

# **Village of Sullivan**

Financial Statements and  
Supplementary Information

December 31, 2021

# Village of Sullivan

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## **Independent Auditors' Report**

To the Village Board of  
Village of Sullivan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the Village), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2021 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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 is the responsibility of management and, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Madison, Wisconsin  
May 25, 2022

# Village of Sullivan

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## Management's Discussion and Analysis

December 31, 2021

(Unaudited)

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, 2021. 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 \$4,677,078 (*net position*). Of this amount, \$574,064 (*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 \$22,894.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$752,494, a decrease of \$234,612 in comparison with the prior year.
- At the end of the current fiscal year, the Village had an assigned fund balance of \$656,612 and \$95,882 in restricted fund balance. There was no unassigned fund balances as of December 31, 2021.

### 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).

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; culture, recreation and education activities and conservation and development. The business-type activities of the Village include the sewer utility.

# Village of Sullivan

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Management's Discussion and Analysis

December 31, 2021

(Unaudited)

The government-wide financial statements can be found on pages 1 to 2 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 fiduciary 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 3 and 5 of this report.

**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 7 to 11 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 12 and 13 of this report.

# Village of Sullivan

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Management's Discussion and Analysis

December 31, 2021

(Unaudited)

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 to 37 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 38 to 42 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 \$4,677,078 as of December 31, 2021.

The largest portion of the Village's net position (approximately 73%) 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

December 31, 2021

(Unaudited)

A summary of the Village's Statement of Net Position for 2021 and 2020 is presented in the table below.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,252,206	\$ 1,405,803	\$ 930,800	\$ 1,131,585	\$ 2,183,006	\$ 2,537,388
Capital assets	2,319,547	1,747,042	5,133,145	1,388,582	7,452,692	3,135,624
Total assets	3,571,753	3,152,845	6,063,945	2,520,167	9,635,698	5,673,012
Deferred outflows of resources	39,621	29,015	38,653	27,602	78,274	56,617
Long-term liabilities	925,773	489,587	3,100,862	1,346	4,026,635	490,933
Other liabilities	75,398	46,865	404,699	87,030	480,097	133,895
Total liabilities	1,001,171	536,452	3,505,861	88,376	4,506,732	624,828
Deferred inflows of resources	471,188	408,356	58,974	42,261	530,162	450,617
Net position:						
Net investment in capital assets	1,393,774	1,257,455	2,033,403	1,388,582	3,427,177	2,646,037
Restricted	102,048	86,373	573,789	86,092	675,837	172,465
Unrestricted (deficit)	643,193	893,224	(69,129)	942,458	574,064	1,835,682
Total net position	\$ 2,139,015	\$ 2,237,052	\$ 2,538,063	\$ 2,417,132	\$ 4,677,078	\$ 4,654,184

The majority of the Village's net position (approximately 73%) represents net investment in capital assets. An additional portion of the Village's net position (approximately 14%) 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  
December 31, 2021  
(Unaudited)

**Analysis of the Village's Operations** - The following table provides a summary of the Village's operations for the years ended December 31, 2021 and 2020. Governmental activities decreased the Village's net position by \$98,037. Business-type activities increased the Village's net position by \$120,931.

### Village of Sullivan Condensed Statement of Revenues, Expenses and Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 117,941	\$ 123,101	\$ 429,293	\$ 346,854	\$ 547,234	\$ 469,955
Operating grants and contributions	91,513	74,912	-	-	91,513	74,912
Capital grants and contributions	-	-	34,286	-	34,286	-
General revenues:						
Property taxes	198,435	192,988	-	-	198,435	192,988
Other taxes, debt service	129,399	124,044	-	-	129,399	124,044
Intergovernmental	57,310	56,344	-	-	57,310	56,344
Investment income	560	4,445	601	6,079	1,161	10,524
Miscellaneous	33,400	35,297	-	-	33,400	35,297
Total revenues	<u>628,558</u>	<u>611,131</u>	<u>464,180</u>	<u>352,933</u>	<u>1,092,738</u>	<u>964,064</u>
<b>Expenses</b>						
General government	154,496	152,000	-	-	154,496	152,000
Public safety	287,195	156,658	-	-	287,195	156,658
Public works	232,883	150,469	-	-	232,883	150,469
Culture, recreation and education	17,352	13,213	-	-	17,352	13,213
Conservation and development	5,701	3,957	-	-	5,701	3,957
Interest and fiscal charges	28,968	27,517	-	-	28,968	27,517
Sewer utility	-	-	343,249	323,955	343,249	323,955
Total expenses	<u>726,595</u>	<u>503,814</u>	<u>343,249</u>	<u>323,955</u>	<u>1,069,844</u>	<u>827,769</u>
Change in net position	(98,037)	107,317	120,931	28,978	22,894	136,295
<b>Net Position, January 1</b>	<u>2,237,052</u>	<u>2,129,735</u>	<u>2,417,132</u>	<u>2,388,154</u>	<u>4,654,184</u>	<u>4,517,889</u>
<b>Net Position, December 31</b>	<u>\$ 2,139,015</u>	<u>\$ 2,237,052</u>	<u>\$ 2,538,063</u>	<u>\$ 2,417,132</u>	<u>\$ 4,677,078</u>	<u>\$ 4,654,184</u>

# Village of Sullivan

Management's Discussion and Analysis

December 31, 2021

(Unaudited)

## 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 \$752,494. Approximately 87% of this total amount, \$656,612, constitutes assigned fund balance. \$95,882 is restricted for debt service or activities of the fire department. There is no unassigned fund balance.

