



VILLAGE OF MERRILLAN, WISCONSIN

AUDITED FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2022

Johnson Block and Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin
(608) 987-2206

VILLAGE OF MERRILLAN, WISCONSIN
DECEMBER 31, 2022
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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Merrilan, Wisconsin

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Merrilan, Wisconsin ("Village"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Required Supplementary Information (Continued)

Management has omitted the Management’s Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The supplementary information 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. The supplementary 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. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the Village’s 2021 financial statements and, in our report dated March 24, 2022, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities and the major fund.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
March 23, 2023

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Village of Merrillan, Wisconsin
Statement of Net Position
December 31, 2022

(With summarized financial information as of December 31, 2021)

	Governmental Activities	Business-Type Activities	Total	
			2022	2021
ASSETS				
Current assets:				
Cash and investments	\$ 60,117	\$ 367,264	\$ 427,381	\$ 538,105
Receivables				
Taxes	54,820		54,820	47,170
Customer		56,834	56,834	49,448
Due from other governments	3,306		3,306	4,872
Materials and supplies		15,061	15,061	13,426
Total current assets	118,243	439,159	557,402	653,021
Restricted assets:				
Restricted cash and investments	126,184	148,425	274,609	309,112
Capital assets:				
Property, plant and equipment	2,320,291	7,239,479	9,559,770	9,476,093
Less: accumulated depreciation	1,307,871	3,391,626	4,699,497	4,525,326
Net book value of capital assets	1,012,420	3,847,853	4,860,273	4,950,767
DEFERRED OUTFLOWS OF RESOURCES				
Miscellaneous deferred debits		23,710	23,710	47,420
Total assets and deferred outflows of resources	\$ 1,256,847	\$ 4,459,147	\$ 5,715,994	\$ 5,960,320

Exhibit A-1 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Net Position
December 31, 2022

(With summarized financial information as of December 31, 2021)

	Governmental Activities	Business-Type Activities	Total	
			2022	2021
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 14,346	\$ 38,709	\$ 53,055	\$ 40,126
Accrued and other current liabilities	2,643	6,217	8,860	9,410
Unearned revenue	48,878		48,878	27,528
Accrued interest		5,315	5,315	4,903
Current portion of long-term obligations	4,674	80,193	84,867	102,402
Total current liabilities	70,541	130,434	200,975	184,369
Current liabilities payable from restricted assets:				
Current portion of mortgage revenue bonds		48,901	48,901	47,283
Accrued interest		1,395	1,395	1,581
Total current liabilities payable from restricted assets		50,296	50,296	48,864
Noncurrent liabilities:				
General obligation debt	36,774	368,827	405,601	507,905
Mortgage revenue bonds		376,605	376,605	423,888
Less: current portion	(4,674)	(129,094)	(133,768)	(149,685)
Total noncurrent liabilities	32,100	616,338	648,438	782,108
Total liabilities	102,641	797,068	899,709	1,015,341
DEFERRED INFLOW OF RESOURCES				
Deferred revenues			64,454	60,646
NET POSITION				
Net investment in capital assets	975,646	3,102,421	4,078,067	4,018,974
Restricted for:				
EMS activities	66,329		66,329	91,973
Fire department	2,016		2,016	161
Cemetery	57,839		57,839	48,533
Sewer utility		85,014	85,014	100,235
Electric and water utility		62,016	62,016	66,629
Unrestricted	(12,078)	412,628	400,550	557,828
Total net position	1,089,752	3,662,079	4,751,831	4,884,333
Total liabilities, deferred inflow of resources, and net position	\$ 1,256,847	\$ 4,459,147	\$ 5,715,994	\$ 5,960,320

Exhibit A-2
Village of Merrillan, Wisconsin
Statement of Activities
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	Program Revenues					Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business Type Activities	Total	
			Grants and Contributions	Grants and Contributions			2022	2021
<u>Functions/Programs</u>								
Primary government:								
Governmental activities:								
General government	\$ 114,645	\$ 8,003	\$	\$	\$ (106,642)	\$	\$ (106,642)	\$ (85,320)
Public safety	114,206	31,152	12,279	7,244	(63,531)		(63,531)	(92,871)
Public works	156,424		34,919		(121,505)		(121,505)	(93,069)
Sanitation	47,748				(47,748)		(47,748)	(48,820)
Health and human services	7,581	11,010			3,429		3,429	(795)
Culture and recreation	8,713	5,190			(3,523)		(3,523)	(14,325)
Conservation and development								(300)
Economic development	650				(650)		(650)	(650)
Interest and fiscal charges	1,733				(1,733)		(1,733)	(1,823)
Total governmental activities	451,700	55,355	47,198	7,244	(341,903)		(341,903)	(337,973)
Business-type activities:								
Water and electric	611,415	595,189		1,000		(15,226)	(15,226)	(18,985)
Sewer	202,860	168,364		7,710		(26,786)	(26,786)	(31,886)
Total business-type activities	814,275	763,553		8,710		(42,012)	(42,012)	(50,871)
Total primary government	\$ 1,265,975	\$ 818,908	\$ 47,198	\$ 15,954	(341,903)	(42,012)	(383,915)	(388,844)
General Revenues and Transfers:								
Property taxes								
General purposes					37,437		37,437	37,313
Tax increment					23,209		23,209	21,805
Other taxes					2,120		2,120	2,245
Federal and State aid not restricted for specific purposes								
General					187,299		187,299	187,295
Interest and investment earnings					1,377	1,196	2,573	1,554
Miscellaneous					4,782		4,782	24,350
Gain (Loss) on sale of capital assets					(6,007)		(6,007)	
Transfers					43,710	(43,710)		
Total general revenues and transfers					293,927	(42,514)	251,413	274,562
Changes in net position					(47,976)	(84,526)	(132,502)	(114,282)
Net position - beginning					1,137,728	3,746,605	4,884,333	4,998,615
Net position - ending					\$ 1,089,752	\$ 3,662,079	\$ 4,751,831	\$ 4,884,333

Exhibit A-3
Village of Merrillan, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2022

(With summarized financial information as of December 31, 2021)

