

VILLAGE OF SULLIVAN

Sullivan, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

DRAFT

VILLAGE OF SULLIVAN

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Sullivan
Sullivan, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sullivan, Wisconsin, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Sullivan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Village Board
Village of Sullivan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sullivan, Wisconsin, as of December 31, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Sullivan adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Sullivan's basic financial statements. The combining statement as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Madison, Wisconsin
February __, 2016

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

The management of the Village of Sullivan, Wisconsin offers readers of the village's financial statements this narrative overview and analysis of the financial activities of the village for the fiscal year ending December 31, 2015. We encourage readers to consider the information presented here in conjunction with the village's financial statements.

FINANCIAL HIGHLIGHTS

- > The total assets of the Village of Sullivan, including the sewer utility, exceeded its liabilities at the close of the most recent fiscal year by \$4,169,583 (*net position*). Of this amount, \$1,772,749 (*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 \$83,788.
- > As of the close of the current fiscal year, the Village of Sullivan's governmental funds reported combined ending fund balances of \$708,028, an increase of \$48,736 in comparison with the prior year.
- > At the end of the current fiscal year, the village had committed fund balance of \$37,081 and assigned fund balance of \$595,166. There was unassigned fund balance for the general fund of \$75,781 as of December 31, 2015.

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 non-financial factors such as changes in the village's property tax base and the condition of the village's infrastructure.

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

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

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

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 to 40 of this report.

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Village of Sullivan, total assets exceeded liabilities by \$4,169,583 as of December 31, 2015.

The largest portion of the village's net position (approximately 56%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The village uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

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

A summary of the village's Statement of Net Position for 2015 and 2014 is presented in the table below.

VILLAGE OF SULLIVAN'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,105,039	\$ 1,037,862	\$ 1,115,362	\$ 1,048,029	\$ 2,220,401	\$ 2,085,891
Capital assets	1,907,645	1,951,180	1,239,346	1,307,399	3,146,991	3,258,579
Total Assets	<u>3,012,684</u>	<u>2,989,042</u>	<u>2,354,708</u>	<u>2,355,428</u>	<u>5,367,392</u>	<u>5,344,470</u>
Deferred Outflows of Resources	<u>12,947</u>	<u>-</u>	<u>7,524</u>	<u>-</u>	<u>20,471</u>	<u>-</u>
Long-term liabilities	805,343	892,391	1,828	1,828	807,171	894,219
Other liabilities	50,639	52,557	4,552	5,615	55,191	58,172
Total Liabilities	<u>855,982</u>	<u>944,948</u>	<u>6,380</u>	<u>7,443</u>	<u>862,362</u>	<u>952,391</u>
Deferred Inflows of Resources	<u>355,900</u>	<u>351,977</u>	<u>18</u>	<u>-</u>	<u>355,918</u>	<u>351,977</u>
Net Position						
Net investment in capital assets	1,102,302	1,058,789	1,239,346	1,307,399	2,341,648	2,366,188
Restricted	15,266	-	39,920	32,296	55,186	32,296
Unrestricted	<u>696,181</u>	<u>633,328</u>	<u>1,076,568</u>	<u>1,008,290</u>	<u>1,772,749</u>	<u>1,641,618</u>
TOTAL NET POSITION	<u>\$ 1,813,749</u>	<u>\$ 1,692,117</u>	<u>\$ 2,355,834</u>	<u>\$ 2,347,985</u>	<u>\$ 4,169,583</u>	<u>\$ 4,040,102</u>

The majority of the village's net position (approximately 56%) represents net investment in capital assets. An additional portion of the village's net position (approximately 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligation to citizens and creditors.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

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

Analysis of the Village's Operations – The following table provides a summary of the village's operations for the years ended December 31, 2015 and 2014. Governmental activities increased the Village of Sullivan's net position by \$91,101. Business-type activities decreased the village's net position by \$7,313.