**General Fund** - The general fund is the main operating fund of the Village. The general fund balance decreased from \$894,854 to \$656,612, a decrease of \$238,242 as a result of normal activities and operations and the purchase of a fire truck in the current year.

**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 \$17,080, which is a \$515 decrease from 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 \$78,802, an increase of \$4,145 from 2020.

### 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 on June 4, 2019. The sewer user fees will be increased by \$50 per residential equivalency charge beginning October 1<sup>st</sup> for 2019, 2020 and 2021. The operating income for the year was \$190,537. The total increase in net position was \$120,931.

## General Fund Budgetary Highlights

The Village budgeted for a \$10,447 decrease in fund balance and the actual result was a \$238,242 decrease in fund balance. The most significant variances to budget include the following items:

- Street maintenance: \$104,053 over budget
- Public safety fire protection: \$83,944 under budget
- Capital outlay: \$750,911 over budget
- Debt issued: \$533,944 over budget

## Village of Sullivan

Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

### Capital Assets

At the end of 2021, the Village had invested a total of \$7,452,692 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		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	10,124	11,136	-	-	10,124	11,136
Buildings	234,979	239,136	-	-	234,979	239,136
Machinery and equipment	912,335	309,163	-	-	912,335	309,163
Infrastructure	1,033,369	1,058,867	-	-	1,033,369	1,058,867
Construction in progress	-	-	1,896,496	161,598	1,896,496	161,598
Intangible asset	-	-	2,318,334	238,773	2,318,334	238,773
Sewer plant	-	-	917,497	987,393	917,497	987,393
Total	<u>\$ 2,319,547</u>	<u>\$ 1,747,042</u>	<u>\$ 5,133,145</u>	<u>\$ 1,388,582</u>	<u>\$ 7,452,692</u>	<u>\$ 3,135,624</u>

Additional information on the Village's capital assets can be found in Note 4. of this report.

### Long-Term Debt

During 2021, the Village retired debt of \$97,758 and took on debt of \$533,944, resulting in \$925,773 in outstanding general obligation debt at the end of 2021. 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 Village's applicable outstanding debt is 34% of the maximum amount allowable.

The business-type activities had no debt outstanding as of December 31, 2020, and issued \$3,099,742 in revenue bond anticipation notes during 2021 related to sewer improvements including a joint project with the Town of Sullivan Sanitary District No. 1.

#### Village of Sullivan's Outstanding Long-Term Obligations

	Governmental Activities	
	2021	2020
General obligation bonds	\$ -	\$ 45,000
State Trust Fund Loan	371,752	403,463
Promissory notes	<u>554,021</u>	<u>41,124</u>
Total outstanding long-term obligations	<u>\$ 925,773</u>	<u>\$ 489,587</u>

Additional information on the Village's long-term debt, including information about direct placements or direct borrowings, can be found in Note 4. of this report.

## **Village of Sullivan**

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Management's Discussion and Analysis  
December 31, 2021  
(Unaudited)

### **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](mailto:clerk@villageofsullivan.com).

# Village of Sullivan

Statement of Net Position  
December 31, 2021

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and investments	\$ 823,412	\$ 117,168	\$ 940,580
Taxes receivable	446,975	-	446,975
Accounts receivable	1,000	113,073	114,073
Accrued interest	-	628	628
Internal balances	(42,449)	42,449	-
Restricted assets:			
Net pension asset	23,268	24,258	47,526
Cash and investments	-	633,224	633,224
Capital assets:			
Land	128,740	818	129,558
Construction in progress	-	1,896,496	1,896,496
Intangibles	-	2,318,334	2,318,334
Other capital assets, net of depreciation	2,190,807	917,497	3,108,304
Total assets	<u>3,571,753</u>	<u>6,063,945</u>	<u>9,635,698</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	<u>39,621</u>	<u>38,653</u>	<u>78,274</u>
Total deferred outflows of resources	<u>39,621</u>	<u>38,653</u>	<u>78,274</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	40,596	404,699	445,295
Unearned revenues	34,802	-	34,802
Noncurrent liabilities:			
Due in within one year	113,275	3,100,862	3,214,137
Due in more than one year	<u>812,498</u>	<u>-</u>	<u>812,498</u>
Total liabilities	<u>1,001,171</u>	<u>3,505,561</u>	<u>4,506,732</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenues	425,262	-	425,262
Pension related amounts	<u>45,926</u>	<u>58,974</u>	<u>104,900</u>
Total deferred inflows of resources	<u>471,188</u>	<u>58,974</u>	<u>530,162</u>
<b>Net Position</b>			
Net investment in capital assets	1,393,774	2,033,403	3,427,177
Restricted for:			
Net pension asset	23,268	24,258	47,526
Equipment replacement	-	549,531	549,531
Fire department activities	78,780	-	78,780
Unrestricted (deficit)	<u>643,193</u>	<u>(69,129)</u>	<u>574,064</u>
Total net position	<u>\$ 2,139,015</u>	<u>\$ 2,538,063</u>	<u>\$ 4,677,078</u>