	General	Other Governmental Fund - TID #1	Total	
			Governmental Funds 2022	2021
ASSETS				
Cash and investments	\$ 9,911	\$ 50,206	\$ 60,117	\$ 110,366
Restricted cash	126,184		126,184	140,667
Receivables:				
Taxes	32,868	21,952	54,820	47,170
Due from other governments	3,306		3,306	4,872
Total assets	\$ 172,269	\$ 72,158	\$ 244,427	\$ 303,075
LIABILITIES				
Accounts payable	\$ 14,346	\$	\$ 14,346	\$ 13,975
Accrued payroll liabilities	2,643		2,643	4,284
Unearned revenue	48,878		48,878	27,528
Total liabilities	65,867		65,867	45,787
DEFERRED INFLOW OF RESOURCES				
Deferred property tax revenue	37,813	26,641	64,454	60,646
FUND BALANCES				
Restricted	126,184		126,184	140,667
Unassigned (deficit)	(57,595)	45,517	(12,078)	55,975
Total fund balances	68,589	45,517	114,106	196,642
Total liabilities, deferred inflow of resources, and fund balances	\$ 172,269	\$ 72,158	\$ 244,427	\$ 303,075

Exhibit A-4
Village of Merrillan, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2022
(With summarized financial information as of December 31, 2021)

	2022	2021
Total fund balances-governmental funds:	\$ 114,106	\$ 196,642
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 fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental capital asset	2,320,291	
Governmental accumulated depreciation	(1,307,871)	982,274
	1,012,420	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:		
Notes payable	(36,774)	(41,188)
Total net position of governmental activities	\$ 1,089,752	\$ 1,137,728

Exhibit A-5
Village of Merrilan, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	General	Other Governmental Fund - TID #1	Total	
			Governmental Funds	
			2022	2021
REVENUES				
Taxes	\$ 39,556	\$ 23,209	\$ 62,765	\$ 61,362
Intergovernmental	229,524		229,524	225,039
Licenses and permits	12,268		12,268	10,987
Public charges for services	19,087		19,087	20,898
Intergovernmental charges for services	24,000		24,000	42,497
Interest and investment earnings	1,647		1,647	843
Miscellaneous	16,730		16,730	55,306
Total revenues	342,812	23,209	366,021	416,932
EXPENDITURES				
Current:				
General government	104,940		104,940	91,885
Public safety	131,371		131,371	170,588
Public works	161,260		161,260	72,342
Sanitation	47,748		47,748	48,820
Health and human services	7,581		7,581	6,811
Culture and recreation	7,541		7,541	16,486
Conservation and development				300
Economic development		650	650	650
Debt service:				
Principal retirement	4,414		4,414	4,324
Interest and fiscal charges	1,733		1,733	1,823
Capital outlay:				
Public works	25,029		25,029	
Total expenditures	491,617	650	492,267	414,029
Excess of revenues over (under) expenditures	(148,805)	22,559	(126,246)	2,903
OTHER FINANCING SOURCES (USES)				
Transfer from utility - tax equivalent	43,710		43,710	43,916
Net change in fund balances	(105,095)	22,559	(82,536)	46,819
Fund balance - beginning	173,684	22,958	196,642	149,823
Fund balance - ending	\$ 68,589	\$ 45,517	\$ 114,106	\$ 196,642

Exhibit A-6
Village of Merrillan, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	2022	2021
Net change in fund balances-total governmental funds	\$ (82,536)	\$ 46,819
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	103,984	
Depreciation expenses reported in the statement of activities	(67,831)	(71,349)
Amount by which capital outlays are greater (less) than depreciation in the current period.	36,153	(71,349)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals).</p>		
	(6,007)	
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.</p>		
The amount of long-term debt principal payments in the current year is:	4,414	4,324
Change in net position-governmental activities	\$ (47,976)	\$ (20,206)

Exhibit A-7
Village of Merrillan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2022

(With summarized financial information as of December 31, 2021)

	Electric & Water Utility	Sewer Utility	Total	
			2022	2021
ASSETS				
Current assets:				
Cash and investments	\$ 286,138	\$ 81,126	\$ 367,264	\$ 427,739
Receivables:				
Customer	40,495	16,339	56,834	49,448
Due from other funds				2,000
Materials and supplies	15,061		15,061	13,426
Total current assets	341,694	97,465	439,159	492,613
Restricted assets:				
Debt service fund	62,353	37,186	99,539	119,933
Bond depreciation fund		48,886	48,886	48,512
Total restricted assets	62,353	86,072	148,425	168,445
Fixed assets:				
Water and electric	3,936,494		3,936,494	3,921,543
Sewerage plant		3,302,985	3,302,985	3,292,525
Less: accumulated depreciation	(2,044,264)	(1,347,362)	(3,391,626)	(3,245,575)
Net property and plant	1,892,230	1,955,623	3,847,853	3,968,493
DEFERRED OUTFLOWS OF RESOURCES				
Miscellaneous deferred debits	23,710		23,710	47,420
Total assets and deferred outflows of resources	\$ 2,319,987	\$ 2,139,160	\$ 4,459,147	\$ 4,676,971

Exhibit A-7 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2022

(With summarized financial information as of December 31, 2021)

	Electric & Water Utility	Sewer Utility	Total	
			2022	2021
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 34,911	\$ 3,798	\$ 38,709	\$ 26,151
Due to other funds				2,000
Accrued and other current liabilities	4,947	1,270	6,217	5,126
Accrued interest	5,315		5,315	4,903
Current portion of long-term obligations	80,193		80,193	97,922
Total current liabilities	125,366	5,068	130,434	136,102
Current liabilities payable from restricted assets:				
Current portion of long-term obligations	14,541	34,360	48,901	47,283
Accrued interest	337	1,058	1,395	1,581
Total current liabilities payable from restricted assets	14,878	35,418	50,296	48,864
Long-term liabilities:				
General obligation debt	368,827		368,827	466,717
Mortgage revenue bonds	157,303	219,302	376,605	423,888
Less: current portion	(94,734)	(34,360)	(129,094)	(145,205)
Total long-term liabilities	431,396	184,942	616,338	745,400
Total liabilities	571,640	225,428	797,068	930,366
NET POSITION				
Net investment in capital assets	1,366,100	1,736,321	3,102,421	3,077,888
Restricted	62,016	85,014	147,030	166,864
Unrestricted	320,231	92,397	412,628	501,853
Total net position	1,748,347	1,913,732	3,662,079	3,746,605
Total liabilities and net position	\$ 2,319,987	\$ 2,139,160	\$ 4,459,147	\$ 4,676,971