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for services	\$ 115,202	\$ 124,685	\$ 233,542	\$ 234,284	\$ 348,744	\$ 358,969
Operating grants and contributions	54,014	58,161	-	-	54,014	58,161
Capital grants and contributions	9,590	9,979	-	3,280	9,590	13,259
General Revenues						
Property taxes	172,135	170,153	-	-	172,135	170,153
Other taxes - debt service	124,312	129,594	-	-	124,312	129,594
Intergovernmental	54,687	48,945	-	-	54,687	48,945
Investment income	1,013	739	4,351	3,670	5,364	4,409
Gain on disposal of assets	-	17,080	-	-	-	17,080
Miscellaneous	30,578	31,179	-	-	30,578	31,179
Total Revenues	561,531	590,515	237,893	241,234	799,424	831,749
Expenses						
General government	139,013	176,368	-	-	139,013	176,368
Public safety	127,316	127,930	-	-	127,316	127,930
Public works	135,559	141,438	-	-	135,559	141,438
Leisure activities	18,306	17,254	-	-	18,306	17,254
Conservation and development	4,588	4,551	-	-	4,588	4,551
Interest and fiscal charges	45,648	50,136	-	-	45,648	50,136
Sewer utility	-	-	245,206	214,171	245,206	214,171
Total Expenses	470,430	517,677	245,206	214,171	715,636	731,848
Increase (decrease) in net position	91,101	72,838	(7,313)	27,063	83,788	99,901
NET POSITION –						
January 1 (as restated)	1,722,648	1,619,279	2,363,147	2,320,922	4,085,795	3,940,201
NET POSITION – December 31	\$ 1,813,749	\$ 1,692,117	\$ 2,355,834	\$ 2,347,985	\$ 4,169,583	\$ 4,040,102

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the Village of Sullivan's governmental funds reported combined ending fund balances of \$708,028. Approximately 84% of this total amount, \$595,166 constitutes assigned fund balance. \$37,081 of the fund balance is committed to indicate that it is not available for new spending because it has already been committed for fire department expenditures. The remaining balance of \$75,781 is unassigned.

General Fund: The general fund is the main operating fund of the village. The general fund balance increased from \$619,952 to \$670,947 an increase of \$50,995.

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than enterprise debt. There was no fund balance as of year end.

Fire Department Fund: The fire department fund reports the activities of the fire department separate bank accounts. Fund balance at year end is \$37,081.

PROPRIETARY FUND

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

Sewer Utility: The Sullivan Sewer Utility is an enterprise fund of the Village of Sullivan. The operating loss for the year was \$11,664. Total decrease in net position was \$7,313.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations equal to the original budget. The village budgeted for a \$31,769 fund balance deficit and the actual result was a \$50,995 increase in fund balance.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

CAPITAL ASSETS

At the end of 2015, the village had invested a total of \$3,146,991 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,201	\$ 4,201	\$ 818	\$ 818	\$ 5,019	\$ 5,019
Right-of-way	124,539	124,539	-	-	124,539	124,539
Improvements	16,196	17,208	-	-	16,196	17,208
Buildings	260,211	264,513	-	-	260,211	264,513
Machinery and equipment	315,044	327,767	-	-	315,044	327,767
Infrastructure	1,187,454	1,212,952	-	-	1,187,454	1,212,952
Sewer plant	-	-	1,238,528	1,306,581	1,238,528	1,306,581
Totals	\$ 1,907,645	\$ 1,951,180	\$ 1,239,346	\$ 1,307,399	\$ 3,146,991	\$ 3,258,579

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

LONG-TERM DEBT

During 2015, the village retired debt of \$58,334, resulting in \$794,691 in general obligation debt outstanding bonds at the end of 2015.

Under Wisconsin State Statutes, Chapter 67, the Village of Sullivan's aggregate general obligation indebtedness may not exceed 5% of the equalized value of taxable property located in the village. The net amount of debt that is applicable to the statutory limit is \$794,691 which is 35% of the maximum allowed of \$2,251,090.

The business-type activities have no debt outstanding as of December 31, 2015.

VILLAGE OF SULLIVAN

MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED As of and for the Year Ended December 31, 2015

LONG-TERM DEBT (cont.)

VILLAGE OF SULLIVAN'S OUTSTANDING LONG-TERM OBLIGATIONS

	Governmental Activities	
	2015	2014
General obligation bonds	\$ 255,000	\$ 290,000
State Trust Fund Loan	539,691	563,025
Capital Leases	10,652	39,366
Total Outstanding Long-Term Obligations	<u>\$ 805,343</u>	<u>\$ 892,391</u>

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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