See notes to financial statements

# Village of Sullivan

## Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 154,496	\$ 3,259	\$ 3,955	\$ -	\$ (147,282)	\$ -	\$ (147,282)
Public safety	287,195	72,481	56,340	-	(158,374)	-	(158,374)
Public works	232,883	41,258	24,227	-	(167,398)	-	(167,398)
Culture, recreation and education	17,352	-	-	-	(17,352)	-	(17,352)
Conservation and development	5,701	943	-	-	(4,758)	-	(4,758)
Interest and fiscal charges	28,968	-	6,991	-	(21,977)	-	(21,977)
Total governmental activities	<u>726,595</u>	<u>117,941</u>	<u>91,513</u>	<u>-</u>	<u>(517,141)</u>	<u>-</u>	<u>(517,141)</u>
Business-Type activities:							
Sewer utility	<u>343,249</u>	<u>429,293</u>	<u>-</u>	<u>34,286</u>	<u>-</u>	<u>120,330</u>	<u>120,330</u>
Total business-type activities	<u>343,249</u>	<u>429,293</u>	<u>-</u>	<u>34,286</u>	<u>-</u>	<u>120,330</u>	<u>120,330</u>
Total	<u>\$ 1,069,844</u>	<u>\$ 547,234</u>	<u>\$ 91,513</u>	<u>\$ 34,286</u>	<u>(517,141)</u>	<u>120,330</u>	<u>(396,811)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes, levied for general purposes					198,435	-	198,435
Property taxes, levied for debt service					120,341	-	120,341
Other taxes					9,058	-	9,058
Intergovernmental revenues not restricted to specific programs					57,310	-	57,310
Investment income					560	601	1,161
Miscellaneous					33,400	-	33,400
Total general revenues					<u>419,104</u>	<u>601</u>	<u>419,705</u>
Change in net position					(98,037)	120,931	22,894
<b>Net Position, Beginning</b>					<u>2,237,052</u>	<u>2,417,132</u>	<u>4,654,184</u>
<b>Net Position, Ending</b>					<u>\$ 2,139,015</u>	<u>\$ 2,538,063</u>	<u>\$ 4,677,078</u>

See notes to financial statements

# Village of Sullivan

Balance Sheet  
Governmental Funds  
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
<b>Assets</b>				
Cash and investments	\$ 727,530	\$ 17,080	\$ 78,802	\$ 823,412
Receivables:				
Taxes	326,398	120,577	-	446,975
Accounts	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total assets	<u>\$ 1,054,928</u>	<u>\$ 137,657</u>	<u>\$ 78,802</u>	<u>\$ 1,271,387</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,590	\$ -	\$ -	\$ 4,590
Accrued liabilities	11,790	-	-	11,790
Unearned revenues	34,802	-	-	34,802
Due to other funds	<u>42,449</u>	<u>-</u>	<u>-</u>	<u>42,449</u>
Total liabilities	<u>93,631</u>	<u>-</u>	<u>-</u>	<u>93,631</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenues	<u>304,685</u>	<u>120,577</u>	<u>-</u>	<u>425,262</u>
Total deferred inflows of resources	<u>304,685</u>	<u>120,577</u>	<u>-</u>	<u>425,262</u>
<b>Fund Balances</b>				
Restricted	-	17,080	78,802	95,882
Assigned	<u>656,612</u>	<u>-</u>	<u>-</u>	<u>656,612</u>
Total fund balances	<u>656,612</u>	<u>17,080</u>	<u>78,802</u>	<u>752,494</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,054,928</u>	<u>\$ 137,657</u>	<u>\$ 78,802</u>	<u>\$ 1,271,387</u>

See notes to financial statements



## Village of Sullivan

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2021

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<b>Total Fund Balances, Governmental Funds</b>	\$ 752,494
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 4.	2,319,547
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	23,268
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	39,621
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(45,926)
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 2.	<u>(949,989)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 2,139,015</u></u>

