



VILLAGE OF MERRILLAN, WISCONSIN

AUDITED FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the year ended December 31, 2020

Johnson Block and Company, Inc.
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VILLAGE OF MERRILLAN, WISCONSIN
DECEMBER 31, 2020
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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Merrilan, Wisconsin

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, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Merrilan, Wisconsin, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Other Information

Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from the Village's 2019 financial statements and, in our report dated March 3, 2020, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities and the major fund.

Other 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
March 19, 2021

BASIC FINANCIAL STATEMENTS

Exhibit A-1
Village of Merrillan, Wisconsin
Statement of Net Position
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Governmental Activities	Business-Type Activities	Total	
			2020	2019
ASSETS				
Current assets:				
Cash and investments	\$ 164,208	\$ 511,264	\$ 675,472	\$ 536,716
Receivables				
Taxes	50,171		50,171	46,668
Customer		53,962	53,962	52,853
Due from other governments	1,766		1,766	8,756
Materials and supplies		16,518	16,518	14,519
Total current assets	216,145	581,744	797,889	659,512
Restricted assets:				
Restricted cash and investments		177,215	177,215	238,938
Capital assets:				
Property, plant and equipment	2,262,025	7,202,291	9,464,316	9,373,319
Less: accumulated depreciation	1,208,402	3,102,446	4,310,848	4,061,508
Net book value of capital assets	1,053,623	4,099,845	5,153,468	5,311,811
Other assets:				
Special assessments receivable				636
DEFERRED OUTFLOWS OF RESOURCES				
Miscellaneous deferred debits		71,130	71,130	94,840
Total assets and deferred outflows of resources	\$ 1,269,768	\$ 4,929,934	\$ 6,199,702	\$ 6,305,737

Exhibit A-1 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Net Position
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Governmental Activities	Business-Type Activities	Total	
			2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 3,818	\$ 22,920	\$ 26,738	\$ 31,383
Accrued and other current liabilities	3,209	2,976	6,185	6,208
Accrued interest		13,665	13,665	14,699
Customer deposits				
Current portion of long-term obligations	4,294	92,280	96,574	89,469
Total current liabilities	11,321	131,841	143,162	141,759
Current liabilities payable from restricted assets:				
Current portion of mortgage revenue bonds		45,679	45,679	45,089
Accrued interest		1,756	1,756	1,929
Total current liabilities payable from restricted assets		47,435	47,435	47,018
Noncurrent liabilities:				
General obligation debt	45,512	578,370	623,882	713,232
Mortgage revenue bonds		469,566	469,566	514,655
Less: current portion	(4,294)	(137,959)	(142,253)	(134,558)
Total noncurrent liabilities	41,218	909,977	951,195	1,093,329
Total liabilities	52,539	1,089,253	1,141,792	1,282,106
DEFERRED INFLOW OF RESOURCES				
Deferred revenues			59,295	59,805
NET POSITION				
Net investment in capital assets	1,008,111	3,051,909	4,060,020	4,083,924
Restricted for:				
EMS activities	80,737		80,737	11,833
Fire department	674		674	432
Cemetery	45,455		45,455	41,265
Sewer utility		100,069	100,069	140,473
Electric and water utility		75,390	75,390	96,536
Unrestricted	22,957	613,313	636,270	589,363
Total net position	1,157,934	3,840,681	4,998,615	4,963,826
Total liabilities, deferred inflow of resources, and net position	\$ 1,269,768	\$ 4,929,934	\$ 6,199,702	\$ 6,305,737

Exhibit A-2
Village of Merrillan, Wisconsin
Statement of Activities
For the Year Ended December 31, 2020
(With summarized financial information for the year ended December 31, 2019)

