

Village of Sullivan

Financial Statements and
Supplementary Information

December 31, 2022

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, 2022 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, 2022 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.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

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 April 27, 2023 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
April 27, 2023

Village of Sullivan

Management's Discussion and Analysis

December 31, 2022

(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, 2022. 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 \$6,267,652 (net position). Of this amount, \$850,735 (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 \$1,590,574.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$760,563, an increase of \$8,069 in comparison with the prior year.
- At the end of the current fiscal year, the Village had an assigned fund balance of \$653,467 and \$80,312 in restricted fund balance. There was unassigned fund balance of \$26,784 as of December 31, 2022.
- The Village implemented GASB Statement No. 87, *Leases*, as of January 1, 2022.

Overview of the Financial Statements

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

Government-Wide Statements

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

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

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

Village of Sullivan

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

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.

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.

Village of Sullivan

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

The basic fiduciary fund financial statements can be found on pages 12 and 13 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 to 39 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 40 to 43 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 \$6,267,652 as of December 31, 2022.

The largest portion of the Village's net position (approximately 74%) 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, 2022

(Unaudited)

A summary of the Village's Statement of Net Position for 2022 and 2021 is presented in the table below.

Village of Sullivan's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,343,538	\$ 1,252,206	\$ 994,903	\$ 930,800	\$ 3,338,441	\$ 2,183,006
Capital assets	2,381,759	2,319,547	6,560,000	5,133,145	8,941,759	7,452,692
Total assets	4,725,297	3,571,753	7,554,903	6,063,945	12,280,200	9,635,698
Deferred outflows of resources	54,473	39,621	51,348	38,653	105,821	78,274
Long-term liabilities	811,868	925,773	3,513,662	3,100,862	4,325,530	4,026,635
Other liabilities	133,086	75,398	84,793	404,699	217,879	480,097
Total liabilities	944,954	1,001,171	3,598,455	3,505,561	4,543,409	4,506,732
Deferred inflows of resources	1,502,432	471,188	72,528	58,974	1,574,960	530,162
Net position:						
Net investment in capital assets	1,569,891	1,393,774	3,046,600	2,033,403	4,616,491	3,427,177
Restricted	107,559	102,048	692,867	573,789	800,426	675,837
Unrestricted (deficit)	654,934	643,193	195,801	(69,129)	850,735	574,064
Total net position	\$ 2,332,384	\$ 2,139,015	\$ 3,935,268	\$ 2,538,063	\$ 6,267,652	\$ 4,677,078

The majority of the Village's net position (approximately 74%) represents net investment in capital assets. An additional portion of the Village's net position (approximately 13%) 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, 2022

(Unaudited)

Analysis of the Village's Operations - The following table provides a summary of the Village's operations for the years ended December 31, 2022 and 2021. Governmental activities increased the Village's net position by \$193,369. Business-type activities increased the Village's net position by \$1,397,205.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 131,885	\$ 117,941	\$ 466,043	\$ 429,293	\$ 597,928	\$ 547,234
Operating grants and contributions	95,013	91,513	-	-	95,013	91,513
Capital grants and contributions	109,117	-	1,259,093	34,286	1,368,210	34,286
General revenues:						
Property taxes	245,299	198,435	-	-	245,299	198,435
Other taxes, debt service	120,577	129,399	-	-	120,577	129,399
Intergovernmental	57,537	57,310	-	-	57,537	57,310
Investment income	35,850	560	10,087	601	45,937	1,161
Miscellaneous	51,618	33,400	-	-	51,618	33,400
Total revenues	<u>846,896</u>	<u>628,558</u>	<u>1,735,223</u>	<u>464,180</u>	<u>2,582,119</u>	<u>1,092,738</u>
Expenses						
General government	179,710	154,496	-	-	179,710	154,496
Public safety	259,633	287,195	-	-	259,633	287,195
Public works	159,860	232,883	-	-	159,860	232,883
Culture, recreation and education	19,130	17,352	-	-	19,130	17,352
Conservation and development	6,073	5,701	-	-	6,073	5,701
Interest and fiscal charges	29,121	28,968	-	-	29,121	28,968
Sewer utility	-	-	338,018	343,249	338,018	343,249
Total expenses	<u>653,527</u>	<u>726,595</u>	<u>338,018</u>	<u>343,249</u>	<u>991,545</u>	<u>1,069,844</u>
Change in net position	193,369	(98,037)	1,397,205	120,931	1,590,574	22,894
Net Position, January 1	<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>
Net Position, December 31	<u>\$ 2,332,384</u>	<u>\$ 2,139,015</u>	<u>\$ 3,935,268</u>	<u>\$ 2,538,063</u>	<u>\$ 6,267,652</u>	<u>\$ 4,677,078</u>

Village of Sullivan

Management's Discussion and Analysis
December 31, 2022
(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 \$760,563. Approximately 86% of this total amount, \$653,467, constitutes assigned fund balance. \$80,312 is restricted for activities of the fire department. There is an unassigned fund balance of \$26,784.