## Village of Sullivan

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
<b>Revenues</b>				
Taxes	\$ 207,493	\$ 120,341	\$ -	\$ 327,834
Intergovernmental	106,078	-	-	106,078
Licenses and permits	15,094	-	-	15,094
Public charges for services	40,748	-	-	40,748
Intergovernmental charges for services	70,128	-	-	70,128
Special assessments	510	-	-	510
Investment income	538	-	22	560
Miscellaneous	27,779	-	39,827	67,606
	<u>468,368</u>	<u>120,341</u>	<u>39,849</u>	<u>628,558</u>
Total revenues				
	<u>468,368</u>	<u>120,341</u>	<u>39,849</u>	<u>628,558</u>
<b>Expenditures</b>				
Current:				
General government	148,691	-	-	148,691
Public safety	87,404	-	56,400	143,804
Public works	201,442	-	-	201,442
Culture, recreation and education	12,750	-	-	12,750
Conservation and development	5,701	-	-	5,701
Capital outlay	763,870	-	-	763,870
Debt service:				
Principal	-	97,758	-	97,758
Interest and fiscal charges	-	23,098	-	23,098
	<u>1,219,858</u>	<u>120,856</u>	<u>56,400</u>	<u>1,397,114</u>
Total expenditures				
	<u>1,219,858</u>	<u>120,856</u>	<u>56,400</u>	<u>1,397,114</u>
Excess (deficiency) of revenues over expenditures	<u>(751,490)</u>	<u>(515)</u>	<u>(16,551)</u>	<u>(768,556)</u>
<b>Other Financing Sources (Uses)</b>				
Debt issued	533,944	-	-	533,944
Transfers in	-	-	20,696	20,696
Transfers out	(20,696)	-	-	(20,696)
	<u>513,248</u>	<u>-</u>	<u>20,696</u>	<u>533,944</u>
Total other financing sources (uses)				
	<u>513,248</u>	<u>-</u>	<u>20,696</u>	<u>533,944</u>
Net change in fund balances	(238,242)	(515)	4,145	(234,612)
<b>Fund Balances, Beginning</b>	<u>894,854</u>	<u>17,595</u>	<u>74,657</u>	<u>987,106</u>
<b>Fund Balances, Ending</b>	<u>\$ 656,612</u>	<u>\$ 17,080</u>	<u>\$ 78,802</u>	<u>\$ 752,494</u>

See 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  
Year Ended December 31, 2021

**Net Change in Fund Balances, Total Governmental Funds** \$ (234,612)

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 capital outlay in the fund financial statements but are capitalized in the government-wide statements.	763,870
Some items reported as capital outlay were not capitalized	(129,926)
Depreciation is reported in the government-wide financial statements	(61,439)

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.

Debt issued	(533,944)
Principal repaid	97,758

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	(5,870)
Net pension asset/liability	11,552
Deferred outflows of resources related to pensions	10,606
Deferred inflows of resources related to pensions	<u>(16,032)</u>

**Change in Net Position of Governmental Activities** \$ (98,037)

# Village of Sullivan

Statement of Net Position  
Proprietary Fund  
December 31, 2021

	<u>Sewer Utility</u>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 117,168
Interest receivable	628
Customer accounts receivable	113,073
Due from other funds	42,449
Restricted assets:	
Debt service account	<u>83,693</u>
Total current assets	<u>357,011</u>
Noncurrent assets:	
Restricted assets:	
Replacement account	73,855
Depreciation account	475,676
Net pension asset	24,258
Capital assets:	
Land	818
Construction in progress	1,896,496
Intangible assets	2,318,334
Property and equipment	2,320,066
Less accumulated depreciation	<u>(1,402,569)</u>
Total noncurrent assets	<u>5,706,934</u>
Total assets	<u>6,063,945</u>
<b>Deferred Outflows of Resources</b>	
Pension related amounts	<u>38,653</u>
Total deferred outflows of resources	<u><u>\$ 38,653</u></u>

See notes to financial statements

# Village of Sullivan

Statement of Net Position  
Proprietary Fund  
December 31, 2021

## Sewer Utility

### Liabilities

#### Current liabilities:

Accounts payable	\$ 314,573
Accrued wages	6,433
Compensated absences, current	1,120
Bond anticipation note, current	3,099,742
Liabilities payable from restricted assets:	
Accrued interest	<u>83,693</u>

Total current liabilities 3,505,561

### Deferred Inflows of Resources

Pension related amounts 58,974

Total deferred inflows of resources 58,974

### Net Position

Investment in capital assets	2,033,403
Restricted for:	
Equipment replacement	549,531
Pensions	24,258
Unrestricted (deficit)	<u>(69,129)</u>

Total net position \$ 2,538,063

## Village of Sullivan

### Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

Year Ended December 31, 2021

#### Sewer Utility

#### **Operating Revenues**

Treatment charges	\$ 418,296
Other	<u>10,997</u>
Total operating revenues	<u>429,293</u>

#### **Operating Expenses**

Operation and maintenance	168,860
Depreciation	<u>69,896</u>
Total operating expenses	<u>238,756</u>
Operating income	<u>190,537</u>

#### **Nonoperating Revenues (Expenses)**

Investment income	601
Interest expense	<u>(104,493)</u>
Total nonoperating revenues (expenses)	<u>(103,892)</u>

#### **Contributions**

Capital contributions	<u>34,286</u>
Total contributions	<u>34,286</u>
Change in net position	120,931

#### **Net Position, Beginning**

2,417,132

#### **Net Position, Ending**

\$ 2,538,063

## Village of Sullivan

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2021

	<u>Sewer Utility</u>
<b>Cash Flows From Operating Activities</b>	
Received from customers	\$ 399,420
Paid to suppliers for goods and services	(177,240)
Paid to employees for services	<u>(78,759)</u>
Net cash flows from operating activities	<u>143,421</u>
<b>Cash Flows From Investing Activities</b>	
Investment income	<u>601</u>
Net cash flows from investing activities	<u>601</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Debt issued	3,099,742
Debt issuance costs paid	(20,800)
Acquisition and construction of capital assets	(3,499,886)
Capital contributions	<u>34,286</u>
Net cash flows from capital and related financing activities	<u>(386,658)</u>
Net change in cash and cash equivalents	(242,636)
<b>Cash and Cash Equivalents, Beginning</b>	<u>993,028</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 750,392</u></u>