Exhibit A-8
Village of Merrillan, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	Electric & Water Utility	Sewer Utility	Total	
			2022	2021
OPERATING REVENUES				
Water & electric	\$ 585,421	\$	\$ 585,421	\$ 528,641
Sewer service		167,697	167,697	161,404
Other	9,768	667	10,435	9,635
Total operating revenues	595,189	168,364	763,553	699,680
OPERATING EXPENSES				
Operation and maintenance	512,189	125,784	637,973	563,445
Depreciation expense	79,736	65,441	145,177	144,444
Taxes	7,572	3,120	10,692	10,016
Total operating expenses	599,497	194,345	793,842	717,905
Total operating income	(4,308)	(25,981)	(30,289)	(18,225)
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(11,918)	(8,515)	(20,433)	(33,446)
Interest income	587	609	1,196	711
Total net nonoperating revenues (expenses)	(11,331)	(7,906)	(19,237)	(32,735)
Income (loss) before contributions and transfers	(15,639)	(33,887)	(49,526)	(50,960)
Capital contributions	1,000	7,710	8,710	800
Transfer of tax equivalent	(43,710)		(43,710)	(43,916)
Changes in net position	(58,349)	(26,177)	(84,526)	(94,076)
Net position - beginning	1,806,696	1,939,909	3,746,605	3,840,681
Net position - ending	\$ 1,748,347	\$ 1,913,732	\$ 3,662,079	\$ 3,746,605

Exhibit A-9
Village of Merrillan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	Business Type Activities- Enterprise Funds		Totals	
	Electric & Water Utility	Sewer Utility	2022	2021
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Received from customers	\$ 589,719	\$ 166,448	\$ 756,167	\$ 704,194
Payments to employees	(115,005)	(39,699)	(154,704)	(147,453)
Payments for employee benefits	(57,454)	(31,847)	(89,301)	(72,381)
Payments to suppliers	(313,533)	(54,404)	(367,937)	(320,499)
Net cash flows from operating activities	103,727	40,498	144,225	163,861
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(43,710)		(43,710)	(43,916)
Net cash flows (used by) noncapital financing activities	(43,710)		(43,710)	(43,916)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(15,076)	(10,460)	(25,536)	(14,037)
Capital contributions	1,000	7,710	8,710	800
Proceeds from long-term debt				288,500
Debt retired	(112,246)	(32,927)	(145,173)	(445,831)
Interest paid	(11,537)	(8,670)	(20,207)	(42,383)
Net cash flows (used by) capital and related financing activities	(137,859)	(44,347)	(182,206)	(212,951)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES				
Interest income	587	609	1,196	711
Purchase of investments	(52,863)	(48,886)	(101,749)	(101,013)
Proceeds of investments maturing	52,501	48,512	101,013	100,500
Net cash flows from investing activities	225	235	460	198
Net change in cash and cash equivalents	(77,617)	(3,614)	(81,231)	(92,808)
Cash and cash equivalents - beginning of the year	373,245	121,926	495,171	587,979
Cash and cash equivalents - end of the year	\$ 295,628	\$ 118,312	\$ 413,940	\$ 495,171
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 286,138	\$ 81,126	\$ 367,264	\$ 427,739
Restricted cash and investments	62,353	86,072	148,425	168,445
Cash and cash equivalents	348,491	167,198	515,689	596,184
Less: non-cash equivalents	(52,863)	(48,886)	(101,749)	(101,013)
Cash and cash equivalents	\$ 295,628	\$ 118,312	\$ 413,940	\$ 495,171

Exhibit A-9 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022
(With summarized financial information for the year ended December 31, 2021)

	Business Type Activities-		Totals	
	Enterprise Funds			
	Electric & Water Utility	Sewer Utility	2022	2021
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ (4,308)	\$ (25,981)	\$ (30,289)	\$ (18,225)
Noncash items in operating income:				
Depreciation expense	80,735	65,441	146,176	145,389
Changes in assets and liabilities:				
Customer accounts receivable	(5,470)	(1,916)	(7,386)	4,514
Material and supplies	(1,635)		(1,635)	3,092
Miscellaneous deferred debit	23,710		23,710	23,710
Due from other funds		2,000	2,000	(2,000)
Accounts payable	12,071	487	12,558	3,231
Due to other funds	(2,000)		(2,000)	2,000
Accrued and other current liabilities	624	467	1,091	2,150
Net cash provided by operating activities	<u>\$ 103,727</u>	<u>\$ 40,498</u>	<u>\$ 144,225</u>	<u>\$ 163,861</u>

Exhibit A-10
Village of Merrilan, Wisconsin
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

(With summarized financial information as of December 31, 2021)

	Custodial Fund	Totals	
	Tax Collection Fund	2022	2021
ASSETS			
Cash and investments	\$ 80,228	\$ 80,228	\$ 99,352
Taxes receivable	375,618	375,618	318,536
Total assets	\$ 455,846	\$ 455,846	\$ 417,888
LIABILITIES			
Due to other taxing units	\$ 455,846	\$ 455,846	\$ 417,888
NET POSITION			
Restricted			
Total liabilities and net position	\$ 455,846	\$ 455,846	\$ 417,888

Exhibit A-11
 Village of Merrilan, Wisconsin
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 December 31, 2022

(With summarized financial information as of December 31, 2021)

	Custodial Fund	Totals	
	Tax Collection Fund	2022	2021
ADDITIONS			
Property tax collections for other governments	\$ 235,184	\$ 235,184	\$ 233,351
DEDUCTIONS			
Payments of property taxes to other governments	235,184	235,184	233,351
Net increase (decrease) in fiduciary net position			
Net position - beginning			
Net position - ending	\$	\$	\$

NOTES TO THE BASIC FINANCIAL STATEMENTS

Village of Merrillan, Wisconsin
December 31, 2022
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Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Merrillan is located in Jackson County, Wisconsin. The accounting policies of the Village of Merrillan conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. Significant accounting policies and principles of the Village of Merrillan are summarized below:

A. Reporting Entity

This report includes all of the funds of the Village of Merrillan, Wisconsin. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

B. Government-Wide and Fund Financial Statements

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

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

Fund Financial Statements

Financial statements of the reporting entity 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, liabilities, net position/fund equity, revenues, and expenditure/expenses.

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.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Cont.)

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

The Village reports the following major governmental funds:

General Fund – Accounts for the Village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The Village reports the following major proprietary funds:

- Water and Electric Utility – Accounts for operations of the electric and water system.
- Sewer Utility – Accounts for the operations of the sewer utility.

The Village reports the following non-major governmental fund:

TID #1 Fund – Accounts for the activity of the Tax Incremental District, including any payment of long-term debt principal, interest, and related costs.