	Program Revenues					Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
						2020	2019	
<u>Functions/Programs</u>								
Primary government:								
Governmental activities:								
General government	\$ 83,590	\$ 7,558	\$ 8,421	\$	\$ (67,611)	\$ (67,611)	\$ (64,732)	
Public safety	163,550	51,205	562	128,733	16,950	16,950	(97,831)	
Public works	112,512		33,895	8,900	(69,717)	(69,717)	(5,380)	
Sanitation	44,662				(44,662)	(44,662)	(45,582)	
Health and human services	4,931	6,202			1,271	1,271	(2,610)	
Culture and recreation	16,814	5,400			(11,414)	(11,414)	(16,786)	
Conservation and development	304				(304)	(304)	(5,135)	
Economic development	650				(650)	(650)	(150)	
Interest and fiscal charges	2,084				(2,084)	(2,084)	(87)	
Total governmental activities	429,097	70,365	42,878	137,633	(178,221)	(178,221)	(238,293)	
Business-type activities:								
Water and electric	535,008	525,844				(9,164)	(9,164)	7,441
Sewer	188,374	161,461				(26,913)	(26,913)	(13,224)
Total business-type activities	723,382	687,305				(36,077)	(36,077)	(5,783)
Total primary government	\$ 1,152,479	\$ 757,670	\$ 42,878	\$ 137,633	(178,221)	(36,077)	(214,298)	(244,076)
General Revenues and Transfers:								
Property taxes								
General purposes					37,465	37,465	29,802	
Tax increment					22,340	22,340		
Other taxes					699	699	3,891	
Federal and State aid not restricted for specific purposes								
General					178,883	178,883	187,304	
Interest and investment earnings					1,700	1,862	3,562	4,665
Miscellaneous					6,138	6,138	7,120	
Gain on sale of capital assets							23,000	
Transfers					45,128	(45,128)		
Total general revenues and transfers					292,353	(43,266)	249,087	255,782
Changes in net position					114,132	(79,343)	34,789	11,706
Net position - beginning					1,043,802	3,920,024	4,963,826	4,952,120
Net position - ending					\$ 1,157,934	\$ 3,840,681	\$ 4,998,615	\$ 4,963,826

Exhibit A-3
Village of Merrillan, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2020
(With summarized financial information as of December 31, 2019)

	General	Other Governmental Fund - TID #1	Total	
			Governmental Funds	
			2020	2019
ASSETS				
Cash and investments	\$ 157,357	\$ 6,851	\$ 164,208	\$ 40,614
Receivables:				
Taxes	33,414	16,757	50,171	46,668
Due from other governments	1,766		1,766	8,756
Advance to other funds				14,500
Total assets	\$ 192,537	\$ 23,608	\$ 216,145	\$ 110,538
LIABILITIES				
Accounts payable	\$ 3,818	\$	\$ 3,818	\$ 6,954
Accrued payroll liabilities	3,209		3,209	2,717
Advance from other funds				14,500
Total liabilities	7,027		7,027	24,171
DEFERRED INFLOW OF RESOURCES				
Deferred property tax revenue	37,490	21,805	59,295	59,805
FUND BALANCES				
Nonspendable				14,500
Restricted	126,866		126,866	53,530
Unassigned (deficit)	21,154	1,803	22,957	(41,468)
Total fund balances	148,020	1,803	149,823	26,562
Total liabilities, deferred inflow of resources, and fund balances	\$ 192,537	\$ 23,608	\$ 216,145	\$ 110,538

Exhibit A-4
Village of Merrilan, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2020
(With summarized financial information as of December 31, 2019)

	2020	2019
Total fund balances-governmental funds:	\$ 149,823	\$ 26,562
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	2,262,025	
Governmental accumulated depreciation	(1,208,402)	1,053,623
		1,066,815
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	(45,512)	(49,575)
Total net position of governmental activities	\$ 1,157,934	\$ 1,043,802

Exhibit A-5
Village of Merrilan, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020
(With summarized financial information for the year ended December 31, 2019)

