET POSITION - Beginning of Year | <u>-</u> |
| NET POSITION - END OF YEAR | <u>\$ -</u> |

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

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VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Sullivan Volunteer Fire Department Inc. (Fire Department) serves all the citizens of the government and is governed by a separate board. The rates for user charges and bond issuance authorizations are approved by the government's council and the government is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available from other remedies. The Fire Department is reported as a special revenue fund. The Fire Department does not issue separate financial statements.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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.

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

- 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.
- 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

In addition, the village reports the following fund type:

- Custodial Funds - used to account for and report assets controlled by the village and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

- Tax Collection Fund

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.

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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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

All Financial Statements

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

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

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

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

No policy exists for the following risks:

- Credit risk
- Custodial credit risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. The village does not have any investments subject to fair value. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 fiduciary net position.

Property tax calendar - 2019 tax roll:

| | |
|--|------------------|
| Lien date and levy date | December 2019 |
| Tax bills mailed | December 2019 |
| Payment in full, or | January 31, 2020 |
| First installment due | January 31, 2020 |
| Second installment due | July 31, 2020 |
| Personal property taxes in full | January 31, 2020 |
| Tax sale - 2019 delinquent real estate taxes | October 2022 |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

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.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

| | |
|-------------------------|--------------|
| Buildings | 85 Years |
| Land Improvements | 25-50 Years |
| Machinery and Equipment | 10-20 Years |
| Infrastructure | 25-100 Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Deferred Outflows of Resources

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

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

7. Long-Term Obligations

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

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

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

8. Deferred Inflows of Resources

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

9. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

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

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

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

See Note IV. G. for further information.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

10. Pension

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

11. Basis for Existing Rates

Sewer Utility

Current sewer rates were approved by the village board on June 4, 2019 and made effective starting the third quarter of 2019. The charge is \$200 per quarter per Residential Equivalency Charge.

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

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

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 | \$ | 584,627 |
| Accrued interest | | <u>19,833</u> |
| Combined Adjustment for Long-Term Liabilities | \$ | <u><u>604,460</u></u> |

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

| | Carrying Value | Statement Balances | Associated Risks |
|--|-------------------|-----------------------|------------------|
| Demand deposits | \$ 1,194,810 | \$ 1,170,951 | Custodial credit |
| Certificates of deposit (non-negotiable) | 244,060 | 244,060 | Custodial credit |
| LGIP | 1,413,013 | 1,413,013 | Credit |
| Total Deposits and Investments | \$ 2,851,883 | \$ 2,828,024 | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Unrestricted cash and investments | \$ 2,171,133 | | |
| Restricted cash and investments | 73,450 | | |
| Per statement of net position - fiduciary fund | | | |
| Custodial fund | 607,300 | | |
| Total Deposits and Investments | \$ 2,851,883 | | |

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

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2019, \$129,447 of the village's total bank balance was exposed to custodial credit risk as follows:

Table with 2 columns: Description and Amount. Rows include Uninsured and uncollateralized (\$129,447) and Total (\$129,447).

Credit Risk

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

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

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

B. RECEIVABLES

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

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Table with 2 columns: Description and Unearned Amount. Rows include Property taxes receivable for subsequent year (\$317,032), Special charges on the tax roll (38,800), Cell phone tower lease payment for subsequent year (20,736), and Total Unearned Revenue for Governmental Funds (\$376,568).

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacements. Requirements were established by the Village Board.

Following is a list of restricted assets at December 31, 2019:

| | |
|---------------------|------------------|
| Restricted Assets | |
| Replacement account | <u>\$ 73,450</u> |