REQUESTS FOR INFORMATION

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

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION As of December 31, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 738,338	\$ 997,289	\$ 1,735,627
Taxes receivable	359,910	-	359,910
Accounts	4,860	56,693	61,553
Accrued interest	-	628	628
Internal balances	(20,832)	20,832	-
Delinquent charges held by county	7,497	-	7,497
Restricted assets			
Restricted cash and investments	-	32,339	32,339
Net pension asset	15,266	7,581	22,847
Capital Assets (net of accumulated depreciation)			
Land	128,740	818	129,558
Other capital assets, net of depreciation	1,778,905	1,238,528	3,017,433
Total Assets	<u>3,012,684</u>	<u>2,354,708</u>	<u>5,367,392</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	12,947	7,524	20,471
Total Deferred Outflows of Resources	<u>12,947</u>	<u>7,524</u>	<u>20,471</u>
LIABILITIES			
Accounts payable and accrued expenses	50,639	4,552	55,191
Noncurrent Liabilities			
Due within one year	75,134	-	75,134
Due in more than one year	730,209	1,828	732,037
Total Liabilities	<u>855,982</u>	<u>6,380</u>	<u>862,362</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	355,864	-	355,864
Pension related amounts	36	18	54
Total Deferred Inflows of Resources	<u>355,900</u>	<u>18</u>	<u>355,918</u>
NET POSITION			
Net investment in capital assets	1,102,302	1,239,346	2,341,648
Restricted for			
Equipment	-	32,339	32,339
Pensions	15,266	7,581	22,847
Unrestricted	<u>696,181</u>	<u>1,076,568</u>	<u>1,772,749</u>
TOTAL NET POSITION	<u>\$ 1,813,749</u>	<u>\$ 2,355,834</u>	<u>\$ 4,169,583</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 139,013	\$ 2,286	\$ 2,420	\$ -
Public safety	127,316	69,512	13,585	-
Public works	135,559	42,344	38,009	9,590
Culture, recreation and education	18,306	-	-	-
Conservation and development	4,588	1,060	-	-
Interest and fiscal charges	45,648	-	-	-
Total Governmental Activities	<u>470,430</u>	<u>115,202</u>	<u>54,014</u>	<u>9,590</u>
Business-type Activities				
Sewer Utility	245,206	233,542	-	-
Total Business-type Activities	<u>245,206</u>	<u>233,542</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 715,636</u>	<u>\$ 348,744</u>	<u>\$ 54,014</u>	<u>\$ 9,590</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (134,307)	\$ -	\$ (134,307)
(44,219)	-	(44,219)
(45,616)	-	(45,616)
(18,306)	-	(18,306)
(3,528)	-	(3,528)
(45,648)	-	(45,648)
<u>(291,624)</u>	<u>-</u>	<u>(291,624)</u>
-	(11,664)	(11,664)
-	(11,664)	(11,664)
<u>(291,624)</u>	<u>(11,664)</u>	<u>(303,288)</u>
172,135	-	172,135
124,312	-	124,312
54,687	-	54,687
1,013	4,351	5,364
<u>30,578</u>	<u>-</u>	<u>30,578</u>
<u>382,725</u>	<u>4,351</u>	<u>387,076</u>
91,101	(7,313)	83,788
<u>1,722,648</u>	<u>2,363,147</u>	<u>4,085,795</u>
<u>\$ 1,813,749</u>	<u>\$ 2,355,834</u>	<u>\$ 4,169,583</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
ASSETS				
Cash and investments	\$ 701,257	\$ -	\$ 37,081	\$ 738,338
Receivables				
Taxes	242,624	117,286	-	359,910
Accounts	1,000	-	-	1,000
Delinquent charges held by County	7,497	-	-	7,497
Due from other governments	<u>3,860</u>	<u>-</u>	<u>-</u>	<u>3,860</u>
TOTAL ASSETS	<u><u>\$ 956,238</u></u>	<u><u>\$ 117,286</u></u>	<u><u>\$ 37,081</u></u>	<u><u>\$ 1,110,605</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 23,649	\$ -	\$ -	\$ 23,649
Accrued liabilities	2,232	-	-	2,232
Due to other funds	<u>20,832</u>	<u>-</u>	<u>-</u>	<u>20,832</u>
Total Liabilities	<u>46,713</u>	<u>-</u>	<u>-</u>	<u>46,713</u>
Deferred Inflows of Resources				
Unearned revenues	<u>238,578</u>	<u>117,286</u>	<u>-</u>	<u>355,864</u>
Total Deferred Inflows of Resources	<u>238,578</u>	<u>117,286</u>	<u>-</u>	<u>355,864</u>
Fund Balances				
Committed		-	37,081	37,081
Assigned	595,166	-	-	595,166
Unassigned	<u>75,781</u>	<u>-</u>	<u>-</u>	<u>75,781</u>
Total Fund Balances	<u>670,947</u>	<u>-</u>	<u>37,081</u>	<u>708,028</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 956,238</u></u>	<u><u>\$ 117,286</u></u>	<u><u>\$ 37,081</u></u>	<u><u>\$ 1,110,605</u></u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2015

Total Fund Balances - Governmental Funds	\$ 708,028
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II. A.	1,907,645
--	-----------

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	15,266
---	--------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	12,947
---	--------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(36)
--	------

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II. A.	<u>(830,101)</u>
--	------------------

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,813,749</u>
--	----------------------------