General Fund - The general fund is the main operating fund of the Village. The general fund balance increased from \$656,612 to \$688,995, an increase of \$32,383 as a result of normal activities and operations.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt. The debt service fund balance (deficit) at year-end is (\$8,744), which is a \$25,824 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 \$80,312, an increase of \$1,510 from 2021.

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 were increased by \$50 per residential equivalency charge on October 1st for 2019, 2020 and 2021. The operating income for the year was \$188,957. The total increase in net position was \$1,397,205.

General Fund Budgetary Highlights

The Village budgeted for no change to fund balance and the actual result was a \$32,383 increase in fund balance. The most significant variances to budget include the following items:

- Intergovernmental- ARPA grants : \$119,117 over budget
- Public safety fire protection: \$40,055 under budget
- Capital outlay: \$146,328 over budget
- Interest on leases: \$25,745 over budget

Village of Sullivan

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Capital Assets

At the end of 2022, the Village had invested a total of \$8,941,759 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	9,112	10,124	-	-	9,112	10,124
Buildings	230,822	234,979	-	-	230,822	234,979
Machinery and equipment	1,005,214	912,335	-	-	1,005,214	912,335
Infrastructure	1,007,871	1,033,369	-	-	1,007,871	1,033,369
Construction in progress	-	-	-	1,896,496	-	1,896,496
Intangible asset	-	-	3,824,568	2,318,334	3,824,568	2,318,334
Sewer plant	-	-	2,734,614	917,497	2,734,614	917,497
Total	\$ 2,381,759	\$ 2,319,547	\$ 6,560,000	\$ 5,133,145	\$ 8,941,759	\$ 7,452,692

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

Long-Term Debt

During 2022, the Village retired debt of \$113,905 and took on no new debt, resulting in \$811,868 in outstanding general obligation debt at the end of 2022. 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 27% of the maximum amount allowable.

The business-type activities had debt outstanding of \$3,099,742 as of December 31, 2021, and issued \$3,600,000 in revenue bonds during 2022 related to the refunding for the debt outstanding as on December 31, 2021.

Village of Sullivan's Outstanding Long-Term Obligations

	Governmental Activities	
	2022	2021
General obligation bonds	\$ -	\$ -
State Trust Fund Loan	338,376	371,752
Promissory notes	473,492	554,021
Total outstanding long-term obligations	\$ 811,868	\$ 925,773

Village of Sullivan

Management's Discussion and Analysis

December 31, 2022

(Unaudited)

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.

Currently Known Facts/Economic Conditions

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

Requests for Information

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

Village of Sullivan

Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 837,792	\$ 188,628	\$ 1,026,420
Taxes receivable	457,008	-	457,008
Accounts receivable	1,000	112,780	113,780
Accrued interest	-	628	628
Lease receivable	1,020,491	-	1,020,491
Restricted assets:			
Net pension asset	27,247	28,361	55,608
Cash and investments	-	664,506	664,506
Capital assets:			
Land	128,740	818	129,558
Intangibles	-	3,824,568	3,824,568
Other capital assets, net of depreciation	2,253,019	2,734,614	4,987,633
Total assets	<u>4,725,297</u>	<u>7,554,903</u>	<u>12,280,200</u>
Deferred Outflows of Resources			
Pension related amounts	54,473	51,348	105,821
Total deferred outflows of resources	<u>54,473</u>	<u>51,348</u>	<u>105,821</u>
Liabilities			
Accounts payable and accrued expenses	63,482	84,793	148,275
Unearned revenues	69,604	-	69,604
Noncurrent liabilities:			
Due in within one year	95,580	63,662	159,242
Due in more than one year	716,288	3,450,000	4,166,288
Total liabilities	<u>944,954</u>	<u>3,598,455</u>	<u>4,543,409</u>
Deferred Inflows of Resources			
Unearned revenues	1,443,483	-	1,443,483
Pension related amounts	58,949	72,528	131,477
Total deferred inflows of resources	<u>1,502,432</u>	<u>72,528</u>	<u>1,574,960</u>
Net Position			
Net investment in capital assets	1,569,891	3,046,600	4,616,491
Restricted for:			
Net pension asset	27,247	28,361	55,608
Equipment replacement	-	649,546	649,546
Fire department activities	80,312	-	80,312
Debt service	-	14,960	14,960
Unrestricted	654,934	195,801	850,735
Total net position	<u>\$ 2,332,384</u>	<u>\$ 3,935,268</u>	<u>\$ 6,267,652</u>