See notes to financial statements

## Village of Sullivan

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2021

	<u>Sewer Utility</u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>	
Operating income	\$ 190,537
Noncash items in operating income, depreciation	69,896
Changes in assets, liabilities and deferred outflows/inflows of resources:	
Accounts receivable	(18,790)
Due from other funds	(11,083)
Accounts payable	(82,940)
Accrued liabilities	2,343
Compensated absences	(226)
Pension related deferrals and assets/liabilities	<u>(6,316)</u>
Net cash flows from operating activities	<u>\$ 143,421</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds</b>	
Cash and investments	\$ 117,168
Restricted cash and investments:	
Debt service account	83,693
Replacement account	73,855
Depreciation account	<u>475,676</u>
Cash and cash equivalents	<u>\$ 750,392</u>
<b>Noncash Capital and Related Financing Activities</b>	
None	

See notes to financial statements



# Village of Sullivan

## Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	<b>Custodial Fund</b>
<b>Assets</b>	
Cash and investments	\$ 603,628
Taxes receivable	<u>231,651</u>
Total assets	<u>835,279</u>
<b>Liabilities</b>	
Due to other governments	<u>835,279</u>
Total liabilities	<u>835,279</u>
<b>Net Position</b>	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

## Village of Sullivan

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2021

	<b>Custodial Fund</b>
<b>Additions</b>	
Property taxes collected for overlying districts	\$ 630,681
Total additions	<u>630,681</u>
<b>Deductions</b>	
Distributions to overlying districts	<u>630,681</u>
Total deductions	<u>630,681</u>
Change in fiduciary net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Village of Sullivan

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# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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## 1. Summary of Significant Accounting Policies

The accounting policies of the Village of Sullivan, Wisconsin (the Village) 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).

### 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  
December 31, 2021

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## Government-Wide and Fund Financial Statements

### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent 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

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.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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## Debt Service Funds

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.

## Enterprise Funds

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 Funds

Special Revenue Fund is 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

Custodial Funds are 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

## 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.

### 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.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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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 Funds**

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.

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.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

### **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.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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

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

No policy exists for the following risks:

Credit risk

Custodial credit risk

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2021, 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 4 for further information.

## 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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024



# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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.

## 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.

## 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 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, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

## Fund Financial Statements

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

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

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## 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.

## 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, 2021, are determined on the basis of current salary rates and include salary related payments.

## 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.

## 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.

## 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."

# Village of Sullivan

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

## Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that 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 4 for further information.

## Pension

For purposes of measuring the net pension liability (asset), 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.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

## Basis for Existing Rates

### Sewer Utility

Current sewer rates were approved by the Village board on June 4, 2019. The sewer user fees will be increased by \$50 per residential equivalency charge beginning on October 1st for 2019, 2020 and 2021.

## 2. Reconciliation of Government-Wide and Fund Financial Statements

### 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	\$ 925,773
Accrued interest	<u>24,216</u>
Combined adjustment for long-term liabilities	<u>\$ 949,989</u>

## 3. Stewardship, Compliance and Accountability

### 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.

### Limitations on the Village's Tax Levy

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

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

## 4. Detailed Notes on All Funds

### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 1,072,445	\$ 1,047,666	Custodial credit
Certificates of deposit (nonnegotiable)	15,077	15,077	Custodial credit
LGIP	<u>1,089,910</u>	<u>1,084,966</u>	Credit
Total deposits and investments	<u>\$ 2,177,432</u>	<u>\$ 2,147,709</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 940,580		
Restricted cash and investments	633,224		
Custodial Fund	<u>835,279</u>		
Total deposits and investments	<u>\$ 2,409,083</u>		

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

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

### Custodial Credit Risk

#### Deposits

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

As of December 31, 2021, \$31,759 of the Village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 31,759</u>
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### 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 1 for further information on deposit and investment policies.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

## Receivables

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

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

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 404,526
Cell phone tower lease payment for subsequent year	20,736
Unspent ARPA grant funds	<u>34,802</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 460,064</u>
Unearned revenue included in liabilities	\$ 34,802
Unearned revenue included in deferred inflows	<u>425,262</u>
Total unearned revenue for governmental funds	<u>\$ 460,064</u>

## Restricted Assets

The following represent the balances of the restricted assets:

### Long-Term Debt Accounts

**Depreciation** - Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

**Debt Service** - Used to ensure proper matching of revenues with principal and interest payment on obligations within each bond year

### Equipment Replacement Account

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

### Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets at December 31, 2021:

Restricted assets:	
Debt service account	\$ 83,693
Depreciation account	475,676
Replacement account	73,855
Net pension asset	<u>47,526</u>
Total restricted assets	<u>\$ 680,750</u>