Fiduciary Funds (Not included in Government-Wide Statements)

The Village reports the following fiduciary fund:

Fiduciary funds consist of pension (and other employee benefit) trust funds, private-purpose trust funds, investment funds, and custodial funds. Fiduciary funds should be used only to report resources held for individuals, private organizations, or other governments. A fund is presented as a fiduciary fund when all of the following criteria are met: a) The government controls the assets that finance the activity, b) Assets are not generated from the government’s own-source revenues or from government-mandated or voluntary nonexchange transactions, c) Assets are administered through a qualifying trust or the government does not have administrative involvement and the assets are not generated from the government’s delivery of goods or services to the beneficiaries, or the assets are for the benefit of entities that are not part of the government’s reporting entity.

Custodial Funds - used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village accounts for tax collections payable to overlying taxing jurisdictions in a custodial fund.

Tax Collection

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 inflow of resources. 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 water and sewer utility 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 of resources. 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 deferred inflows of resources. Resources (typically cash) received before all eligibility requirements have been met are reported as assets and offset by unearned revenue (a liability) unless only a time requirement has not been met. In that case, deferred inflows of resources are reported rather than a liability.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

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.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont.)

The Village reports deferred inflows of resources on its governmental funds balance sheet. For governmental fund financial statements, deferred inflows or resources arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the electric and water utility and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to the standards in Governmental Accounting Standards.

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

D. Deposits and Investments

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 in the accompanying custodial fund balance sheet.

Property tax calendar – 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023

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 Village and the utilities because they have the right by law to place delinquent bills on the tax roll.

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 government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories

Inventories of governmental fund types consist of expendable supplies held for consumption. Such amounts, which are not material, are considered expenditures when purchased and, accordingly, are not reflected.

Inventories of proprietary fund types are valued at the lower-of-cost or market using the first-in, first-out method and are charged as expenses or are capitalized when used.

G. Restricted Assets

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

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 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 fixed 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. 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 fixed 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 of depreciation. The range of estimated useful lives by type of asset is as follows:

	<u>Years</u>
Buildings	50
Machinery and Equipment	5
Infrastructure	25
Vehicles	10-20

Fund Financial Statements

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

I. Unearned Revenue

The Village reports unearned revenue on its governmental fund balance sheet. Unearned revenue arises when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Village has a legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized.

J. Compensated Absences

Employees are granted vacation in varying amounts based on length of service. Vacation pay at year-end is not material to these financial statements. Sick leave hours are accumulated by employees for subsequent use. Employees earn ten days of sick leave per year of service. No sick leave can be carried over from year to year. Sick leave does not vest to employees. Actual expenditures are recorded at the time the benefits are used by the employee, and will be paid at the rate of pay then in effect.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

L. 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.

M. 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, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital 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 position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity Classifications (Cont.)

Fund Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-Spendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed may be assigned. Assignments may take place after the end of the reporting period.
- 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 non-spendable.

The Board may, from time to time, commit additional amounts of fund balance to a specific purpose. Such action shall be taken in open meeting and require the approval of a majority of the Board. Commitments of fund balance, once made, can be modified only by majority vote of the Board.

The Board has adopted a financial standard to maintain a general fund balance equal to 15% of annual general fund expenditures. In the event that the balance drops below the established minimum level, the Village Board will develop a plan to replenish the fund balance to the established level in two years. As of December 31, 2022 the general fund balance was 14% of the 2022 general fund expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the Village to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the Village that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

N. Transfers

Transfers include the payment in lieu of taxes from the water and sewer utility to the general fund.

O. Income Tax

Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded by the Merrillan Utilities.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Q. Encumbrances

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year-end are fulfilled. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrances accounting applies only to governmental fund types. The Village does not use encumbrance accounting.

R. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been reflected in the government financial statements. Delinquent real estate taxes of the Village are paid in full by the County, which assumes the responsibility for collection. In addition, delinquent user charges are placed on the tax roll if not collected.

S. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

T. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

At December 31, 2022, cash and investments included the following:

Petty Cash	\$	250
Deposits with financial institutions		781,968
Total cash and investments		<u><u>\$ 782,218</u></u>

Cash and investments as of December 31, 2022, are classified in the accompanying financial statements as follows:

Exhibit A-1:		
Cash and investments	\$	427,381
Cash and investments - restricted		274,609
Exhibit A-10:		
Cash and investments		80,228
Total cash and investments		<u><u>\$ 782,218</u></u>

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Village's policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity 12 months or less
Certificates of deposit	\$ 125,996	125,996

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has chosen to limit its allowable investments to these instruments:

1. Certificates of Deposit – Village funds may be invested in certificates of deposit maturing within one (1) year or less from the date of investment issued by any banks, savings and loan associations or credit unions which are authorized to transact business in the State of Wisconsin. The financial institutions must have been designated as a public depository of the Village by resolution or ordinance of the Village Board.
2. Government Bonds and Securities – Village funds may be invested in United States government bonds or securities which are direct obligations of or guaranteed as to principal and interest by the federal government; and, bonds or securities which are obligations of any agency, commission, board or other instrumentality of the federal government, where principal and interest are guaranteed by the federal government. The securities must be purchased through financial institutions authorized to conduct business in the State of Wisconsin and placed in safekeeping in a segregated account in the Village's name at any designated public depository or approved financial institution.
3. Government Investment Pool – Village funds may be invested in the Wisconsin Local Government Pool Investment Fund without restriction as to the amount of deposit or collateralization.
4. Repurchase Agreements – Village funds may be invested in repurchase agreements, in financial institutions authorized to conduct business in the State of Wisconsin. Repurchase agreements can only be made in securities which are direct obligations of or guaranteed as to principal and interest by the federal government; and, securities which are obligations of an agency, commission, board or other instrumentality of the federal government, where principal and interest are guaranteed by the federal government. Securities purchased by a repurchase agreement must be placed in safekeeping in a segregated account in the Village's name at any designated public depository or approved financial institution.
5. Savings Deposit – Village funds may be temporarily invested in savings deposits.
6. Securities – The Village Clerk-Treasurer may invest in private securities which are senior to, or on a parity with, a security of the same issuer which is rated highest or second highest by Moody's Investors Service, Standard & Poor's Corporation or other similar nationally recognized rating agency.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in possession of another party. The Village's policy for custodial credit risk is as follows:

1. Depositories – The Village Board shall, by ordinance or resolution, designate one (1) or more public depositories, organized and doing business under the laws of this state or federal law, and located in Wisconsin, in which the Village Clerk-Treasurer shall deposit all public monies received by her/him.
2. Limitations – The resolution or ordinance designating one (1) or more public depositories shall specify whether the monies shall be maintained in time deposits subject to limitations of Sec. 66.04(2), Wis. Stats., demand deposits or savings deposits, and whether the surety bond or other security shall be required to be furnished under Sec. 34.07, Wis. Stats., by the public depository to secure the repayment of such deposits. Not more than Seven Hundred Fifty Thousand Dollars (\$750,000) shall be deposited in any one (1) public depository, unless specifically authorized by the Village Board.