See notes to financial statements

Village of Sullivan

Statement of Activities

Year Ended December 31, 2022

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	\$ 179,710	\$ 5,216	\$ 3,100	\$ -	\$ (171,394)	\$ -	\$ (171,394)
Public safety	259,633	83,340	62,009	109,117	(5,167)	-	(5,167)
Public works	159,860	41,854	22,017	-	(95,989)	-	(95,989)
Culture, recreation and education	19,130	-	-	-	(19,130)	-	(19,130)
Conservation and development	6,073	1,475	-	-	(4,598)	-	(4,598)
Interest and fiscal charges	29,121	-	7,887	-	(21,234)	-	(21,234)
Total governmental activities	<u>653,527</u>	<u>131,885</u>	<u>95,013</u>	<u>109,117</u>	<u>(317,512)</u>	<u>-</u>	<u>(317,512)</u>
Business-Type activities:							
Sewer utility	<u>338,018</u>	<u>466,043</u>	<u>-</u>	<u>1,259,093</u>	<u>-</u>	<u>1,387,118</u>	<u>1,387,118</u>
Total business-type activities	<u>338,018</u>	<u>466,043</u>	<u>-</u>	<u>1,259,093</u>	<u>-</u>	<u>1,387,118</u>	<u>1,387,118</u>
Total	<u>\$ 991,545</u>	<u>\$ 597,928</u>	<u>\$ 95,013</u>	<u>\$ 1,368,210</u>	<u>(317,512)</u>	<u>1,387,118</u>	<u>1,069,606</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					245,299	-	245,299
Property taxes, levied for debt service					120,577	-	120,577
Intergovernmental revenues not restricted to specific programs					57,537	-	57,537
Investment income					35,850	10,087	45,937
Miscellaneous					51,618	-	51,618
Total general revenues					<u>510,881</u>	<u>10,087</u>	<u>520,968</u>
Change in net position					193,369	1,397,205	1,590,574
Net Position, Beginning					<u>2,139,015</u>	<u>2,538,063</u>	<u>4,677,078</u>
Net Position, Ending					<u>\$ 2,332,384</u>	<u>\$ 3,935,268</u>	<u>\$ 6,267,652</u>

See notes to financial statements

Village of Sullivan

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
Assets				
Cash and investments	\$ 757,480	\$ -	\$ 80,312	\$ 837,792
Receivables:				
Taxes	336,006	121,002	-	457,008
Accounts	1,000	-	-	1,000
Lease	1,020,491	-	-	1,020,491
Due from other funds	<u>8,744</u>	<u>-</u>	<u>-</u>	<u>8,744</u>
Total assets	<u>\$ 2,123,721</u>	<u>\$ 121,002</u>	<u>\$ 80,312</u>	<u>\$ 2,325,035</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 37,758	\$ -	\$ -	\$ 37,758
Accrued liabilities	4,883	-	-	4,883
Unearned revenues	69,604	-	-	69,604
Due to other funds	<u>-</u>	<u>8,744</u>	<u>-</u>	<u>8,744</u>
Total liabilities	<u>112,245</u>	<u>8,744</u>	<u>-</u>	<u>120,989</u>
Deferred Inflows of Resources				
Unearned revenues	<u>1,322,481</u>	<u>121,002</u>	<u>-</u>	<u>1,443,483</u>
Total deferred inflows of resources	<u>1,322,481</u>	<u>121,002</u>	<u>-</u>	<u>1,443,483</u>
Fund Balances				
Restricted	-	-	80,312	80,312
Assigned	653,467	-	-	653,467
Unassigned (deficit)	<u>35,528</u>	<u>(8,744)</u>	<u>-</u>	<u>26,784</u>
Total fund balances (deficit)	<u>688,995</u>	<u>(8,744)</u>	<u>80,312</u>	<u>760,563</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,123,721</u>	<u>\$ 121,002</u>	<u>\$ 80,312</u>	<u>\$ 2,325,035</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, 2022

Total Fund Balances, Governmental Funds \$ 760,563

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. 2,381,759

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 27,247

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 54,473

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (58,949)

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. (832,709)

Net Position of Governmental Activities \$ 2,332,384

Village of Sullivan

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
Revenues				
Taxes	\$ 245,299	\$ 120,577	\$ -	\$ 365,876
Intergovernmental	204,375	-	-	204,375
Licenses and permits	25,760	-	-	25,760
Public charges for services	41,338	-	-	41,338
Intergovernmental charges for services	72,326	-	-	72,326
Special assessments	660	-	-	660
Investment income	35,836	-	14	35,850
Miscellaneous	46,519	-	54,192	100,711
	<u>672,113</u>	<u>120,577</u>	<u>54,206</u>	<u>846,896</u>
Total revenues				
Expenditures				
Current:				
General government	169,582	-	-	169,582
Public safety	66,326	-	75,822	142,148
Public works	127,062	-	-	127,062
Culture, recreation and education	11,548	-	-	11,548
Conservation and development	6,073	-	-	6,073
Capital outlay	236,013	-	-	236,013
Debt service:				
Principal	-	113,905	-	113,905
Interest and fiscal charges	-	32,496	-	32,496
	<u>616,604</u>	<u>146,401</u>	<u>75,822</u>	<u>838,827</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>55,509</u>	<u>(25,824)</u>	<u>(21,616)</u>	<u>8,069</u>
Other Financing Sources (Uses)				
Transfers in	-	-	23,126	23,126
Transfers out	(23,126)	-	-	(23,126)
	<u>(23,126)</u>	<u>-</u>	<u>23,126</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	32,383	(25,824)	1,510	8,069
Fund Balances, Beginning	<u>656,612</u>	<u>17,080</u>	<u>78,802</u>	<u>752,494</u>
Fund Balances (Deficit), Ending	<u>\$ 688,995</u>	<u>\$ (8,744)</u>	<u>\$ 80,312</u>	<u>\$ 760,563</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, 2022