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

## Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	124,539	-	-	124,539
Total capital assets not being depreciated	<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	947,880	633,944	-	1,581,824
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	233,616	-	-	233,616
Total capital assets being depreciated	<u>2,706,462</u>	<u>633,944</u>	<u>-</u>	<u>3,340,406</u>
Total capital assets	<u>2,835,202</u>	<u>633,944</u>	<u>-</u>	<u>3,469,146</u>
Less accumulated depreciation for:				
Land improvements	(14,169)	(1,012)	-	(15,181)
Buildings	(118,484)	(4,157)	-	(122,641)
Machinery and equipment	(638,717)	(30,772)	-	(669,489)
Streets	(242,184)	(19,698)	-	(261,882)
Sidewalks	(15,792)	(1,128)	-	(16,920)
Storm sewer	(58,814)	(4,672)	-	(63,486)
Total accumulated depreciation	<u>(1,088,160)</u>	<u>(61,439)</u>	<u>-</u>	<u>(1,149,599)</u>
Net capital assets being depreciated	<u>1,618,302</u>	<u>572,505</u>	<u>-</u>	<u>2,190,807</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 1,747,042</u>	<u>\$ 572,505</u>	<u>\$ -</u>	<u>\$ 2,319,547</u>

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 1,457
Public safety	25,714
Public works	33,676
Culture, recreation and education	592
Total governmental activities depreciation expense	<u>\$ 61,439</u>

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated / amortized:				
Land	\$ 818	\$ -	\$ -	\$ 818
Construction in progress	161,598	1,734,898	-	1,896,496
Intangible asset	<u>238,773</u>	<u>2,079,561</u>	-	<u>2,318,334</u>
Total capital assets not being depreciated / amortized	<u>401,189</u>	<u>3,814,459</u>	-	<u>4,215,648</u>
Capital assets being depreciated / amortized:				
Collecting system	603,719	-	-	603,719
Collecting system pumping	398,795	-	-	398,795
Treatment and disposal	1,215,361	-	-	1,215,361
General	<u>102,191</u>	-	-	<u>102,191</u>
Total capital assets being depreciated / amortized	<u>2,320,066</u>	-	-	<u>2,320,066</u>
Total capital assets	<u>2,721,255</u>	<u>3,814,459</u>	-	<u>6,535,714</u>
Less accumulated depreciation / amortization for:				
Sewer	<u>(1,332,673)</u>	<u>(69,896)</u>	-	<u>(1,402,569)</u>
Total accumulated depreciation / amortization	<u>(1,332,673)</u>	<u>(69,896)</u>	-	<u>(1,402,569)</u>
Net capital assets being depreciated / amortized	<u>987,393</u>	<u>(69,896)</u>	-	<u>917,497</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 1,388,582</u>	<u>\$ 3,744,563</u>	<u>\$ -</u>	<u>\$ 5,133,145</u>

## 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer utility	General fund	\$ <u>42,449</u>
Total		\$ <u><u>42,449</u></u>

All amounts are due within one year.

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



# Village of Sullivan

Notes to Financial Statements  
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## 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	\$ 20,696	Payment for runs, training and officer wages for Fire Department
Total, fund financial statements		20,696	
Less fund eliminations		(20,696)	
Total transfers, government-wide statement of activities		\$ -	

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.

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -
General obligation notes from direct borrowings and direct placements	444,587	533,944	52,758	925,773	113,275
Total bonds and notes payable	489,587	533,944	97,758	925,773	113,275
Total governmental activities long-term liabilities	\$ 489,587	\$ 533,944	\$ 97,758	\$ 925,773	\$ 113,275
<b>Business-Type Activities</b>					
Bonds and notes payable:					
Bond anticipation notes	\$ -	\$ 3,099,742	\$ -	\$ 3,099,742	\$ 3,099,742
Other liabilities:					
Vested compensated absences	1,346	-	226	1,120	1,120
Total business-type activities long-term liabilities	\$ 1,346	\$ 3,099,742	\$ 226	\$ 3,100,862	\$ 3,100,862

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2021, was \$2,704,360. Total general obligation debt outstanding at year end was \$925,773.

# Village of Sullivan

Notes to Financial Statements  
December 31, 2021

## General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
2010 State Trust Fund Loan *	08/26/10	03/15/30	5.25%	\$ 660,000	\$ 371,752
2016 Promissory Note *	11/17/16	11/17/23	2.17	60,575	9,447
2018 Promissory Note *	03/05/18	06/15/23	2.15	51,392	10,630
2021 Promissory Note *	05/17/21	05/17/31	2.29	533,944	533,944
Total governmental activities, general obligation debt					<u>\$ 925,773</u>

\* Direct borrowing or direct placement

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u> <u>Notes from Direct Borrowings</u> <u>and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 113,275	\$ 35,279
2023	96,210	28,608
2024	97,381	25,423
2025	99,363	22,056
2026	101,406	18,629
2027-2031	418,138	38,035
Total	<u>\$ 925,773</u>	<u>\$ 168,030</u>

<u>Business-Type Activities</u>					<u>Balance</u>
<u>Bond Anticipation Notes</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2021</u>
2021 Revenue BAN**	4/30/21	10/31/22	4.05%	\$ 3,600,000	\$ 3,099,742

\*\*This debt issue is not fully drawn. The original indebtedness is the authorized amount of the borrowing.

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u> <u>Bond Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,099,742	\$ 188,310
Total	<u>\$ 3,099,742</u>	<u>\$ 188,310</u>

# Village of Sullivan

Notes to Financial Statements  
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## Other Debt Information

The Village's outstanding debt from direct borrowings or direct placements related to governmental activities contains provisions that in an event of default, a delinquency charge of 5 percent of the unpaid amount may be charged and interest rates on the unpaid amounts increase to 5 percent.

## Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, 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	2,190,807
Less long-term debt outstanding	<u>(925,773)</u>
 Total net investment in capital assets	 <u><u>\$ 1,393,774</u></u>

### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
<b>Fund Balances</b>				
<b>Restricted for:</b>				
Debt service	\$ -	\$ 17,080	\$ -	\$ 17,080
Fire department activities	-	-	78,802	78,802
Subtotal	<u>-</u>	<u>17,080</u>	<u>78,802</u>	<u>95,882</u>
<b>Assigned to:</b>				
Future capital projects	648,086	-	-	648,086
Subsequent years budget	10,804	-	-	10,804
Reduction to available funds	<u>(2,278)</u>	<u>-</u>	<u>-</u>	<u>(2,278)</u>
Subtotal	<u>656,612</u>	<u>-</u>	<u>-</u>	<u>656,612</u>
Total fund balances	<u><u>\$ 656,612</u></u>	<u><u>\$ 17,080</u></u>	<u><u>\$ 78,802</u></u>	<u><u>\$ 752,494</u></u>

### Business-Type Activities

Net investment in capital assets:	
Land	\$ 818
Construction in progress	1,896,496
Intangible plant	2,318,334
Other capital assets, net of accumulated depreciation	917,497
Less Long-term debt outstanding	<u>(3,099,742)</u>
 Total net investment in capital assets	 <u><u>\$ 2,033,403</u></u>

## 5. Other Information

### 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

#### 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 executive service retirement 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 employee's 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 occupations) 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  
December 31, 2021

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### Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
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
2019	0.0	(10.0)
2020	1.7	21.0

## Village of Sullivan

Notes to Financial Statements  
December 31, 2021

### 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, including Teachers, 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 \$7,793 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

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

At December 31, 2021, the Village reported an asset of \$47,526 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.00076126 percent, which was an increase of 0.00001705 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$4,660.

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 68,785	\$ 14,816
Changes in assumptions	1,077	-
Net differences between projected and actual earnings on pension plan investments	-	89,228
Changes in proportion and differences between employer contributions and proportionate share of contributions	581	856
Employer contributions subsequent to the measurement date	<u>7,831</u>	<u>-</u>
Total	<u>\$ 78,274</u>	<u>\$ 104,900</u>

## Village of Sullivan

Notes to Financial Statements  
December 31, 2021

\$7,831 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2022	\$ (8,538)
2023	(2,567)
2024	(16,392)
2025	(6,960)

### Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
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 percent 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 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

## Village of Sullivan

Notes to Financial Statements  
December 31, 2021

### 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 geometric real rates of return for each major asset class are summarized in the following table:

<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %</b>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<b>Variable Fund Asset Class</b>			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent  
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 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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 investment 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  
December 31, 2021

### 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:

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Village's proportionate share of the net pension liability (asset)	\$ 45,238	\$ (47,526)	\$ (115,661)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2021, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### 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.

### Commitments and Contingencies

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

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

The Village has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

On March 21, 2022 the Village issued Sewer System Mortgage Revenue Bond in the amount of \$3,600,000 with an interest rate of 1.75 percent. This amount will be used to refund the sewer revenue bond issued in 2021.

### **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. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## Village of Sullivan

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
<b>Taxes</b>				
General property taxes	\$ 197,809	\$ 197,809	\$ 198,435	\$ 626
Omitted taxes	-	-	9,058	9,058
Total taxes	<u>197,809</u>	<u>197,809</u>	<u>207,493</u>	<u>9,684</u>
<b>Intergovernmental revenues</b>				
State shared revenues	52,426	52,426	52,526	100
Fire insurance tax (2 percent fire dues)	7,000	7,000	7,574	574
Exempt computer aid	736	736	1,773	1,037
State aid, road allotment	22,046	22,046	22,046	-
DNR, in lieu of taxes	80	80	80	-
County aid, highway	2,000	2,000	-	(2,000)
State aid, recycling	2,175	2,175	2,181	6
Federal grant, interest rebate	7,414	7,414	6,991	(423)
State aid, other public safety	-	-	8,939	8,939
State aid, video service	-	-	3,968	3,968
Total intergovernmental revenues	<u>93,877</u>	<u>93,877</u>	<u>106,078</u>	<u>12,201</u>
<b>Licenses and Permits</b>				
Liquor and malt beverage licenses	2,050	2,050	2,050	-
Business and occupational licenses	1,000	1,000	943	(57)
Dog and cat licenses	750	750	844	94
Building permits	3,000	3,000	2,353	(647)
Other permits	-	-	90	90
Cable television franchise fees	12,500	12,500	8,539	(3,961)
Zoning permits and fees	150	150	275	125
Total licenses and permits	<u>19,450</u>	<u>19,450</u>	<u>15,094</u>	<u>(4,356)</u>
<b>Special Assessments</b>				
Special assessments	-	-	510	510
<b>Public Charges for Services</b>				
Recycling	<u>45,000</u>	<u>45,000</u>	<u>40,748</u>	<u>(4,252)</u>
<b>Intergovernmental Charges for Services</b>				
Local, fire services	<u>70,128</u>	<u>70,128</u>	<u>70,128</u>	<u>-</u>
<b>Investment Income</b>				
Interest on investments	<u>8,000</u>	<u>8,000</u>	<u>538</u>	<u>(7,462)</u>