Deposits in each local and area bank are insured by the FDIC. Time and savings deposits are insured up to \$250,000. Separately, demand deposits are insured up to \$250,000. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2022, \$579,811 of Village deposits were insured by FDIC and \$187,668 of the Village's deposits with financial institutions in excess of federal depository insurance limits were exposed to custodial risk as follows:

<u>Uninsured and Uncollateralized</u>	
Time and Savings Deposits	<u>\$ 187,668</u>

All of this amount would be insured by the State of Wisconsin Guarantee Fund providing funds are available at the time of any potential loss.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year significantly exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The Village places no limit on the amount the Village may invest in any one issuer.

NOTE 4

RESTRICTED ASSETS

Bond Reserve and Depreciation Accounts: Represent cash and investments restricted in accordance with the revenue bond ordinance.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 5

DEFERRED INFLOW OF RESOURCES

Governmental funds report deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2022 the various components of deferred inflow of resources reported in the governmental funds was as follows:

Property Tax Levy	\$	64,219
Omitted Taxes		28
Special Charges		207
Total	\$	<u>64,454</u>

NOTE 6

CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 25,891	\$	\$	\$ 25,891
	<u>25,891</u>			<u>25,891</u>
Other capital assets:				
Buildings and improvements	431,282	5,000		436,282
Infrastructure	957,512	56,633		1,014,145
Machinery and equipment	124,982		(24,023)	100,959
Vehicles	722,358	42,351	(21,695)	743,014
Total other capital assets at historical costs	<u>2,236,134</u>	<u>103,984</u>	<u>(45,718)</u>	<u>2,294,400</u>
Less accumulated depreciation:				
Buildings and improvements	372,559	3,491		376,050
Infrastructure	282,708	40,566		323,274
Machinery and equipment	119,320	1,510	(24,023)	96,807
Vehicles	505,164	22,264	(15,688)	511,740
Total accumulated depreciation	<u>1,279,751</u>	<u>67,831</u>	<u>(39,711)</u>	<u>1,307,871</u>
Net other capital assets	<u>956,383</u>	<u>36,153</u>	<u>(6,007)</u>	<u>986,529</u>
Total net capital assets	<u>\$ 982,274</u>	<u>\$ 36,153</u>	<u>\$ (6,007)</u>	<u>\$ 1,012,420</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General government	\$ 3,527
Public safety	11,335
Public works	51,797
Culture and recreation	1,172
Total depreciation for governmental activities	<u>\$ 67,831</u>

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 6

CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-Type Activities:</u>				
Capital assets not being depreciated:				
Intangible plant				
Land and land rights	\$ 33,975	\$	\$	\$ 33,975
Total capital assets not being depreciated	33,975			33,975
Capital assets being depreciated:				
Water:				
Structures and improvements	106,171			106,171
Pumping equipment	58,848			58,848
Water treatment	9,249			9,249
Transmission and distribution	2,692,645	3,606	(125)	2,696,126
General plant	68,547	1,000		69,547
Sewer:				
Structures and improvements	789,153			789,153
Transmission and distribution	2,304,799			2,304,799
Pumping equipment	94,543	7,710		102,253
Miscellaneous equipment	78,282	2,750		81,032
Electric:				
Structures and improvements	178,869			178,869
Transmission and distribution	691,678	9,470		701,148
General plant	107,309	1,000		108,309
Total capital assets being depreciated	7,180,093	25,536	(125)	7,205,504
Total accumulated depreciation	3,245,575	146,176	(125)	3,391,626
Net capital assets being depreciated	3,934,518	(120,640)		3,813,878
Total net capital assets	\$ 3,968,493	\$ (120,640)	\$	\$ 3,847,853

Depreciation expense was charged to functions as follows:

<u>Business-Type Activities:</u>	
Electric and Water	\$ 80,735
Sewer	65,441
Total depreciation expense	146,176
Less: Electric and Water depreciation expense allocated to sewer	(999)
Total depreciation expense per Exhibit A-8	\$ 145,177

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 7

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
General Obligation Debt:					
Direct Borrowings and Direct Placements	\$ 41,188		\$ (4,414)	\$ 36,774	\$ 4,674
Total Governmental Activities Long-Term Liabilities	\$ 41,188		\$ (4,414)	\$ 36,774	\$ 4,674
<u>Business –Type Activities</u>					
General Obligation Debt:					
Bonds	\$ 125,000		\$ (40,000)	\$ 85,000	\$ 40,000
Direct Borrowings and Direct Placements	341,717		(57,890)	283,827	40,193
Total general obligation debt	466,717		(97,890)	368,827	80,193
Revenue Debt:					
Direct Borrowings and Direct Placements	423,888		(47,283)	376,605	48,901
Total Business-Type Activities Long-Term Liabilities	\$ 890,605		\$ (145,173)	\$ 745,432	\$ 129,094

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. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022 was \$1,457,185. There was \$405,601 of general obligation debt outstanding at year-end.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2022
<u>Governmental Activities</u>					
Note Payable	11/19/2019	11/19/2029	4.25%	\$ 50,000	\$ 36,774
<u>Business-Type Activities</u>					
G.O. Refunding Bonds	7/6/2011	3/1/2024	4.00%	465,000	85,000
Promissory Note	6/29/2021	3/15/2033	1.99%	288,500	265,463
Promissory Note	9/6/2019	7/6/2023	2.95%	128,000	18,364
Total General Obligation Debt					\$ 405,601

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

		Governmental Activities				
		General Obligation Debt				
		Direct Borrowings and Direct Placements				
Years		Principal	Interest		Total	
2023	\$	4,674	\$ 1,473	\$	6,147	
2024		4,877	1,270		6,147	
2025		5,088	1,059		6,147	
2026		5,309	838		6,147	
2027		5,539	608		6,147	
2028-2032		11,287	486		11,773	
Totals	\$	36,774	\$ 5,734	\$	42,508	