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 4,201 | \$ - | \$ - | \$ 4,201 |
| Right of way | <u>124,539</u> | <u>-</u> | <u>-</u> | <u>124,539</u> |
| Total Capital Assets Not Being depreciated | <u>128,740</u> | <u>-</u> | <u>-</u> | <u>128,740</u> |
| Capital assets being depreciated | | | | |
| Land Improvements | 25,305 | - | - | 25,305 |
| Buildings | 357,620 | - | - | 357,620 |
| Machinery and equipment | 880,109 | 67,876 | 5,980 | 942,005 |
| Streets | 1,085,646 | - | - | 1,085,646 |
| Sidewalks | 56,395 | - | - | 56,395 |
| Storm sewer | <u>233,616</u> | <u>-</u> | <u>-</u> | <u>233,616</u> |
| Total Capital Assets Being Depreciated | <u>2,638,691</u> | <u>67,876</u> | <u>5,980</u> | <u>2,700,587</u> |
| Total Capital Assets | <u>2,767,431</u> | <u>67,876</u> | <u>5,980</u> | <u>2,829,327</u> |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|------------|-----------|-------------------|
| Governmental Activities (cont.) | | | | |
| Less: Accumulated depreciation for | | | | |
| Land Improvements | \$ (12,145) | \$ (1,012) | \$ - | \$ (13,157) |
| Buildings | (110,170) | (4,157) | - | (114,327) |
| Machinery and equipment | (583,087) | (28,710) | 4,575 | (607,222) |
| Streets | (202,788) | (19,698) | - | (222,486) |
| Sidewalks | (13,536) | (1,128) | - | (14,664) |
| Storm sewer | (49,470) | (4,672) | - | (54,142) |
| Total Accumulated depreciation | (971,196) | (59,377) | 4,575 | (1,025,998) |
| Net Capital Assets Being Depreciated | 1,667,495 | 8,499 | 1,405 | 1,674,589 |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 1,796,235 | \$ 8,499 | \$ 1,405 | \$ 1,803,329 |

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|--|-----------|
| General government | \$ 1,457 |
| Public safety | 23,652 |
| Public works | 33,676 |
| Culture, recreation and education | 592 |
| Total Governmental Activities Depreciation Expense | \$ 59,377 |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 818 | \$ - | \$ - | \$ 818 |
| Construction in progress | - | 76,243 | - | 76,243 |
| Total Capital Assets Not Being Depreciated | 818 | 76,243 | - | 77,061 |
| Capital assets being depreciated | | | | |
| Collecting system | 603,719 | - | - | 603,719 |
| Collecting system pumping | 398,795 | - | - | 398,795 |
| Treatment and disposal | 1,148,805 | - | - | 1,148,805 |
| General | 102,191 | - | - | 102,191 |
| Total Capital Assets Being Depreciated | 2,253,510 | - | - | 2,253,510 |
| Total Capital Assets | 2,254,328 | 76,243 | - | 2,330,571 |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

D. CAPITAL ASSETS (cont.)

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|-------------|-----------|-------------------|
| Business-type Activities (cont.) | | | | |
| Less: Accumulated depreciation for Sewer | \$ (1,195,377) | \$ (68,232) | \$ - | \$ (1,263,609) |
| Net Capital Assets Being Depreciated | 1,058,133 | (68,232) | - | 989,901 |
| Business-type Capital Assets, Net of Accumulated depreciation | \$ 1,058,951 | \$ 8,011 | \$ - | \$ 1,066,962 |

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 | \$ 19,890 |
| Total | | \$ 19,890 |

All amounts are due within one year.

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> | <u>Principal Purpose</u> |
|---|------------------------------|--------------------|--|
| Fire | General | \$ 17,118 | Payment for runs, training and officer wages for Fire Department |
| Total - Fund Financial Statements | | 17,118 | |
| Less: Fund eliminations | | <u>(17,118)</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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|--------------------------|----------------------|-------------------------|--------------------------|------------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 135,000 | \$ - | \$ 45,000 | \$ 90,000 | \$ 45,000 |
| General obligation debt from direct borrowings or direct placements | <u>544,466</u> | <u>-</u> | <u>49,839</u> | <u>494,627</u> | <u>50,040</u> |
| Sub-totals | <u>679,466</u> | <u>-</u> | <u>94,839</u> | <u>584,627</u> | <u>95,040</u> |
| Total Governmental Activities Long-Term Liabilities | <u><u>\$ 679,466</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 94,839</u></u> | <u><u>\$ 584,627</u></u> | <u><u>\$ 95,040</u></u> |
| Business-type Activities | | | | | |
| Other Liabilities | | | | | |
| Vested compensated absences | \$ 961 | \$ 164 | \$ - | \$ 1,125 | \$ - |
| Total Other Liabilities | <u>961</u> | <u>164</u> | <u>-</u> | <u>1,125</u> | <u>-</u> |
| Total Business-type Activities Long-Term Liabilities | <u><u>\$ 961</u></u> | <u><u>\$ 164</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,125</u></u> | <u><u>\$ -</u></u> |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

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, 2019, was \$2,492,175. Total general obligation debt outstanding at year end was \$584,627.