	General	Other Governmental Fund - TID #1	Total	
			Governmental Funds	
			2020	2019
REVENUES				
Taxes	\$ 38,164	\$ 22,340	\$ 60,504	\$ 33,694
Intergovernmental	230,419		230,419	318,050
Licenses and permits	9,433		9,433	12,415
Public charges for services	18,814		18,814	8,221
Intergovernmental charges for services	42,118		42,118	39,865
Interest and investment earnings	1,701		1,701	2,243
Miscellaneous	135,112		135,112	16,511
Total revenues	475,761	22,340	498,101	430,999
EXPENDITURES				
Current:				
General government	90,236		90,236	72,999
Public safety	156,399		156,399	146,381
Public works	65,661		65,661	88,949
Sanitation	44,662		44,662	45,582
Health and human services	4,931		4,931	3,662
Culture and recreation	11,740		11,740	14,042
Conservation and development	305		305	5,125
Economic development		5,887	5,887	150
Debt service:				
Principal retirement	4,063		4,063	425
Interest and fiscal charges	2,084		2,084	87
Capital outlay:				
Public safety				
Public works	34,000		34,000	150,010
Total expenditures	414,081	5,887	419,968	527,412
Excess of revenues over (under) expenditures	61,680	16,453	78,133	(96,413)
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets				
Proceeds from long term debt				50,000
Transfer from utility - tax equivalent	45,128		45,128	44,654
Total other financing sources (uses)	45,128		45,128	94,654
Net change in fund balances	106,808	16,453	123,261	(1,759)
Fund balance - beginning	41,212	(14,650)	26,562	28,173
Fund balance - ending	\$ 148,020	\$ 1,803	\$ 149,823	\$ 26,414

The notes to the basic financial statements are an integral part of this statement.

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, 2020
(With summarized financial information for the year ended December 31, 2019)

	2020	2019
Net change in fund balances-total governmental funds	\$ 123,261	\$ (1,759)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital outlay reported in governmental fund statements	46,788	150,000
Depreciation expenses reported in the statement of activities	(68,980)	(56,945)
Amount by which capital outlays are greater (less) than depreciation in the current period.	(22,192)	93,055
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals).		
	9,000	18,000
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds but does not affect the statement of activities.		
		(50,000)
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.		
The amount of long-term debt principal payments in the current year is:	4,063	425
Change in net position-governmental activities	\$ 114,132	\$ 59,721

Exhibit A-7
Village of Merrillan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Electric & Water Utility	Sewer Utility	Total	
			2020	2019
ASSETS				
Current assets:				
Cash and investments	\$ 440,865	\$ 70,399	\$ 511,264	\$ 496,102
Receivables:				
Customer	38,133	15,829	53,962	52,853
Due from other funds				
Materials and supplies	16,518		16,518	14,519
Total current assets	495,516	86,228	581,744	563,474
Restricted assets:				
Debt service fund	75,788	53,162	128,950	191,357
Bond depreciation fund		48,265	48,265	47,581
Total restricted assets	75,788	101,427	177,215	238,938
Fixed assets:				
Water and electric	3,912,953		3,912,953	3,913,744
Sewerage plant		3,289,338	3,289,338	3,289,338
Less: accumulated depreciation	(1,884,228)	(1,218,218)	(3,102,446)	(2,958,086)
Net property and plant	2,028,725	2,071,120	4,099,845	4,244,996
Other assets:				
Special assessments				636
Total other assets				636
DEFERRED OUTFLOWS OF RESOURCES				
Miscellaneous deferred debits	71,130		71,130	94,840
Total assets and deferred outflows of resources	\$ 2,671,159	\$ 2,258,775	\$ 4,929,934	\$ 5,142,884