		Business-Type Activities					
		General Obligation Debt					
		Bonds			Direct Borrowings and Direct		
Years		Principal	Interest	Total	Principal	Interest	Total
2023	\$	40,000	\$ 2,600	\$ 42,600	\$ 40,193	\$ 5,447	\$ 45,640
2024		45,000	900	45,900	22,250	4,862	27,112
2025					22,706	4,406	27,112
2026					23,158	3,954	27,112
2027					23,618	3,493	27,111
2028-2032					125,320	10,236	135,556
2033					26,582	529	27,111
Totals	\$	85,000	\$ 3,500	\$ 88,500	\$ 283,827	\$ 32,927	\$ 316,754

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility. Revenue debt payable at December 31, 2022 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2022
<u>Business-Type Activities</u>					
Revenue Bonds	12/1/2004	12/1/2024	5.6-5.85%	\$ 217,000	\$ 39,000
Revenue Bonds	5/23/2012	5/1/2032	3.00%	230,435	132,184
Revenue Bonds	5/23/2012	5/1/2032	1.32%	232,797	124,357
Revenue Bonds	6/12/2013	5/1/2033	2.625%	74,395	48,118
Revenue Bonds	6/12/2013	5/1/2033	1.155%	40,386	32,946
Total Revenue Debt					\$ 376,605

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Year	Business-Type Activities		
	Revenue Debt		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2023	\$ 48,901	\$ 9,168	\$ 58,069
2024	50,535	7,462	57,997
2025	31,184	5,635	36,819
2026	31,849	4,962	36,811
2027	32,530	4,272	36,802
2028-2032	173,472	10,409	183,881
2033	8,134	83	8,217
Totals	\$ 376,605	\$ 41,991	\$ 418,596

The 2004 bond resolutions require for the further protection of bond holders a statutory mortgage lien, created by Section 66.066 of the Wisconsin Statutes, upon the system which is recognized as valid and binding upon the Village.

The sewerage, electric, and water system revenue bonds require that the following:

Debt Service Fund Requirement: The Bond covenants require the utility to establish and maintain a Debt Service Fund Account, deposits to be made monthly equal to one-sixth (1/6) of the next installment of interest coming due on the Prior Bonds, the Bonds and any Parity Bonds then outstanding and an amount equal to one-twelfth (1/12) of the installment of principal of the Prior Bonds, the Bonds and any Parity Bonds coming due during such Bond Year (after giving effect to available amounts in said Fund from accrued interest, any premium or any other source). This requirement was met for the sewer utility and the electric & water utility for the year ended December 31, 2022. The debt service fund requirement for the sewer utility is \$3,485 and the Debt Service Fund Account had a balance of \$37,186 at December 31, 2022. The debt service fund requirement for the electric & water utility is \$1,380 and the Debt Service Fund Account had a balance of \$62,353 at December 31, 2022.

Annual Debt Service Requirement: The Village covenants to establish, charge and collect such lawfully established rates and charges for the services provided by the Sewerage and Water System so that net revenues (i.e. gross revenues less all costs of operation and maintenance, exclusive of debt service, depreciation, or local tax equivalents) will be at least 1.10 times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenues of the Sewerage and Water System each year. This requirement was not met for the sewer utility and was met for the electric & water utility for the year ended December 31, 2022. The net earnings for the sewer utility were \$40,069 or 0.96 times the annual principal and interest amount of \$41,600. The net earnings for the electric & water utility were \$76,015 or 4.62 times the annual principal and interest amount of \$18,116.

In addition, the bond resolutions require segregation of the proceeds of the mortgage revenue bonds and the creation and continual funding of several accounts from operating revenues as described below:

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 7 LONG-TERM OBLIGATIONS (CONTINUED)

Depreciation Accounts

The bond resolutions require that sufficient income and revenues shall be set-aside in depreciation accounts to be used to restore any deficiencies in the special redemption and reserve accounts. When sufficient for this purpose, money may then be used for additions to and betterments of the system.

The balance in this account at December 31, 2022 was as follows:

Sewer Utility	<u>Depreciation</u>
	<u>\$ 48,886</u>

NOTE 8 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated

The following is a schedule of interfund transfers:

Fund Transfer To	Fund Transferred From	Amount
Government Funds:		
General	Electric & Water utility-tax equivalent	\$ 43,710
Proprietary Funds:		
General	Electric & Water utility-tax equivalent	\$ 43,710

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) used unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed.

NOTE 9 GOVERNMENTAL FUND BALANCES

Fund balance as of December 31, 2022 includes the following items:

Major Funds:	
General Fund:	
Restricted	
EMS activities	66,329
Fire department	2,016
Cemetery	57,839
Total	\$ 126,184

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 10

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Net investment in capital assets:	
Land	\$ 25,891
Other capital assets, net of accumulated depreciation	986,529
Less: related long-term debt outstanding	<u>(36,774)</u>
Total net investment in capital assets	<u>975,646</u>
Restricted for:	
EMS activities	66,329
Fire department	2,016
Cemetery	57,839
Total restricted	<u>126,184</u>
Unrestricted	<u>(12,078)</u>
Total governmental activities net position	<u><u>\$ 1,089,752</u></u>

NOTE 11

NET POSITION – PROPRIETARY FUNDS

The following calculation supports the utility net position net investment in capital assets:

Plant in service	\$ 7,239,479
Accumulated depreciation	<u>(3,391,626)</u>
Sub-total	3,847,853
Less: capital related debt	<u>(745,432)</u>
Total net investment in capital assets	<u><u>\$ 3,102,421</u></u>

Portions of net position are reserved and are not available for current expenses as follows:

Enterprise Funds:	
Sewer Utility	
Reserved for Mortgage Revenue Bonds	\$ 85,014
Electric & Water Utility	
Reserved for Mortgage Revenue Bonds	62,016
Total	<u><u>\$ 147,030</u></u>

NOTE 12

TAX LEVY LIMIT

Wisconsin Act 32 imposes a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. All of the exceptions and modifications to levy limits that existed under previous law continue to apply.

In addition, as part of Wisconsin's Act 20 (2013), legislation was passed that further limits future tax levies. If the Village adopts a new fee or a fee increase for covered services (which were partly or wholly funded by property tax levy), the Village must reduce its levy limit in the current year by the amount of the new fee or fee increase, less any previous reductions.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 13 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. When this becomes effective, application of this standard may restate portions of these financial statements.