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

| <u>General Obligation Debt</u> | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance December 31, 2019</u> |
|---|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| 2001 G.O. Debt | 05/01/01 | 05/01/21 | 4.70-5.40% | \$ 605,000 | \$ 90,000 |
| 2010 State Trust Fund Loan* | 08/26/10 | 03/15/30 | 5.25% | 660,000 | 433,533 |
| 2016 Promissory Note* | 11/17/16 | 11/17/23 | 2.17% | 60,575 | 30,464 |
| 2018 Promissory Note* | 03/05/18 | 6/15/23 | 2.15% | 51,392 | <u>30,630</u> |
| Total Governmental Activities - General Obligation Debt | | | | | <u><u>\$ 584,627</u></u> |

* Direct borrowing or direct placement.

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities General Obligation Debt</u> | |
|--------------|--|------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2020 | \$ 45,000 | \$ 3,645 |
| 2021 | <u>45,000</u> | <u>1,215</u> |
| Totals | <u><u>\$ 90,000</u></u> | <u><u>\$ 4,860</u></u> |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

F. LONG-TERM OBLIGATIONS (cont.)

| <u>Years</u> | Governmental Activities Notes from Direct Borrowings and Direct Placements | |
|--------------|--|------------|
| | Principal | Interest |
| | 2020 | \$ 50,040 |
| 2021 | 51,681 | 22,445 |
| 2022 | 54,024 | 23,052 |
| 2023 | 35,634 | 17,765 |
| 2024 | 36,929 | 15,964 |
| 2025-2029 | 216,064 | 48,401 |
| 2030 | 50,255 | 2,638 |
| Totals | \$ 494,627 | \$ 154,996 |

The village's outstanding debt from direct borrowings or direct placements related to governmental activities of \$61,094 contains provisions that in an event of default, outstanding amounts become immediately due and payable. The remaining balance of direct borrowings or direct placements contains provisions that in an event of default, any delinquent payment amount is subject to a penalty of one percent per month.

G. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, 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 | 1,674,589 |
| Less: Long-term debt outstanding | (584,627) |
| Total Net Investment in Capital Assets | \$ 1,218,702 |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

| | General Fund | Debt Service | Nonmajor Governmental Fund - Fire Department | Totals |
|------------------------------|--------------|--------------|---|------------|
| Fund Balances | | | | |
| Restricted for: | | | | |
| Debt service | \$ - | \$ 17,595 | \$ - | \$ 17,595 |
| Fire department activities | - | - | 72,402 | 72,402 |
| Sub-total | - | 17,595 | 72,402 | 89,997 |
| Assigned to: | | | | |
| Future capital projects | 859,686 | - | - | 859,686 |
| Subsequent year's budget | 10,664 | - | - | 10,664 |
| Reduction to available funds | (38,462) | - | - | (38,462) |
| Sub-total | 831,888 | - | - | 831,888 |
| Total Fund Balances | \$ 831,888 | \$ 17,595 | \$ 72,402 | \$ 921,885 |

H. RESTATEMENT OF NET POSITION/FUND BALANCE

Net position has been restated to implement GASB No. 84. Refer to Note I.B. for additional information related to this standard. The details of the restatement are as follows:

| | |
|--|---------------------|
| Government Activities Net Position - December 31, 2018 (as reported) | \$ 2,002,541 |
| Add: Fire Donation Fund (previously reported as an agency fund) | <u>10,506</u> |
| Net Position - December 31, 2018 (as restated) | <u>\$ 2,013,047</u> |
| Nonmajor Governmental Fund Balance - December 31, 2018 (as reported) | \$ 47,407 |
| Add: Fire Donation Fund (previously reported as an agency fund) | <u>10,506</u> |
| Fund Balance - December 31, 2018 (as restated) | <u>\$ 57,913</u> |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings, and creditable service..