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

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

For the Year Ended December 31, 2015

	General	Debt Service	Nonmajor Governmental Fund - Fire Department	Totals
REVENUES				
Taxes	\$ 172,135	\$ 124,312	\$ -	\$ 296,447
Intergovernmental	99,046	9,590	-	108,636
Licenses and permits	17,701	-	-	17,701
Public charges for services	41,744	-	6,950	48,694
Intergovernmental charges for services	60,722	-	-	60,722
Investment income	924	-	89	1,013
Miscellaneous	21,083	-	7,235	28,318
Total Revenues	<u>413,355</u>	<u>133,902</u>	<u>14,274</u>	<u>561,531</u>
EXPENDITURES				
Current				
General government	135,079	-	-	135,079
Public safety	85,788	-	23,318	109,106
Public works	103,734	-	-	103,734
Culture, recreation and education	17,569	-	-	17,569
Conservation and development	4,588	-	-	4,588
Capital Outlay	-	-	8,817	8,817
Debt Service				
Principal	-	87,048	-	87,048
Interest and fiscal charges	-	46,854	-	46,854
Total Expenditures	<u>346,758</u>	<u>133,902</u>	<u>32,135</u>	<u>512,795</u>
Excess (deficiency) of revenues over expenditures	<u>66,597</u>	<u>-</u>	<u>(17,861)</u>	<u>48,736</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	15,602	15,602
Transfers out	(15,602)	-	-	(15,602)
Total Other Financing Sources (Uses)	<u>(15,602)</u>	<u>-</u>	<u>15,602</u>	<u>-</u>
Net Change in Fund Balances	50,995	-	(2,259)	48,736
FUND BALANCES - Beginning of Year	<u>619,952</u>	<u>-</u>	<u>39,340</u>	<u>659,292</u>
FUND BALANCES - END OF YEAR	<u>\$ 670,947</u>	<u>\$ -</u>	<u>\$ 37,081</u>	<u>\$ 708,028</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$	48,736
--	----	--------

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.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	8,817
--	-------

Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	7,000
--	-------

Depreciation is reported in the government-wide financial statements	(59,352)
--	----------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	87,048
------------------	--------

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

Accrued interest and other debt expenses	1,206
--	-------

Net pension asset/liability	(8,882)
-----------------------------	---------

Deferred outflows of resources related to pensions	6,564
--	-------

Deferred inflows of resources related to pensions	(36)
---	------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>91,101</u>
--	-----------	----------------------

VILLAGE OF SULLIVAN

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2015

	<u>Sewer Utility</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 374,687
Interest receivable	628
Customer accounts receivable	56,693
Due from other funds	20,832
Cash and investments - depreciation account	622,602
Total Current Assets	<u>1,075,442</u>
Noncurrent Assets	
Restricted Assets	
Replacement account	32,339
Net pension asset	7,581
Capital Assets	
Property and equipment	2,250,088
Less: Accumulated depreciation	<u>(1,010,742)</u>
Total Noncurrent Assets	<u>1,279,266</u>
Total Assets	<u>2,354,708</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>7,524</u>
Total Deferred Outflows of Resources	<u>7,524</u>
LIABILITIES	
Current Liabilities	
Accounts payable	3,891
Accrued wages	661
Total Current Liabilities	<u>4,552</u>
Noncurrent Liabilities	
Compensated absences	<u>1,828</u>
Total Noncurrent Liabilities	<u>1,828</u>
Total Liabilities	<u>6,380</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>18</u>
Total Deferred Inflows of Resources	<u>18</u>
NET POSITION	
Net investment in capital assets	1,239,346
Restricted for	
Equipment replacement	32,339
Pensions	7,581
Unrestricted	<u>1,076,568</u>
TOTAL NET POSITION	<u>\$ 2,355,834</u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

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

For the Year Ended December 31, 2015

	<u>Sewer Utility</u>
OPERATING REVENUES	
Treatment charges	\$ 228,495
Other	<u>5,047</u>
Total Operating Revenues	<u>233,542</u>
OPERATING EXPENSES	
Operation and maintenance	177,153
Depreciation	<u>68,053</u>
Total Operating Expenses	<u>245,206</u>
Operating Loss	<u>(11,664)</u>
NONOPERATING REVENUES	
Investment income	<u>4,351</u>
Total Nonoperating Revenues	<u>4,351</u>
Change in Net Position	(7,313)
NET POSITION - Beginning of Year (as restated)	<u>2,363,147</u>
NET POSITION - END OF YEAR	<u><u>\$ 2,355,834</u></u>