Net Change in Fund Balances, Total Governmental Funds \$ 8,069

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.	236,013
Some items reported as capital outlay were not capitalized	(89,540)
Depreciation is reported in the government-wide financial statements	(84,261)

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.

113,905

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.

Net pension asset	3,979
Accrued interest and other debt expenses	3,375
Deferred outflows of resources related to pensions	14,852
Deferred inflows of resources related to pensions	<u>(13,023)</u>

Change in Net Position of Governmental Activities

\$ 193,369

Village of Sullivan

Statement of Net Position
Proprietary Fund
December 31, 2022

Sewer Utility

Assets

Current assets:

Cash and investments	\$ 188,628
Interest receivable	628
Customer accounts receivable	<u>112,780</u>

Total current assets 302,036

Noncurrent assets:

Restricted assets:

Debt service reserve	14,960
Replacement account	75,040
Depreciation account	574,506
Net pension asset	28,361

Capital assets:

Land	818
Intangible assets	3,824,568
Property and equipment	4,216,562
Less accumulated depreciation	<u>(1,481,948)</u>

Total noncurrent assets 7,252,867

Total assets 7,554,903

Deferred Outflows of Resources

Pension related amounts 51,348

Total deferred outflows of resources 51,348

Village of Sullivan

Statement of Net Position
Proprietary Fund
December 31, 2022

Sewer Utility

Liabilities

Current liabilities:

Accounts payable	\$ 68,509
Accrued wages	6,036
Compensated absences, current	262
Revenue bonds payable, current	63,400
Accrued interest	<u>10,248</u>

Total current liabilities 148,455

Noncurrent liabilities:

Revenue bonds payable, noncurrent	<u>3,450,000</u>
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Deferred Inflows of Resources

Pension related amounts	<u>72,528</u>
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Total deferred inflows of resources 72,528

Net Position

Investment in capital assets	3,046,600
Restricted for:	
Debt service	14,960
Equipment replacement	649,546
Pensions	28,361
Unrestricted	<u>195,801</u>

Total net position \$ 3,935,268

Village of Sullivan

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Fund

Year Ended December 31, 2022

	<u>Sewer Utility</u>
Operating Revenues	
Treatment charges	\$ 454,798
Other	<u>11,245</u>
Total operating revenues	<u>466,043</u>
Operating Expenses	
Operation and maintenance	197,707
Depreciation	<u>79,379</u>
Total operating expenses	<u>277,086</u>
Operating income	<u>188,957</u>
Nonoperating Revenues (Expenses)	
Investment income	10,087
Interest expense	<u>(60,932)</u>
Total nonoperating revenues (expenses)	<u>(50,845)</u>
Contributions	
Capital contributions	<u>1,259,093</u>
Total contributions	<u>1,259,093</u>
Change in net position	1,397,205
Net Position, Beginning	<u>2,538,063</u>
Net Position, Ending	<u>\$ 3,935,268</u>

See notes to financial statements

Village of Sullivan

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2022

	<u>Sewer Utility</u>
Cash Flows From Operating Activities	
Received from customers	\$ 508,785
Paid to suppliers for goods and services	(177,052)
Paid to employees for services	<u>(25,154)</u>
Net cash flows from operating activities	<u>306,579</u>
Cash Flows From Investing Activities	
Investment income	<u>10,087</u>
Net cash flows from investing activities	<u>10,087</u>
Cash Flows From Capital and Related Financing Activities	
Debt issued	4,075,778
Debt retired	(3,662,120)
Interest paid	(134,377)
Acquisition and construction of capital assets	(1,752,298)
Capital contributions	<u>1,259,093</u>
Net cash flows from capital and related financing activities	<u>(213,924)</u>
Net change in cash and cash equivalents	102,742
Cash and Cash Equivalents, Beginning	<u>750,392</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 853,134</u></u>