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employees' contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit..

Vested participants may retire at age 55 (50 for protective occupation employees) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2009 | (2.1)% | (42.0)% |
| 2010 | (1.3) | 22.0 |
| 2011 | (1.2) | 11.0 |
| 2012 | (7.0) | (7.0) |
| 2013 | (9.6) | 9.0 |
| 2014 | 4.7 | 25.0 |
| 2015 | 2.9 | 2.0 |
| 2016 | 0.5 | (5.0) |
| 2017 | 2.0 | 4.0 |
| 2018 | 2.4 | 17.0 |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$9,201 in contributions from the village.

Contribution rates for the plan year reported as of December 31, 2019 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|--|-----------------|-----------------|
| General (Executives & Elected Officials) | 6.7% | 6.7% |
| Protective with Social Security | 6.7% | 10.7% |
| Protective without Social Security | 6.7% | 14.9% |

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

At December 31, 2019, the village reported a liability of \$25,879 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the village's proportion was 0.00072742%, which was an increase of 0.00009012% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the village recognized pension expense of \$20,275.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At December 31, 2019, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 20,156 | \$ 35,628 |
| Changes in assumptions | 4,362 | - |
| Net differences between projected and actual earnings on pension plan investments | 37,795 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 2,551 | 4 |
| Employer contributions subsequent to the measurement date | 7,410 | - |
| Totals | \$ 72,274 | \$ 35,632 |

\$7,410 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended December 31: | Deferred Outflows of Resources and Deferred Inflows of Resources (net) |
|----------------------------|---|
| 2020 | \$ 10,784 |
| 2021 | 3,270 |
| 2022 | 4,745 |
| 2023 | 10,433 |

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2017 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2018 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.0% |
| Discount Rate: | 7.0% |
| Salary Increases: | |
| Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Post-retirement Adjustments*: | 1.9% |

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 using experience that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

| <u>Core Fund Asset Class</u> | <u>Current Asset Allocation %</u> | <u>Long-Term Expected Nominal Rate of Return %</u> | <u>Long-Term Expected Real Rate of Return %</u> |
|--------------------------------------|-----------------------------------|--|---|
| Global Equities | 49% | 8.1% | 5.5% |
| Fixed Income | 24.5 | 4.0 | 1.5 |
| Inflation Sensitive Assets | 15.5 | 3.8 | 1.3 |
| Real Estate | 9 | 6.5 | 3.9 |
| Private Equity/Debt | 8 | 9.4 | 6.7 |
| Multi-Asset | 4 | 6.7 | 4.1 |
| Total Core Fund | 110 | 7.3 | 4.7 |
| <u>Variable Fund Asset Class</u> | | | |
| U.S Equities | 70 | 7.6 | 5.0 |
| International Equities | 30 | 8.5 | 5.9 |
| Total Variable Fund | 100 | 8.0 | 5.4 |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease to Discount Rate (6.00%) | Current Discount Rate (7.00%) | 1% Increase to Discount Rate (8.00%) |
|--|--|----------------------------------|--|
| Village's proportionate share of the net pension liability (asset) | \$102,847 | \$25,879 | \$(31,352) |

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

At December 31, 2019, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

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, 2019

NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 87, *Leases*

- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

- > Statement No. 91, *Conduit Debt Obligations*

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

E. SUBSEQUENT EVENTS

The Village was awarded \$3,600,000 of Rural Utilities Service loans and \$3,344,000 in Rural Utilities Service grants by the United States Department of Agriculture pending conditions set forth under the agreement. The award is intended to be used for the planning and construction of one Wastewater treatment facility providing wastewater treatment services to the Village and Town of Sullivan. Construction is anticipated to run through 2021.