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2015

	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 229,296
Paid to suppliers for goods and services	(127,406)
Paid to employees for services	(50,735)
Net Cash Flows From Operating Activities	<u>51,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments sold and matured	60,812
Investment income	4,351
Investments purchased	(62,900)
Net Cash Flows From Investing Activities	<u>2,263</u>
Net Change in Cash and Cash Equivalents	53,418
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>757,855</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 811,273</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (11,664)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation	68,053
Changes in assets and liabilities	
Accounts receivable	(62)
Due from other funds	(4,184)
Accounts payable	722
Other current liabilities	(1,785)
Pension related deferrals and assets/liabilities	<u>75</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 51,155</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS	
Cash and investments	\$ 374,687
Cash and investments - depreciation account	622,602
Restricted cash and investments	
Replacement account	<u>32,339</u>
Total Cash and Investments	1,029,628
Less: Noncash equivalents	<u>(218,355)</u>
CASH AND CASH EQUIVALENTS	<u><u>\$ 811,273</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	

See accompanying notes to financial statements.

VILLAGE OF SULLIVAN

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2015**

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 626,882
Taxes receivable	<u>136,078</u>
TOTAL ASSETS	<u><u>\$ 762,960</u></u>
LIABILITIES	
Due to other governments	<u>\$ 762,960</u>
TOTAL LIABILITIES	<u><u>\$ 762,960</u></u>

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VILLAGE OF SULLIVAN

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VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The village reports the following major governmental funds:

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

The village reports the following major enterprise fund:

- Sewer Utility - accounts for operations of the sewer system

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental fund:

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

Fire Department

In addition, the village reports the following fund type:

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

Tax Collection Fund
Fire Donations Fund

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Fund Financial Statements

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

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

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

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

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

All Financial Statements

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

1. Deposits and Investments

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

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

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

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

No policy exists for the following risks:

Credit risk
Custodial credit risk
Interest rate risk

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

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, 2015, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency funds.

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer utility because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

3. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

4. Capital Assets

Government-Wide Statements

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

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

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

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

Fund Financial Statements

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

5. Deferred Outflows of Resources

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

6. Compensated Absences

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015, are determined on the basis of current salary rates and include salary related payments.

7. Long-Term Obligations

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

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

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

8. Deferred Inflows of Resources

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

9. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

9. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

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

See Note IV. H. for further information.

10. Basis for Existing Rates

Sewer Utility

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

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

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

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

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

Land	\$	4,201
Right of Way		124,539
Buildings		357,620
Machinery and equipment		827,716
Land improvements		25,305
Infrastructure		1,375,657
Less: Accumulated depreciation		<u>(807,393)</u>
Combined Adjustment for Capital Assets	\$	<u>1,907,645</u>

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

Bonds and notes payable	\$	794,691
Capital leases		10,652
Accrued interest		<u>24,758</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>830,101</u>

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Demand deposits	\$ 1,227,461	\$ 1,193,753	Custodial credit
Certificates of deposit	264,518	264,873	Custodial credit
LGIP	902,869	902,869	Credit
Total Deposits and Investments	<u>\$ 2,394,848</u>	<u>\$ 2,361,495</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 1,735,627		
Restricted cash and investments	32,339		
Per statement of assets and liabilities -			
agency funds			
Agency Funds	<u>626,882</u>		
Total Deposits and Investments	<u>\$ 2,394,848</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.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2015, \$192,627 of the village's total bank balance was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 192,627
Total	\$ 192,627

Credit Risk

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

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

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

B. RECEIVABLES

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

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

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 300,584
Special charges on the tax roll	38,000
2016 rent paid for village property during 2015	<u>17,280</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 355,864</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement.

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, 2015:

Restricted Assets	
Replacement account	\$ 32,339
Net pension asset	<u>22,847</u>
Total Restricted Assets	<u>\$ 55,186</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 4,201	\$ -	\$ -	\$ 4,201
Right of way	<u>124,539</u>	<u>-</u>	<u>-</u>	<u>124,539</u>
Total Capital Assets Not Being Depreciated	<u>128,740</u>	<u>-</u>	<u>-</u>	<u>128,740</u>
Capital assets being depreciated				
Land Improvements	25,305	-	-	25,305
Buildings	357,620	-	-	357,620
Machinery and equipment	811,899	15,817	-	827,716
Streets	1,085,646	-	-	1,085,646
Sidewalks	56,395	-	-	56,395
Storm sewer	<u>233,616</u>	<u>-</u>	<u>-</u>	<u>233,616</u>
Total Capital Assets Being Depreciated	<u>2,570,481</u>	<u>15,817</u>	<u>-</u>	<u>2,586,298</u>
Total Capital Assets	<u>2,699,221</u>	<u>15,817</u>	<u>-</u>	<u>2,715,038</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Less: Accumulated depreciation for				
Land Improvements	\$ (8,097)	\$ (1,012)	\$ -	\$ (9,109)
Buildings	(93,107)	(4,302)	-	(97,409)
Machinery and equipment	(484,132)	(28,540)	-	(512,672)
Streets	(122,899)	(19,698)	-	(142,597)
Sidewalks	(9,024)	(1,128)	-	(10,152)
Storm sewer	(30,782)	(4,672)	-	(35,454)
Total Accumulated Depreciation	<u>(748,041)</u>	<u>(59,352)</u>	<u>-</u>	<u>(807,393)</u>
Net Capital Assets Being Depreciated	<u>1,822,440</u>	<u>(43,535)</u>	<u>-</u>	<u>1,778,905</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,951,180</u>	<u>\$ (43,535)</u>	<u>\$ -</u>	<u>\$ 1,907,645</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 1,457
Public safety	25,210
Public works	31,948
Culture, recreation and education	<u>737</u>
Total Governmental Activities Depreciation Expense	<u>\$ 59,352</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 818	\$ -	\$ -	\$ 818
Total Capital Assets Not Being depreciated	<u>818</u>	<u>-</u>	<u>-</u>	<u>818</u>
Capital assets being depreciated				
Collecting system	601,615	-	-	601,615
Collecting system pumping	396,659	-	-	396,659
Treatment and disposal	1,148,805	-	-	1,148,805
General	102,191	-	-	102,191
Total Capital Assets Being Depreciated	<u>2,249,270</u>	<u>-</u>	<u>-</u>	<u>2,249,270</u>
Total Capital Assets	<u>2,250,088</u>	<u>-</u>	<u>-</u>	<u>2,250,088</u>
Less: Accumulated depreciation for				
Sewer	(942,689)	(68,053)	-	(1,010,742)
Total Accumulated Depreciation	<u>(942,689)</u>	<u>(68,053)</u>	<u>-</u>	<u>(1,010,742)</u>
Net Capital Assets Being Depreciated	<u>1,306,581</u>	<u>(68,053)</u>	<u>-</u>	<u>1,238,528</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,307,399</u>	<u>\$ (68,053)</u>	<u>\$ -</u>	<u>\$ 1,239,346</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Sewer	\$ 68,053
Total Business-type Activities Depreciation Expense	<u>\$ 68,053</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer utility	General fund	\$ <u>20,332</u>
Total		\$ <u><u>20,332</u></u>

All amounts are due within one year.

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Fire	General	\$ <u>15,602</u>	Uniform allowances and reimbursement of capital purchases
Total - Fund Financial Statements		15,602	
Less: Fund eliminations		<u>(15,602)</u>	
Total Transfers - Government-Wide Statement of Activities		\$ <u><u>-</u></u>	

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

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 853,025	\$ -	\$ 58,334	\$ 794,691	\$ 64,482
Sub-totals	<u>853,025</u>	<u>-</u>	<u>58,334</u>	<u>794,691</u>	<u>64,482</u>
Other Liabilities					
Capital leases	39,366	-	28,714	10,652	10,652
Total Other Liabilities	<u>39,366</u>	<u>-</u>	<u>28,714</u>	<u>10,652</u>	<u>10,652</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 892,391</u>	<u>\$ -</u>	<u>\$ 87,048</u>	<u>\$ 805,343</u>	<u>\$ 75,134</u>
Business-type Activities					
Other Liabilities					
Vested compensated absences	\$ 1,828	\$ -	\$ -	\$ 1,828	\$ -
Total Other Liabilities	<u>1,828</u>	<u>-</u>	<u>-</u>	<u>1,828</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,828</u>	<u>\$ -</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, 2015, was \$2,251,090. Total general obligation debt outstanding at year end was \$794,691.

General Obligation Debt

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

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
General Obligation Debt					
2001 G.O. Debt	05/01/01	05/01/21	4.70-5.40%	\$ 605,000	\$ 255,000
2010 State Trust Fund Loan	08/26/10	03/15/30	5.25%	660,000	<u>539,691</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 794,691</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2016	\$ 64,482	\$ 40,951
2017	65,845	37,488
2018	67,201	34,032
2019	73,630	30,339
2020	75,070	26,468
2021-2025	221,055	89,625
2026-2030	227,408	37,057
Totals	\$ 794,691	\$ 295,960

Capital Leases

Refer to Note IV. G.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2013 the Village acquired a capital asset through a lease/purchase agreement. The amount of the asset under capital lease is \$41,400, which is included in capital assets in the governmental activities. The future minimum lease obligations and the net present value on the minimum lease payments as of December 31, 2015, are as follows:

Year	Governmental Activities		
	Principal	Interest	Totals
2016	\$ 10,652	\$ 687	\$ 11,339
Totals	\$ 10,652	\$ 687	\$ 11,339