See notes to financial statements

Village of Sullivan

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2022

	<u>Sewer Utility</u>
Reconciliation of Operating Income to Net Cash Flows From Operating Activities	
Operating income	\$ 188,957
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	79,379
Changes in assets, liabilities and deferred outflows/inflows of resources:	
Accounts receivable	293
Due from other funds	42,449
Accrued liabilities	(397)
Compensated absences	(858)
Pension related deferrals and assets/liabilities	<u>(3,244)</u>
Net cash flows from operating activities	<u>\$ 306,579</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position, Proprietary Funds	
Cash and investments	\$ 188,628
Restricted cash and investments:	
Debt service reserve	14,960
Replacement account	75,040
Depreciation account	<u>574,506</u>
Cash and cash equivalents	<u>\$ 853,134</u>
Noncash Capital and Related Financing Activities	
None	

See notes to financial statements

Village of Sullivan

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2022

	Custodial Fund
Assets	
Cash and investments	\$ 565,157
Taxes receivable	<u>333,271</u>
Total assets	<u>898,428</u>
Liabilities	
Due to other governments	<u>898,428</u>
Total liabilities	<u>898,428</u>
Net Position	
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, 2022

	<u>Custodial Fund</u>
Additions	
Property taxes collected for overlying districts	\$ 638,092
Total additions	<u>638,092</u>
Deductions	
Distributions to overlying districts	<u>638,092</u>
Total deductions	<u>638,092</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Sullivan

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December 31, 2022

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Village of Sullivan

Notes to Financial Statements
December 31, 2022

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, 2022

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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.

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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to 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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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.
- 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, 2022, 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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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 - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2024

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 Financial Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor 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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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.

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, 2022, 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.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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."

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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

- 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.

Basis for Existing Rates

Sewer Utility

Current sewer rates were approved by the Village board on June 4, 2019. The sewer user fees were increased by \$50 per residential equivalency charge on October 1, 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	\$ 811,868
Accrued interest	<u>20,841</u>
Combined adjustment for long-term liabilities	<u><u>\$ 832,709</u></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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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 net 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.

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	\$ 1,043,749	\$ 1,170,444	Custodial credit
Certificates of deposit (nonnegotiable)	15,091	15,091	Custodial credit
LGIP	<u>1,197,243</u>	<u>1,197,242</u>	Credit
Total deposits and investments	<u>\$ 2,256,083</u>	<u>\$ 2,382,777</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 1,026,420		
Restricted cash and investments	664,506		
Per statement of net position, fiduciary fund:			
Custodial fund	<u>565,157</u>		
Total deposits and investments	<u>\$ 2,256,083</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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

As of December 31, 2022, \$225,051 of the Village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 225,051
Total	<u>\$ 225,051</u>

Credit Risk

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

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

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

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	\$ 422,992
Lease payments not yet due	1,020,491
Unspent ARPA grant funds	<u>69,604</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 1,513,087</u>
Unearned revenue included in liabilities	\$ 69,604
Unearned revenue included in deferred inflows	<u>1,443,483</u>
Total unearned revenue for governmental funds	<u>\$ 1,513,087</u>

Restricted Assets

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.

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

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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, 2022:

Restricted assets:	
Debt service reserve	\$ 14,960
Depreciation account	574,506
Replacement account	75,040
Net pension asset	<u>55,608</u>
Total restricted assets	<u>\$ 720,114</u>

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	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	1,581,824	146,473	-	1,728,297
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	233,616	-	-	233,616
Total capital assets being depreciated	<u>3,340,406</u>	<u>146,473</u>	<u>-</u>	<u>3,486,879</u>
Total capital assets	<u>3,469,146</u>	<u>146,473</u>	<u>-</u>	<u>3,615,619</u>
Less accumulated depreciation for:				
Land improvements	(15,181)	(1,012)	-	(16,193)
Buildings	(122,641)	(4,157)	-	(126,798)
Machinery and equipment	(669,489)	(53,594)	-	(723,083)
Streets	(261,882)	(19,698)	-	(281,580)
Sidewalks	(16,920)	(1,128)	-	(18,048)
Storm sewer	(63,486)	(4,672)	-	(68,158)
Total accumulated depreciation	<u>(1,149,599)</u>	<u>(84,261)</u>	<u>-</u>	<u>(1,233,860)</u>
Net capital assets being depreciated	<u>2,190,807</u>	<u>62,212</u>	<u>-</u>	<u>2,253,019</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 2,319,547</u>	<u>\$ 62,212</u>	<u>\$ -</u>	<u>\$ 2,381,759</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 1,457
Public safety	48,536
Public works	33,676
Culture, recreation and education	592
Total governmental activities depreciation expense	<u>\$ 84,261</u>