Exhibit A-7 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Electric & Water Utility	Sewer Utility	Total	
			2020	2019
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 21,685	\$ 1,235	\$ 22,920	\$ 24,429
Due to other funds				
Accrued and other current liabilities	2,003	973	2,976	3,491
Accrued interest	13,665		13,665	14,699
Current portion of long-term obligations	92,280		92,280	85,353
Total current liabilities	129,633	2,208	131,841	127,972
Current liabilities payable from restricted assets:				
Current portion of long-term obligations	14,174	31,505	45,679	45,089
Accrued interest	398	1,358	1,756	1,929
Total current liabilities payable from restricted assets	14,572	32,863	47,435	47,018
Long-term liabilities:				
General obligation debt	578,370		578,370	663,657
Mortgage revenue bonds	185,832	283,734	469,566	514,655
Less: current portion	(106,454)	(31,505)	(137,959)	(130,442)
Total long-term liabilities	657,748	252,229	909,977	1,047,870
Total liabilities	801,953	287,300	1,089,253	1,222,860
NET POSITION				
Net investment in capital assets	1,264,523	1,787,386	3,051,909	3,066,684
Restricted	75,390	100,069	175,459	237,009
Unrestricted	529,293	84,020	613,313	616,331
Total net position	1,869,206	1,971,475	3,840,681	3,920,024
Total liabilities and net position	\$ 2,671,159	\$ 2,258,775	\$ 4,929,934	\$ 5,142,884

Exhibit A-8
Village of Merrillan, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(With summarized financial information for the year ended December 31, 2019)

	Electric & Water Utility	Sewer Utility	Total	
			2020	2019
OPERATING REVENUES				
Water & electric	\$ 521,067	\$	\$ 521,067	\$ 524,979
Sewer service		161,434	161,434	165,056
Other	4,777	27	4,804	3,854
Total operating revenues	525,844	161,461	687,305	693,889
OPERATING EXPENSES				
Operation and maintenance	420,820	111,930	532,750	508,934
Depreciation expense	78,948	65,272	144,220	144,053
Taxes	6,538		6,538	5,629
Total operating expenses	506,306	177,202	683,508	658,616
Total operating income	19,538	(15,741)	3,797	35,273
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(28,702)	(11,172)	(39,874)	(41,056)
Interest income	1,015	847	1,862	2,422
Total net nonoperating revenues (expenses)	(27,687)	(10,325)	(38,012)	(38,634)
Income (loss) before contributions and transfers	(8,149)	(26,066)	(34,215)	(3,361)
Transfer of tax equivalent	(45,128)		(45,128)	(44,654)
Changes in net position	(53,277)	(26,066)	(79,343)	(48,015)
Net position - beginning	1,922,483	1,997,541	3,920,024	3,968,039
Net position - ending	\$ 1,869,206	\$ 1,971,475	\$ 3,840,681	\$ 3,920,024

Exhibit A-9
Village of Merrillan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(With summarized financial information for the year ended December 31, 2019)

	Business Type Activities- Enterprise Funds		Totals	
	Electric & Water Utility	Sewer Utility	2020	2019
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES				
Received from customers	\$ 526,287	\$ 159,909	\$ 686,196	\$ 695,929
Payments to employees	(104,273)	(32,455)	(136,728)	(118,046)
Payments for employee benefits	(46,323)	(25,323)	(71,646)	(72,479)
Payments to suppliers	(256,949)	(53,347)	(310,296)	(417,467)
Net cash flows from operating activities	118,742	48,784	167,526	87,937
CASH FLOWS (USED BY) NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(45,128)		(45,128)	(44,654)
Net cash flows (used by) noncapital financing activities	(45,128)		(45,128)	(44,654)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets				(18,916)
Receipt of special assessments	436	200	636	1,264
Proceeds from long-term debt				128,000
Debt retired	(99,281)	(31,095)	(130,376)	(103,291)
Interest paid	(29,766)	(11,315)	(41,081)	(42,127)
Net cash flows (used by) capital and related financing activities	(128,611)	(42,210)	(170,821)	(35,070)
CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES				
Interest income	1,015	847	1,862	2,422
Purchase of investments	(52,235)	(48,265)	(100,500)	(99,092)
Proceeds of investments maturing	51,511	47,581	99,092	97,480
Net cash flows from investing activities	291	163	454	810
Net change in cash and cash equivalents	(54,706)	6,737	(47,969)	9,023
Cash and cash equivalents - beginning of the year	519,124	116,824	635,948	626,925
Cash and cash equivalents - end of the year	\$ 464,418	\$ 123,561	\$ 587,979	\$ 635,948
Reconciliation of cash and cash equivalents to statement of net position accounts				
Cash and investments	\$ 440,865	\$ 70,399	\$ 511,264	\$ 496,102
Restricted cash and investments	75,788	101,427	177,215	238,938
Cash and cash equivalents	516,653	171,826	688,479	735,040
Less: non-cash equivalents	(52,235)	(48,265)	(100,500)	(99,092)
Cash and cash equivalents	\$ 464,418	\$ 123,561	\$ 587,979	\$ 635,948