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2015, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 4,201
Right of way	124,539
Other capital assets, net of accumulated depreciation	1,778,905
Less: Long-term debt outstanding	(794,691)
Less: Capital leases	(10,652)
Total Net Investment in Capital Assets	<u>1,102,302</u>
Restricted	
Net pension asset	<u>15,266</u>
Total Restricted	<u>15,266</u>
Unrestricted	<u>696,181</u>
Total Governmental Activities Net Position	<u>\$ 1,813,749</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015, include the following:

	General Fund	Nonmajor Governmental Fund - Fire Department	Totals
Fund Balances			
Committed to:			
Fire department expenditures	\$ -	\$ 37,081	\$ 37,081
Assigned to:			
Future capital projects	583,826	-	583,826
Subsequent year budget	11,340	-	11,340
Unassigned:	<u>75,781</u>	<u>-</u>	<u>75,781</u>
Total Fund Balances	<u>\$ 670,947</u>	<u>\$ 37,081</u>	<u>\$ 708,028</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

H. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 818
Other capital assets, net of accumulated depreciation	<u>1,238,528</u>
Total Net Investment in Capital Assets	<u>1,239,346</u>
Restricted	
Equipment replacement	32,339
Net pension asset	<u>7,581</u>
Total Restricted	<u>39,920</u>
Unrestricted	<u>1,076,568</u>
Total Business-type Activities Net Position	<u>\$ 2,355,834</u>

I. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Sewer Utility
Net Position - December 31, 2014 (as reported)	\$ 1,692,117	\$ 2,347,985	\$ 2,347,985
Add: Net pension asset	24,148	11,992	11,992
Add: Deferred outflows related to pensions	<u>6,383</u>	<u>3,170</u>	<u>3,170</u>
Net Position - December 31, 2014 (as restated)	<u>\$ 1,722,648</u>	<u>\$ 2,363,147</u>	<u>\$ 2,363,147</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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.

General Information About the Pension Plan

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$9,553 in contributions from the village.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2015, the village reported an asset of \$22,847 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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, 2014, the village's proportion was 0.00093014%, which was an increase of 0.00001347% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the village recognized pension expense of \$11,982.

At December 31, 2015, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,312	\$ -
Net differences between projected and actual earnings on pension plan investments	11,064	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	54
Employer contributions subsequent to the measurement date	6,095	-
Totals	<u>\$ 20,471</u>	<u>\$ 54</u>

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$6,095 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 3,521	\$ 12
2017	3,521	12
2018	3,521	12
2019	3,521	12
2020	292	6

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the village's proportionate share of the net pension asset to changes in the discount rate. The following presents the village's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension asset	\$64,455	\$(22,847)	\$(91,794)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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.

VILLAGE OF SULLIVAN

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V - OTHER INFORMATION (cont.)

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

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

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
TAXES				
General property taxes	\$ 172,135	\$ 172,135	\$ 172,135	\$ -
Total Taxes	172,135	172,135	172,135	-
INTERGOVERNMENTAL REVENUES				
State shared revenues	54,081	54,081	54,078	(3)
Fire insurance tax (2% fire dues)	6,000	6,000	6,350	350
Exempt computer aid	528	528	529	1
State aid - road allotment	35,902	35,902	35,832	(70)
DNR - in lieu of taxes	80	80	80	-
County aid - highway	2,000	2,000	-	(2,000)
State aid - recycling	2,250	2,250	2,177	(73)
Total Intergovernmental Revenues	100,841	100,841	99,046	(1,795)
LICENSES AND PERMITS				
Liquor and malt beverage licenses	2,050	2,050	2,050	-
Business and occupational licenses	1,130	1,130	1,060	(70)
Dog and cat licenses	1,000	1,000	706	(294)
Building permits	2,000	2,000	1,840	(160)
Other permits	-	-	30	30
Cable television franchise fees	11,700	11,700	11,915	215
Zoning permits and fees	-	-	100	100
Total Licenses and Permits	17,880	17,880	17,701	(179)
PUBLIC CHARGES FOR SERVICES				
Snow and ice control	-	-	3,528	3,528
Recycling	39,000	39,000	38,816	(184)
Publication fees	-	-	(600)	(600)
Total Public Charges for Services	39,000	39,000	41,744	2,744
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Local - fire services	68,350	68,350	60,722	(7,628)
INVESTMENT INCOME				
Investment income	600	600	924	324
MISCELLANEOUS REVENUES				
Rent	1,800	1,800	2,420	620
Sprint lease agreement	14,400	14,400	17,280	2,880
Other miscellaneous	-	-	1,383	1,383
Total Miscellaneous Revenues	16,200	16,200	21,083	4,883
Total Revenues	415,006	415,006	413,355	(1,651)