Village of Sullivan

Notes to Financial Statements
December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 818	\$ -	\$ -	\$ 818
Construction in progress	1,896,496	-	1,896,496	-
Intangible asset	<u>2,318,334</u>	<u>1,506,234</u>	<u>-</u>	<u>3,824,568</u>
Total capital assets not being depreciated / amortized	<u>4,215,648</u>	<u>1,506,234</u>	<u>1,896,496</u>	<u>3,825,386</u>
Capital assets being depreciated / amortized:				
Collecting system	603,719	1,896,496	-	2,500,215
Collecting system pumping	398,795	-	-	398,795
Treatment and disposal	1,215,361	-	-	1,215,361
General	<u>102,191</u>	<u>-</u>	<u>-</u>	<u>102,191</u>
Total capital assets being depreciated / amortized	<u>2,320,066</u>	<u>1,896,496</u>	<u>-</u>	<u>4,216,562</u>
Total capital assets	<u>6,535,714</u>	<u>3,402,730</u>	<u>1,896,496</u>	<u>8,041,948</u>
Less accumulated depreciation / amortization for:				
Sewer	<u>(1,402,569)</u>	<u>(79,379)</u>	<u>-</u>	<u>(1,481,948)</u>
Total accumulated depreciation / amortization	<u>(1,402,569)</u>	<u>(79,379)</u>	<u>-</u>	<u>(1,481,948)</u>
Net capital assets being depreciated / amortized	<u>917,497</u>	<u>1,817,117</u>	<u>-</u>	<u>2,734,614</u>
Business-type capital assets, net of accumulated depreciation / amortization	<u>\$ 5,133,145</u>	<u>\$ 3,323,351</u>	<u>\$ 1,896,496</u>	<u>\$ 6,560,000</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>
General fund	Debt service fund	<u>\$ 8,744</u>
	Total, fund financial statements	8,744
Less fund eliminations		<u>(8,744)</u>
	Total internal balances, government-wide statement of net position	<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds is for cash shortfalls.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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	\$ 23,126	Payment for runs, training and officer wages for Fire Department
Total, fund financial statements		23,126	
Less fund eliminations		(23,126)	
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, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation notes from direct borrowings and direct placements	\$ 925,773	\$ -	\$ 113,905	\$ 811,868	\$ 95,580
Total bonds and notes payable	925,773	-	113,905	811,868	95,580
Total governmental activities long-term liabilities	<u>\$ 925,773</u>	<u>\$ -</u>	<u>\$ 113,905</u>	<u>\$ 811,868</u>	<u>\$ 95,580</u>
Business-Type Activities					
Bonds and notes payable:					
Revenue bonds	\$ -	\$ 3,600,000	\$ 86,600	\$ 3,513,400	\$ 63,400
Bond anticipation notes	3,099,742	475,778	3,575,520	-	-
Total bonds and notes payable	3,099,742	4,075,778	3,662,120	3,513,400	63,400
Other liabilities:					
Vested compensated absences	1,120	-	858	262	262
Total other liabilities	1,120	-	858	262	262
Total business-type activities long-term liabilities	<u>\$ 3,100,862</u>	<u>\$ 4,075,778</u>	<u>\$ 3,662,978</u>	<u>\$ 3,513,662</u>	<u>\$ 63,662</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$3,054,495. Total general obligation debt outstanding at year end was \$811,868.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General Obligation Debt					
2010 State Trust Fund Loan *	08/26/10	03/15/30	5.25%	\$ 660,000	\$ 338,376
2021 Promissory Note *	05/17/21	05/17/31	2.29	533,944	<u>473,492</u>
Total governmental activities, general obligation debt					<u>\$ 811,868</u>

* Direct borrowing or direct placement

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Notes from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 95,580	\$ 28,608
2024	97,381	25,423
2025	99,363	22,056
2026	101,406	18,629
2027	103,556	15,095
2028-2031	<u>314,582</u>	<u>22,940</u>
Total	<u>\$ 811,868</u>	<u>\$ 132,751</u>

Revenue Debt

Business-type activities revenue bonds are payable only from revenues derived from the operation of the sewer utilities.

The sewer utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued in 2022. Proceeds from the bonds provided financing for the sewer utility. The bonds are payable solely from sales revenues and are payable through 2061. Annual principal and interest payments on the bonds are expected to require 8% of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,878,273. Principal and interest paid for the current year and total customer net revenues were \$124,672 and \$1,537,516, respectively.

Revenue debt payable at December 31, 2022, consists of the following:

Business-Type Activities Revenue Debt

<u>Sewer Utility</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Revenue Bonds	3/21/22	5/1/2061	1.75%	\$ 3,600,000	\$ <u>3,513,400</u>
Total business-type activities, revenue debt					<u>\$ 3,513,400</u>

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt from Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 63,400	\$ 61,485
2024	64,500	60,375
2025	65,600	59,246
2026	66,800	58,098
2027	68,000	56,929
2028-2032	358,300	266,374
2033-2037	391,100	233,898
2038-2042	426,700	198,453
2043-2047	465,700	159,774
2048-2052	508,300	117,562
2053-2057	554,800	71,486
2058-2061	480,200	21,193
Total	<u>\$ 3,513,400</u>	<u>\$ 1,364,873</u>

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% of the unpaid amount may be charged and interest rates on the unpaid amounts increase to 5%.