NOTE 14 TAX INCREMENTAL FINANCE DISTRICT

The Village of Merrillan, Wisconsin Tax Incremental District No. 1 (TID) was created under the provisions of Wisconsin State Section 66.46. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

Project costs may be incurred up to five years before the District's mandatory termination date. Statutes allow the municipality to collect tax increments for a maximum of 27 years for blight elimination districts and 20 years for industrial and mixed-use TIDs. An industrial and mixed-use TID has the option to extend the maximum life by 5 years. Project cost uncollected at the dissolution date are absorbed by the municipality.

	Creation Date	Last Date to Incur Project Costs	Final Dissolution Date
District #1	8/14/2018	8/14/2033	8/14/2038

Following is the cumulative status of the TID as of December 31, 2022:

	TID #1
Revenues	
Tax Increment	\$ 67,354
Expenditures	
Capital Expenditures	5,237
Professional services	16,600
Total expenditures	21,837
Amount to be (recovered) through future increments	\$ 45,517
Cash	\$ 45,517
Amount to be recovered through future increments	\$ 45,517

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2022

NOTE 15

SUBSEQUENT EVENTS/COMMITMENTS

Subsequent to December 31, 2022, the Village approved purchasing a new maintenance truck for \$76,239. The new truck will be financed with a note from a local financial institution with a rate of 6.44%. Debt service requirements to maturity are as follows:

Years	Governmental Activities		
	General Obligation Debt		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2023	\$ 7,371	\$ 3,929	\$ 11,300
2024	9,400	4,161	13,561
2025	10,023	3,537	13,560
2026	10,688	2,872	13,560
2027	11,397	2,163	13,560
2028-2030	27,360	2,020	29,380
Totals	\$ 76,239	\$ 18,682	\$ 94,921

Required Supplementary Information

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 53,227	\$ 53,227	\$ 39,556	\$ (13,671)	\$ (13,671)
Intergovernmental	318,169	318,169	229,524	(88,645)	(88,645)
Licenses and permits	12,535	12,535	12,268	(267)	(267)
Public charges for services	11,360	11,360	19,087	7,727	7,727
Intergovernmental charges for services	46,339	46,339	24,000	(22,339)	(22,339)
Interest and investment earnings	1,500	1,500	1,647	147	147
Miscellaneous	13,900	13,900	16,730	2,830	2,830
Total revenues	457,030	457,030	342,812	(114,218)	(114,218)
EXPENDITURES					
Current:					
General government	94,755	116,055	104,940	(10,185)	11,115
Public safety	153,644	127,344	131,371	22,273	(4,027)
Public works	233,195	233,195	209,008	24,187	24,187
Health and human services	2,500	7,500	7,581	(5,081)	(81)
Leisure activities	7,000	7,000	7,541	(541)	(541)
Conservation and development	250	250		250	250
Debt service	6,136	6,136	6,147	(11)	(11)
Capital outlay	7,500	7,500	25,029	(17,529)	(17,529)
Total expenditures	504,980	504,980	491,617	13,363	13,363
Excess (deficiency) of revenues over expenditures	(47,950)	(47,950)	(148,805)	(100,855)	(100,855)
OTHER FINANCING SOURCES					
Transfer from utility - tax equivalent	47,950	47,950	43,710	(4,240)	(4,240)
Total other financing sources	47,950	47,950	43,710	(4,240)	(4,240)
Net change in fund balance			(105,095)	(105,095)	(105,095)
Fund balance - beginning	173,684	173,684	173,684		
Fund balance - ending	\$ 173,684	\$ 173,684	\$ 68,589	\$ (105,095)	\$ (105,095)

Village of Merrillan, Wisconsin
Notes to Required Supplementary Information
December 31, 2022

NOTE 1

BUDGET SCHEDULE

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

The Village budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and subsequent revisions authorized by the Village board. Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Revisions require a two-thirds vote of the Village Board. Appropriations for the general fund lapse at year end unless specifically carried forward by Board action. Budget comparisons are not required for proprietary funds.

The Village does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2022:

<u>Expenditure</u>	<u>Excess Expenditures</u>
Public safety	\$ 4,027
Health and human services	81
Leisure activities	541
Debt service	11
Capital outlay	17,529

Supplementary Information

Schedule 1
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Revenues
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
TAXES					
General property	\$ 50,827	\$ 50,827	\$ 37,437	\$ (13,390)	\$ (13,390)
Payment in lieu of taxes	1,600	1,600	1,600		
Mobile home taxes	800	800	519	(281)	(281)
Total taxes	<u>53,227</u>	<u>53,227</u>	<u>39,556</u>	<u>(13,671)</u>	<u>(13,671)</u>
INTERGOVERNMENTAL					
State shared taxes	187,172	187,172	187,284	112	112
State Aid - local fiscal recovery funds			6,178	6,178	6,178
State aid - fire insurance dues	980	980	1,127	147	147
State aid - exempt computer aid	17	17	17		
State aid - highways	130,000	130,000	34,918	(95,082)	(95,082)
Total intergovernmental	<u>318,169</u>	<u>318,169</u>	<u>229,524</u>	<u>(88,645)</u>	<u>(88,645)</u>
LICENSES, PERMITS AND FINES					
Cigarette licenses	140	140	140		
Liquor licenses	2,120	2,120	2,130	10	10
Beer garden permit	75	75	75		
Operator licenses	1,600	1,600	1,115	(485)	(485)
Mobile home park licenses	200	200	100	(100)	(100)
Dog and cat licenses	1,500	1,500	1,651	151	151
Building permits	3,500	3,500	3,551	51	51
Zoning permits	400	400	355	(45)	(45)
Ordinance violations	3,000	3,000	3,151	151	151
Total licenses, permits and fines	<u>12,535</u>	<u>12,535</u>	<u>12,268</u>	<u>(267)</u>	<u>(267)</u>
PUBLIC CHARGES FOR SERVICES					
Sale of copies	10	10		(10)	(10)
Police department	400	400	49	(351)	(351)
Public charges	600	600	136	(464)	(464)
Cemetery			11,010	11,010	11,010
License publication fees	50	50	2	(48)	(48)
Parks	5,300	5,300	5,190	(110)	(110)
Fire department public charges	2,500	2,500	400	(2,100)	(2,100)
Hall rent	2,500	2,500	2,300	(200)	(200)
Total public charges for services	<u>11,360</u>	<u>11,360</u>	<u>19,087</u>	<u>7,727</u>	<u>7,727</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES					
Police service contracts - Alma, Mentor	26,927	26,927	5,060	(21,867)	(21,867)
Fire protection - Dewhurts, Alma	17,096	17,096	17,595	499	499
State charge fire	1,000	1,000		(1,000)	(1,000)
Intergovernmental charge for fire contracts	1,316	1,316	1,345	29	29
Total intergovernmental charges for services	<u>\$ 46,339</u>	<u>\$ 46,339</u>	<u>\$ 24,000</u>	<u>\$ (22,339)</u>	<u>\$ (22,339)</u>