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

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
EXPENDITURES				
GENERAL GOVERNMENT				
Council/Board	\$ 8,374	\$ 7,374	\$ 7,217	\$ 157
Village President	3,230	3,230	3,230	-
Clerk - Treasurer	32,100	33,528	32,555	973
Clerk - Treasurer assistant	12,500	10,200	9,008	1,192
Assessment of property	7,150	7,150	5,600	1,550
Zoning and appeals board	2,360	1,383	902	481
Special accounting and auditing	18,450	18,450	15,625	2,825
Legal	8,000	7,500	6,812	688
Municipal building	24,310	25,637	21,534	4,103
Printing and postage	3,000	2,300	2,415	(115)
Maps and platbooks	200	1,333	1,881	(548)
Property and liability insurance	7,400	10,341	10,340	1
Elections	5,150	1,305	1,294	11
Mileage and per diem	900	900	700	200
General administration	3,016	2,659	2,660	(1)
Other insurance	12,910	13,677	13,306	371
Total General Government	149,050	146,967	135,079	11,888
PUBLIC SAFETY				
Fire protection	81,895	81,895	64,153	17,742
Ambulance	17,100	17,180	17,179	1
Building inspection	1,800	4,357	4,356	1
Emergency government	500	500	-	500
Police	-	-	100	(100)
Total Public Safety	101,295	103,932	85,788	18,144
PUBLIC WORKS				
Machinery and equipment	24,950	19,787	6,824	12,963
Garages and sheds	2,150	2,150	1,436	714
Street maintenance	8,350	11,212	9,891	1,321
Street replacement	29,000	29,000	-	29,000
Snow and ice control	26,168	28,192	23,187	5,005
Street lighting	13,500	13,500	13,628	(128)
Refuse and garbage collection	30,000	30,000	34,137	(4,137)
Recycling	19,860	19,889	14,489	5,400
Storm sewers	2,500	500	-	500
Miscellaneous general expenses	400	400	142	258
Total Public Works	156,878	154,630	103,734	50,896
LEISURE ACTIVITIES				
Parks	19,050	20,570	17,569	3,001
Recreation administration	250	250	-	250
Total Leisure Activities	19,300	20,820	17,569	3,251

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

VILLAGE OF SULLIVAN

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CONSERVATION AND DEVELOPMENT				
Conservation and development	\$ 2,150	\$ 2,150	\$ 1,915	\$ 235
Weed control	<u>2,500</u>	<u>2,674</u>	<u>2,673</u>	<u>1</u>
Total Conservation and Development	<u>4,650</u>	<u>4,824</u>	<u>4,588</u>	<u>236</u>
 Total Expenditures	<u>431,173</u>	<u>431,173</u>	<u>346,758</u>	<u>84,415</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(16,167)</u>	<u>(16,167)</u>	<u>66,597</u>	<u>82,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(15,602)</u>	<u>(15,602)</u>	<u>(15,602)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(15,602)</u>	<u>(15,602)</u>	<u>(15,602)</u>	<u>-</u>
 Net Change in Fund Balance	<u>(31,769)</u>	<u>(31,769)</u>	<u>50,995</u>	<u>82,764</u>
 FUND BALANCE - Beginning of Year	<u>619,952</u>	<u>619,952</u>	<u>619,952</u>	<u>-</u>
 FUND BALANCE - END OF YEAR	<u>\$ 588,183</u>	<u>\$ 588,183</u>	<u>\$ 670,947</u>	<u>\$ 82,764</u>

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

VILLAGE OF SULLIVAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.00093014%	\$ 22,847	\$ 136,473	16.74%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2015

<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>
12/31/15	\$ 9,553	\$ 9,553	\$ -	\$ 136,473	7.00%

VILLAGE OF SULLIVAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

BUDGETARY INFORMATION

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

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

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were \$583,826. 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 that occurred within the fiscal year.

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

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

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

DRAFT

VILLAGE OF SULLIVAN

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS

As of December 31, 2015

	<u>Tax Collection Fund</u>	<u>Fire Donation Fund</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 613,672	\$ 13,210	\$ 626,882
Tax roll receivable	<u>136,078</u>	<u>-</u>	<u>136,078</u>
TOTAL ASSETS	<u>\$ 749,750</u>	<u>\$ 13,210</u>	<u>\$ 762,960</u>
LIABILITIES			
Due to other governments	<u>\$ 749,750</u>	<u>\$ 13,210</u>	<u>\$ 762,960</u>
TOTAL LIABILITIES	<u>\$ 749,750</u>	<u>\$ 13,210</u>	<u>\$ 762,960</u>

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