A statutory mortgage lien upon the Sewer utility's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The Sewer utility's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Current Refunding

On March 21, 2022, the Village issued \$3,600,000 in revenue bonds with an average coupon rate of 1.75% to refund \$3,099,742 of outstanding notes with an average coupon rate of 4.05%. The net proceeds along with existing funds of the Village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$3,657,626 in 2022. The cash flow requirements on the refunding bonds are \$4,878,273 to be paid from 2022 through 2061. The current refunding did not result in an economic gain or loss.

Bond Covenant Disclosures

Insurance

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

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.10 times the annual debt service. The coverage only includes revenue debt and does not include general obligation or other debt. The coverage requirement was met in 2022 as follows:

Operating revenues	\$	466,043
Investment income		10,087
Contributed capital		1,259,093
Less operation and maintenance expenses		<u>(197,707)</u>
Net defined earnings	\$	<u>1,537,516</u>
Minimum Required Earnings per Resolution:		
Annual debt service	\$	124,672
Coverage factor		<u>1.10</u>
Minimum required earnings	\$	<u>137,139</u>
Actual Debt Coverage		<u>12.33</u>

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
<u>Lease Receivables Description</u>				
Land lease	01/01/22	12/31/54	1.00%	<u>\$ 1,020,491</u>
Total governmental activities				<u>\$ 1,020,491</u>

The Village recognized \$20,736 of lease revenue during the fiscal year.

The Village recognized \$25,745 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, 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		2,253,019
Less long-term debt outstanding		<u>(811,868)</u>
Total net investment in capital assets	\$	<u>1,569,891</u>

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Fund - Fire Department</u>	<u>Total</u>
Fund Balances				
Restricted for:				
Fire department activities	\$ -	\$ -	\$ 80,312	\$ 80,312
Subtotal	<u>-</u>	<u>-</u>	<u>80,312</u>	<u>80,312</u>
Assigned to:				
Future capital projects	653,467	-	-	653,467
Subtotal	<u>653,467</u>	<u>-</u>	<u>-</u>	<u>653,467</u>
Unassigned (deficit)	<u>35,528</u>	<u>(8,744)</u>	<u>-</u>	<u>26,784</u>
Total fund balances (deficit)	<u>\$ 688,995</u>	<u>\$ (8,744)</u>	<u>\$ 80,312</u>	<u>\$ 760,563</u>

Business-Type Activities

Net investment in capital assets:

Land	\$ 818
Intangible plant	3,824,568
Other capital assets, net of accumulated depreciation	2,734,614
Less Long-term debt outstanding	<u>(3,513,400)</u>
Total net investment in capital assets	<u>\$ 3,046,600</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>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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.

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>
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
2021	5.1	13.0

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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 was 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 \$7,842 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 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 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

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

At December 31, 2022, the Village reported an asset of \$55,608 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the Village's proportion was 0.00068991%, which was a decrease of 0.00007135% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense of \$(1,221).

At December 31, 2022, 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 projected and actual experience	\$ 89,831	\$ 6,477
Changes in assumptions	10,374	-
Net differences between projected and actual earnings on pension plan investments	-	124,400
Changes in proportion and differences between employer contributions and proportionate share of contributions	916	600
Employer contributions subsequent to the measurement date	<u>4,700</u>	<u>-</u>
Total	<u>\$ 105,821</u>	<u>\$ 131,477</u>

Village of Sullivan

Notes to Financial Statements
December 31, 2022

\$4,700 reported as deferred outflows of resources 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, 2023. 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>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2023	\$ (2,545)
2024	(15,079)
2025	(6,517)
2026	(6,215)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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:

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (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, 2021. 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 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

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 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
Village's proportionate share of the net pension liability (asset)	\$ (39,457)	\$ (55,608)	\$ 124,037

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, 2022, 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.

Village of Sullivan

Notes to Financial Statements
December 31, 2022

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, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
General property taxes	\$ 365,876	\$ 365,876	\$ 245,299	\$ (120,577)
Intergovernmental				
State shared revenues	51,665	51,665	51,716	51
Fire insurance tax (2% fire dues)	7,800	7,800	7,817	17
Exempt computer aid	736	736	1,773	1,037
State aid, road allotment	19,841	19,841	19,841	-
DNR, in lieu of taxes	80	80	80	-
County aid, highway	2,000	2,000	-	(2,000)
State aid, recycling	2,185	2,185	2,176	(9)
Federal grant, interest rebate	6,831	6,831	7,887	1,056
ARPA grants	-	-	109,117	109,117
State aid, video service	3,697	3,697	3,968	271
Total intergovernmental	94,835	94,835	204,375	109,540
Licenses and Permits				
Liquor and malt beverage licenses	2,050	2,050	2,050	-
Business and occupational licenses	2,000	2,000	1,475	(525)
Dog and cat licenses	750	750	732	(18)
Building permits	2,500	2,500	11,014	8,514
Other permits	-	-	240	240
Cable television franchise fees	13,000	13,000	8,199	(4,801)
Zoning permits and fees	400	400	2,050	1,650
Total licenses and permits	20,700	20,700	25,760	5,060
Special Assessments				
Special assessments	360	360	660	300
Public Charges for Services				
Sidewalks	-	-	1,650	1,650
Recycling	40,000	40,000	39,688	(312)
Total public charges for services	40,000	40,000	41,338	1,338
Intergovernmental Charges for Services				
Local, fire services	72,326	72,326	72,326	-
Investment Income				
Interest on investments	1,000	1,000	10,091	9,091
Interest on leases	-	-	25,745	25,745
Total investment income	1,000	1,000	35,836	34,836