See notes to required supplementary information

## Village of Sullivan

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Miscellaneous Revenues</b>				
Rent	\$ 3,500	\$ 3,500	\$ 3,955	\$ 455
Sprint lease agreement	20,736	20,736	20,736	-
Other miscellaneous	-	-	3,088	3,088
Total miscellaneous revenues	<u>24,236</u>	<u>24,236</u>	<u>27,779</u>	<u>3,543</u>
Total revenues	<u>458,500</u>	<u>458,500</u>	<u>468,368</u>	<u>9,868</u>
<b>Expenditures</b>				
<b>General Government</b>				
Board	9,989	9,989	9,414	575
Village president	3,768	3,768	3,608	160
Clerk, treasurer	38,400	38,400	38,264	136
Clerk, treasurer assistant	17,080	17,080	16,810	270
Assessment of property	6,050	6,050	6,024	26
Zoning and appeals board	853	908	746	162
Special accounting and auditing	16,300	16,300	15,794	506
Legal	1,545	1,000	-	1,000
Municipal building	22,338	22,338	27,246	(4,908)
Printing and postage	3,000	3,000	1,957	1,043
Classifications	900	900	290	610
Elections	6,900	2,900	2,319	581
Treasury	18	1,404	1,230	174
Property and liability insurance	8,777	8,777	8,777	-
Other insurance	21,100	21,100	16,212	4,888
Total general government	<u>157,018</u>	<u>153,914</u>	<u>148,691</u>	<u>5,223</u>
<b>Public Safety</b>				
Fire protection	144,472	144,472	60,528	83,944
Ambulance	23,907	23,907	23,907	-
Building inspection	3,500	3,500	2,969	531
Emergency government	500	500	-	500
Total public safety	<u>172,379</u>	<u>172,379</u>	<u>87,404</u>	<u>84,975</u>
<b>Public Works</b>				
Machinery and equipment	16,047	16,047	5,367	10,680
Garages and sheds	5,400	5,400	4,014	1,386
Street maintenance	14,300	14,300	118,353	(104,053)
Snow and ice control	28,667	28,667	26,162	2,505
Street lighting	13,331	13,331	13,331	-
Refuse and garbage collection	20,500	20,500	19,242	1,258
Recycling	16,965	16,965	14,973	1,992
Storm sewers	1,640	1,640	-	1,640
Total public works	<u>116,850</u>	<u>116,850</u>	<u>201,442</u>	<u>(84,592)</u>

See notes to required supplementary information

## Village of Sullivan

Detailed Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Culture, Recreation and Education</b>				
Parks	\$ 15,200	\$ 15,200	\$ 12,040	\$ 3,160
Recreation administration	800	800	710	90
Total culture, recreation and education	<u>16,000</u>	<u>16,000</u>	<u>12,750</u>	<u>3,250</u>
<b>Conservation and Development</b>				
Conservation and development	2,200	2,200	2,082	118
Weed control	4,500	4,500	3,619	881
Total conservation and development	<u>6,700</u>	<u>6,700</u>	<u>5,701</u>	<u>999</u>
<b>Capital Outlay</b>				
Capital outlay	<u>-</u>	<u>3,104</u>	<u>763,870</u>	<u>(760,766)</u>
Total expenditures	<u>468,947</u>	<u>468,947</u>	<u>1,219,858</u>	<u>(750,911)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,447)</u>	<u>(10,447)</u>	<u>(751,490)</u>	<u>(741,043)</u>
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	533,944	533,944
Transfers out	<u>-</u>	<u>-</u>	<u>(20,696)</u>	<u>(20,696)</u>
Net change in fund balance	<u>(10,447)</u>	<u>(10,447)</u>	<u>(238,242)</u>	<u>(227,795)</u>
<b>Fund Balance, Beginning</b>	<u>894,854</u>	<u>894,854</u>	<u>894,854</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 884,407</u>	<u>\$ 884,407</u>	<u>\$ 656,612</u>	<u>\$ (227,795)</u>

See notes to required supplementary information

**Village of Sullivan**Schedule of Proportionate Share of the Net Pension (Asset) Liability - Wisconsin Retirement System  
Year Ended December 31, 2021

<b>Fiscal Year Ending</b>	<b>Proportion of the Net Pension (Asset) Liability</b>	<b>Proportionate Share of the Net Pension (Asset) Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/21	0.00076126 %	\$ (47,526)	\$ 115,114	41.29 %	105.26 %
12/31/20	0.00074421 %	(23,996)	113,124	21.21 %	102.96 %
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  
Year Ended December 31, 2021

<b>Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/21	\$ 7,831	\$ 7,831	\$ -	\$ 115,844	6.76 %
12/31/20	7,782	7,782	-	115,114	6.76 %
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 notes to required supplementary information

## Village of Sullivan

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Notes to Required Supplementary Information  
Year Ended December 31, 2021

### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.

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

### **Wisconsin Retirement System**

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

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

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

*Changes in assumptions.* No significant change in assumptions were noted from the prior year.