Exhibit A-9 (Cont'd)
Village of Merrillan, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(With summarized financial information for the year ended December 31, 2019)

	Business Type Activities- Enterprise Funds		Totals	
	Electric & Water Utility	Sewer Utility	2020	2019
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 19,538	\$ (15,741)	\$ 3,797	\$ 35,273
Noncash items in operating income:				
Depreciation expense	79,879	65,272	145,151	144,995
Changes in assets and liabilities:				
Customer accounts receivable	443	(1,552)	(1,109)	2,040
Material and supplies	(1,999)		(1,999)	1,103
Miscellaneous deferred debit	23,710		23,710	(94,840)
Due from other funds				6,340
Accounts payable	(1,755)	246	(1,509)	(1,441)
Due to other funds				(6,340)
Accrued and other current liabilities	(1,074)	559	(515)	957
Customer deposits				(150)
Net cash provided by operating activities	<u>\$ 118,742</u>	<u>\$ 48,784</u>	<u>\$ 167,526</u>	<u>\$ 87,937</u>

Exhibit A-10
Village of Merrilan, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Custodial Fund	Totals	
	Tax Collection Fund	2020	2019
ASSETS			
Cash and investments	\$ 88,370	\$ 88,370	\$ 93,149
Taxes receivable	293,348	293,348	286,584
Total assets	\$ 381,718	\$ 381,718	\$ 379,733
LIABILITIES			
Due to other taxing units	\$ 381,718	\$ 381,718	\$ 379,733
NET POSITION			
Restricted			
Total liabilities and net position	\$ 381,718	\$ 381,718	\$ 379,733

Exhibit A-11
Village of Merrilan, Wisconsin
Statement of Changes in Net Position
Fiduciary Funds
December 31, 2020

(With summarized financial information as of December 31, 2019)

	Custodial Fund	Totals	
	Tax Collection Fund	2020	2019
ADDITIONS			
Property tax collections for other governments	\$ 225,243	\$ 225,243	\$ 210,741
DEDUCTIONS			
Payments of property taxes to other governments	225,243	225,243	210,741
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, 2020
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Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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, 2020

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.

In addition, the Village reports the following fund types:

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, 2020

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. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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 Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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. Deferred inflows of resources also arise 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 both revenue recognition criteria are met, or when the Village has a legal claim to the resources, 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, 2020

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 – 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Tax sale- 2020 delinquent real estate taxes	October 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 Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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. 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

L. 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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, 2020 the general fund balance was 36% of the 2020 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.

M. Transfers

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

N. 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, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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, 2019, from which the summarized information was derived.