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|----------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| TAXES | | | | |
| General property taxes | \$ 189,866 | \$ 189,866 | \$ 189,866 | \$ - |
| INTERGOVERNMENTAL REVENUES | | | | |
| State shared revenues | 53,340 | 53,340 | 53,340 | - |
| Fire insurance tax (2% fire dues) | 5,900 | 5,900 | 6,838 | 938 |
| Exempt computer aid | 719 | 719 | 1,773 | 1,054 |
| State aid - road allotment | 27,217 | 27,217 | 27,217 | - |
| DNR - in lieu of taxes | 80 | 80 | 80 | - |
| County aid - highway | 2,000 | 2,000 | - | (2,000) |
| State aid - recycling | 2,200 | 2,200 | 2,173 | (27) |
| Federal grant | 8,493 | 8,493 | 7,966 | (527) |
| Total Intergovernmental Revenues | <u>99,949</u> | <u>99,949</u> | <u>99,387</u> | <u>(562)</u> |
| LICENSES AND PERMITS | | | | |
| Liquor and malt beverage licenses | 2,050 | 2,050 | 2,099 | 49 |
| Business and occupational licenses | 900 | 900 | 1,099 | 199 |
| Dog and cat licenses | 750 | 750 | 790 | 40 |
| Building permits | 4,000 | 4,000 | 9,695 | 5,695 |
| Other permits | - | - | 50 | 50 |
| Cable television franchise fees | 12,200 | 12,200 | 12,125 | (75) |
| Zoning permits and fees | 100 | 100 | 325 | 225 |
| Total Licenses and Permits | <u>20,000</u> | <u>20,000</u> | <u>26,183</u> | <u>6,183</u> |
| PUBLIC CHARGES FOR SERVICES | | | | |
| Recycling | 40,000 | 40,000 | 39,543 | (457) |
| INTERGOVERNMENTAL CHARGES FOR SERVICES | | | | |
| Local - fire services | 64,300 | 64,300 | 64,300 | - |
| INVESTMENT INCOME | | | | |
| Interest on investments | 6,000 | 6,000 | 18,435 | 12,435 |
| MISCELLANEOUS REVENUES | | | | |
| Rent | 3,700 | 3,700 | 3,340 | (360) |
| Sprint lease agreement | 20,736 | 20,736 | 20,736 | - |
| Other miscellaneous | - | - | 11,509 | 11,509 |
| Total Miscellaneous Revenues | <u>24,436</u> | <u>24,436</u> | <u>35,585</u> | <u>11,149</u> |
| Total Revenues | <u>444,551</u> | <u>444,551</u> | <u>473,299</u> | <u>28,748</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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------|----------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| Board | \$ 11,065 | \$ 10,605 | \$ 10,587 | \$ 18 |
| Village President | 3,768 | 3,775 | 3,776 | (1) |
| Clerk - Treasurer | 36,200 | 36,200 | 38,856 | (2,656) |
| Clerk - Treasurer assistant | 16,400 | 16,400 | 13,793 | 2,607 |
| Assessment of property | 6,050 | 6,050 | 7,215 | (1,165) |
| Zoning and appeals board | 2,410 | 870 | 830 | 40 |
| Special accounting and auditing | 14,000 | 17,000 | 18,219 | (1,219) |
| Legal | 5,000 | 2,400 | 2,060 | 340 |
| Municipal building | 18,861 | 21,387 | 22,723 | (1,336) |
| Printing and postage | 3,000 | 2,000 | 1,878 | 122 |
| Maps and playbooks | 50 | 50 | 10 | 40 |
| Property and liability insurance | 7,537 | 7,537 | 8,773 | (1,236) |
| Elections | 3,500 | 1,950 | 1,822 | 128 |
| Mileage and per diem | 916 | 510 | 508 | 2 |
| General administration | 2,163 | 2,179 | 1,523 | 656 |
| Other insurance | 17,088 | 18,388 | 17,287 | 1,101 |
| Total General Government | <u>148,008</u> | <u>147,301</u> | <u>149,860</u> | <u>(2,559)</u> |
| PUBLIC SAFETY | | | | |
| Fire protection | 69,280 | 69,962 | 58,142 | 11,820 |
| Ambulance | 22,623 | 22,623 | 22,623 | - |
| Building inspection | 3,000 | 3,000 | 6,900 | (3,900) |
| Emergency government | 500 | 500 | - | 500 |
| Total Public Safety | <u>95,403</u> | <u>96,085</u> | <u>87,665</u> | <u>8,420</u> |
| PUBLIC WORKS | | | | |
| Machinery and equipment | 8,800 | 25,381 | 12,181 | 13,200 |
| Garages and sheds | 1,350 | 2,350 | 2,129 | 221 |
| Street maintenance | 12,600 | 8,401 | 16,351 | (7,950) |
| Street replacement | - | 17,000 | - | 17,000 |
| Snow and ice control | 21,800 | 30,300 | 37,378 | (7,078) |
| Street lighting | 14,000 | 14,000 | 12,487 | 1,513 |
| Refuse and garbage collection | 24,000 | 22,000 | 26,258 | (4,258) |
| Recycling | 13,300 | 17,250 | 16,428 | 822 |
| Storm sewers | 5,000 | 1,000 | - | 1,000 |
| Total Public Works | <u>100,850</u> | <u>137,682</u> | <u>123,212</u> | <u>14,470</u> |
| CULTURE, RECREATION AND DEVELOPMENT | | | | |
| Parks | 11,100 | 20,850 | 13,530 | 7,320 |
| Recreation administration | - | 250 | 250 | - |
| Total Culture, Recreation and Development | <u>11,100</u> | <u>21,100</u> | <u>13,780</u> | <u>7,320</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, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| CONSERVATION AND DEVELOPMENT | | | | |
| Conservation and development | \$ 2,264 | \$ 2,264 | \$ 3,877 | \$ (1,613) |
| Weed control | <u>5,000</u> | <u>5,000</u> | <u>3,489</u> | <u>1,511</u> |
| Total Conservation and Development | <u>7,264</u> | <u>7,264</u> | <u>7,366</u> | <u>(102)</u> |
| CAPITAL OUTLAY | | | | |
| Capital outlay | <u>75,807</u> | <u>29,000</u> | <u>69,368</u> | <u>(40,368)</u> |
| Total Expenditures | <u>438,432</u> | <u>438,432</u> | <u>451,251</u> | <u>(12,819)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,119</u> | <u>6,119</u> | <u>22,048</u> | <u>15,929</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(17,000)</u> | <u>(17,000)</u> | <u>(17,118)</u> | <u>(118)</u> |
| Total Other Financing Sources (Uses) | <u>(17,000)</u> | <u>(17,000)</u> | <u>(17,118)</u> | <u>(118)</u> |
| Net Change in Fund Balance | (10,881) | (10,881) | 4,930 | 15,811 |
| FUND BALANCE - Beginning of Year | <u>826,958</u> | <u>826,958</u> | <u>826,958</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 816,077</u> | <u>\$ 816,077</u> | <u>\$ 831,888</u> | <u>\$ 15,811</u> |