Schedule 1 (Continued)
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Revenues
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
INVESTMENT INCOME					
Interest	\$ 1,500	\$ 1,500	1,647	\$ 147	\$ 147
Total investment income	<u>1,500</u>	<u>1,500</u>	<u>1,647</u>	<u>147</u>	<u>147</u>
MISCELLANEOUS					
Donations			12,048	12,048	12,048
First responders savings			5	5	5
Insurance refunds	6,200	6,200	3,341	(2,859)	(2,859)
Other income	7,700	7,700	1,336	(6,364)	(6,364)
Total miscellaneous	<u>13,900</u>	<u>13,900</u>	<u>16,730</u>	<u>2,830</u>	<u>2,830</u>
OTHER FINANCING SOURCES					
Transfer from Utility - Tax Equivalent	47,950	47,950	43,710	(4,240)	(4,240)
Total revenues and other financing sources	<u>\$ 504,980</u>	<u>\$ 504,980</u>	<u>\$ 386,522</u>	<u>\$ (118,458)</u>	<u>\$ (118,458)</u>

Schedule 2
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original	Final
	to Actual	to Actual			
GENERAL GOVERNMENT					
Village board	\$ 850	\$ 850	\$ 2,350	\$ (1,500)	\$ (1,500)
Board of review	90	90	95	(5)	(5)
Clerk/treasurer	13,750	13,750	13,021	729	729
Elections	4,750	4,750	5,252	(502)	(502)
Office expense	4,200	4,200	4,614	(414)	(414)
President salary	2,000	2,000	2,000		
Auditing	7,500	7,500	7,892	(392)	(392)
Legal fees	1,800	1,800	2,991	(1,191)	(1,191)
Attorney	30	30	648	(618)	(618)
Assessment of property	9,400	9,400	9,400		
Hall	9,236	9,236	12,562	(3,326)	(3,326)
Social security taxes	8,600	8,600	6,607	1,993	1,993
Liability and property insurance	9,491	9,491	14,667	(5,176)	(5,176)
Health insurance and retirement	22,158	22,158	22,746	(588)	(588)
Miscellaneous expense	900	22,200	95	805	22,105
Total general government	94,755	116,055	104,940	(10,185)	11,115
PUBLIC SAFETY					
Police department	81,837	55,537	28,827	53,010	26,710
Fire department	23,073	23,073	50,172	(27,099)	(27,099)
Hydrant rental	47,284	47,284	49,251	(1,967)	(1,967)
Building inspection	1,450	1,450	3,121	(1,671)	(1,671)
Total public safety	153,644	127,344	131,371	22,273	(4,027)
PUBLIC WORKS AND SANITATION					
Garage	13,550	13,550	21,252	(7,702)	(7,702)
Streets	133,408	133,408	92,027	41,381	41,381
Sick leave	3,256	3,256	4,070	(814)	(814)
Vacation and holiday pay	7,123	7,123	6,860	263	263
Sidewalks	500	500		500	500
Snow removal			10	(10)	(10)
Street lighting/signals	26,558	26,558	37,393	(10,835)	(10,835)
Machinery & equipment			(352)	352	352
Refuse collection	41,600	41,600	42,232	(632)	(632)
Recycling	7,200	7,200	5,516	1,684	1,684
Total public works and sanitation	\$ 233,195	\$ 233,195	\$ 209,008	\$ 24,187	\$ 24,187

Schedule 2 (Continued)
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
HEALTH AND HUMAN SERVICES					
Cemetery	\$ 2,500	\$ 7,500	\$ 7,581	\$ (5,081)	\$ (81)
LEISURE ACTIVITIES					
Parks	7,000	7,000	7,541	(541)	(541)
Total culture and recreation	7,000	7,000	7,541	(541)	(541)
CONSERVATION AND DEVELOPMENT					
Planning and zoning	250	250		250	250
DEBT SERVICE	6,136	6,136	6,147	(11)	(11)
CAPITAL OUTLAY	7,500	7,500	25,029	(17,529)	(17,529)
Total expenditures	\$ 504,980	\$ 504,980	\$ 491,617	\$ 13,363	\$ 13,363

Schedule 3
Village of Merrillan, Wisconsin
Schedule of Operating Revenues and Expenses
Proprietary Funds
Year Ended December 31, 2022

	Water Utility	Electric Utility	Subtotal	Sewer Utility	Total
OPERATING REVENUES					
Metered sales to general customers	\$ 150,173	\$ 320,633	\$ 470,806	\$ 166,436	\$ 637,242
Sewer revenue flat rate				908	908
Public fire protection service	49,251		49,251		49,251
Other sales public authority	5,126	24,225	29,351		29,351
Street lights		32,691	32,691		32,691
Interdepartmental		2,348	2,348		2,348
Forfeited discounts	333	641	974	353	1,327
Other	2,829	6,939	9,768	667	10,435
Total operating revenues	<u>207,712</u>	<u>387,477</u>	<u>595,189</u>	<u>168,364</u>	<u>763,553</u>
OPERATING EXPENSES					
Plant operation	72,253		72,253	79,009	151,262
Plant maintenance				18,418	18,418
Power production		281,006	281,006		281,006
Transmission and distribution		36,374	36,374		36,374
Administrative and general	58,718	63,838	122,556	28,357	150,913
Total operating expenses	<u>130,971</u>	<u>381,218</u>	<u>512,189</u>	<u>125,784</u>	<u>637,973</u>
Depreciation	61,085	18,651	79,736	65,441	145,177
Taxes	3,810	3,762	7,572	3,120	10,692
Operating income	<u>\$ 11,846</u>	<u>\$ (16,154)</u>	<u>\$ (4,308)</u>	<u>\$ (25,981)</u>	<u>\$ (30,289)</u>