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous				
Rent	\$ 5,000	\$ 5,000	\$ 3,100	\$ (1,900)
Sprint lease agreement	20,736	20,736	15,727	(5,009)
Other miscellaneous	60	60	27,692	27,632
Total miscellaneous	<u>25,796</u>	<u>25,796</u>	<u>46,519</u>	<u>20,723</u>
Total revenues	<u>620,893</u>	<u>620,893</u>	<u>672,113</u>	<u>51,220</u>
Expenditures				
General Government				
Board	11,336	11,650	11,651	(1)
Village president	3,768	3,768	3,505	263
Clerk, treasurer	39,500	39,500	39,121	379
Clerk, treasurer assistant	17,400	17,400	17,209	191
Assessment of property	6,875	6,875	6,763	112
Zoning and appeals board	813	813	961	(148)
Special accounting and auditing	23,903	21,162	21,161	1
Legal	1,000	-	-	-
Municipal building	24,900	24,900	36,033	(11,133)
Printing and postage	2,500	2,500	2,725	(225)
Classifications	600	792	792	-
Elections	5,800	3,800	3,698	102
Treasury	1,960	1,960	1,957	3
Property and liability insurance	8,351	8,401	8,400	1
Other insurance	15,100	15,500	15,606	(106)
Total general government	<u>163,806</u>	<u>159,021</u>	<u>169,582</u>	<u>(10,561)</u>
Public Safety				
Fire protection	75,418	71,738	31,683	40,055
Ambulance	25,239	25,239	25,239	-
Building inspection	3,500	3,500	9,404	(5,904)
Total public safety	<u>104,157</u>	<u>100,477</u>	<u>66,326</u>	<u>34,151</u>
Public Works				
Machinery and equipment	25,104	26,039	8,943	17,096
Garages and sheds	3,000	2,008	1,086	922
Street maintenance	18,776	19,208	11,457	7,751
Street replacement	-	20,686	20,810	(124)
Snow and ice control	26,000	26,000	30,142	(4,142)
Street lighting	15,000	15,000	16,071	(1,071)
Refuse and garbage collection	22,000	22,454	24,352	(1,898)
Recycling	12,765	13,026	14,201	(1,175)
Total public works	<u>122,645</u>	<u>144,421</u>	<u>127,062</u>	<u>17,359</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Culture, Recreation and Education				
Parks	\$ 8,800	\$ 8,800	\$ 8,530	\$ 270
Recreation administration	1,600	3,118	3,018	100
Total culture, recreation and education	10,400	11,918	11,548	370
Conservation and Development				
Conservation and development	2,200	2,200	2,133	67
Weed control	4,000	4,000	3,940	60
Total conservation and development	6,200	6,200	6,073	127
Capital Outlay				
Capital outlay	101,005	89,685	236,013	(146,328)
Debt Service				
Principal	84,355	84,355	-	84,355
Interest expense	35,620	35,620	-	35,620
Total debt service	119,975	119,975	-	119,975
Total expenditures	628,188	631,697	616,604	15,093
Excess (deficiency) of revenues over (under) expenditures	(7,295)	(10,804)	55,509	66,313
Other Financing Sources (Uses)				
Transfers out	-	-	(23,126)	(23,126)
Transfers in	10,804	10,804	-	(10,804)
Total other financing sources (uses)	10,804	10,804	(23,126)	(33,930)
Net change in fund balance	3,509	-	32,383	32,383
Fund Balance, Beginning	656,612	656,612	656,612	-
Fund Balance, Ending	<u>\$ 660,121</u>	<u>\$ 656,612</u>	<u>\$ 688,995</u>	<u>\$ 32,383</u>

See notes to required supplementary information

Village of SullivanSchedule of Proportionate Share of the Net Pension (Asset) Liability - Wisconsin Retirement System
Year Ended December 31, 2022

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension (Asset) Liability</u>	<u>Proportionate Share of the Net Pension (Asset) Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/22	0.00068991 %	\$ (55,608)	\$ 115,843	48.00 %	106.02 %
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, 2022

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/22	\$ 4,700	\$ 4,700	\$ -	\$ 72,307	6.50 %
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

Notes to Required Supplementary Information
Year Ended December 31, 2022

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table