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

VILLAGE OF SULLIVAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

| Fiscal Year Ending | Proportion of the Net Pension (Asset)/Liability | Proportionate Share of the Net Pension (Asset)/Liability | Covered Payroll | Proportionate Share of the Net Pension (Asset)/ Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-----------------------|--|---|--------------------|---|--|
| 12/31/19 | 0.00072742% | \$ 25,879 | \$ 137,335 | 18.84% | 96.45% |
| 12/31/18 | 0.00063730% | (18,921) | 93,738 | 20.18% | 102.93% |
| 12/31/17 | 0.00075353% | 6,211 | 93,995 | 6.61% | 99.12% |
| 12/31/16 | 0.00083578% | 13,581 | 89,631 | 15.15% | 98.20% |
| 12/31/15 | 0.00093010% | (22,841) | 136,473 | 16.74% | 102.74% |

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2019

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------|--|---|--|--------------------|---|
| 12/31/19 | \$ 7,410 | \$ 7,410 | \$ - | \$ 113,124 | 6.55% |
| 12/31/18 | 9,153 | 9,153 | - | 137,090 | 6.68% |
| 12/31/17 | 6,374 | 6,374 | - | 93,738 | 6.80% |
| 12/31/16 | 6,203 | 6,203 | - | 93,995 | 6.60% |
| 12/31/15 | 6,095 | 6,095 | - | 89,631 | 6.80% |

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

VILLAGE OF SULLIVAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

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 are as presented in the original budget and no amendments were adopted during the year. The village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

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

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop the Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.