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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, 2020, cash and investments included the following:

Petty Cash	\$ 250
Deposits with financial institutions	940,807
Total cash and investments	\$ 941,057

Cash and investments as of December 31, 2020, are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 675,472
Cash and investments - restricted	177,215
Exhibit A-10:	
Cash and investments	88,370
Total cash and investments	\$ 941,057

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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	\$ 124,436	\$ 124,436

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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, 2020

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, 2020, \$516,498 of Village deposits were insured by FDIC and \$433,643 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>\$ 433,643</u>

\$400,000 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, 2020

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, 2020 the various components of deferred inflow of resources reported in the governmental funds was as follows:

Property Tax Levy	\$ 59,295
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NOTE 6

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 20,653	\$ 5,238	\$ _____	\$ 25,891
	20,653	5,238	_____	25,891
Other capital assets:				
Buildings and improvements	431,282			431,282
Infrastructure	957,512			957,512
Machinery and equipment	117,432	7,550		124,982
Vehicles	643,358	79,000		722,358
Total other capital assets at historical costs	2,149,584	86,550	_____	2,236,134
Less accumulated depreciation:				
Buildings and improvements	365,977	3,291		369,268
Infrastructure	206,106	38,301		244,407
Machinery and equipment	105,899	6,193		112,092
Vehicles	425,440	57,195		482,635
Total accumulated depreciation	1,103,422	104,980	_____	1,208,402
Net other capital assets	1,046,162	(18,430)	_____	1,027,732
Total net capital assets	\$ 1,066,815	\$ (13,192)	\$ _____	\$ 1,053,623

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General government	\$ 904
Public safety	7,151
Public works	55,851
Culture and recreation	5,074
Total depreciation for governmental activities	\$ 68,980

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

NOTE 6

CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2020, 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
Construction in progress				
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	2,690,866		(480)	2,690,386
General plant	63,147			63,147
Sewer:				
Structures and improvements	789,153			789,153
Transmission and distribution	2,304,799			2,304,799
Pumping equipment	91,356			91,356
Miscellaneous equipment	78,282			78,282
Electric:				
Structures and improvements	178,869			178,869
Transmission and distribution	691,058		(311)	690,747
General plant	107,309			107,309
Total capital assets being depreciated	7,169,107		(791)	7,168,316
Total accumulated depreciation	2,958,086	145,151	(791)	3,102,446
Net capital assets being depreciated	4,211,021	(145,151)		4,065,870
Total net capital assets	\$ 4,244,996	\$ (145,151)	\$	\$ 4,099,845

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Electric and Water	\$ 79,879
Sewer	65,272
Total depreciation expense	145,151
Less: Electric and Water depreciation expense allocated to sewer	
	(931)
Total depreciation expense per Exhibit A-8	\$ 144,220

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

NOTE 7

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020, 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	\$ 49,575		\$ (4,063)	\$ 45,512	\$ 4,294
Total Governmental Activities Long-Term Liabilities	\$ 49,575	\$	\$ (4,063)	\$ 45,512	\$ 4,294
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Business –Type Activities</u>					
General Obligation Debt:					
Bonds	\$ 200,000		\$ (35,000)	\$ 165,000	\$ 40,000
Direct Borrowings and Direct Placements	463,657		(50,287)	413,370	52,280
Total general obligation debt	663,657		(85,287)	578,370	92,280
Revenue Debt:					
Direct Borrowings and Direct Placements	514,655		(45,089)	469,566	45,679
Total Business-Type Activities Long-Term Liabilities	\$ 1,178,312	\$	\$ (130,376)	\$ 1,047,936	\$ 137,959

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, 2020 was \$1,164,680. There was \$623,882 of general obligation debt outstanding at year-end.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2020
<u>Governmental Activities</u>					
Note Payable	11/19/2019	11/19/2029	4.25%	\$ 50,000	\$ 45,512
<u>Business-Type Activities</u>					
G.O. Refunding Bonds	7/6/2011	3/1/2024	3.2-4.0%	465,000	165,000
State Trust Fund	5/20/2013	3/15/2033	5.00%	436,500	326,223
Promissory Note	9/6/2019	7/6/2023	2.95%	128,000	87,147
Total General Obligation Debt					\$ 623,882

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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	
2021	\$	4,294	\$ 1,853	\$	6,147	
2022		4,480	1,667		6,147	
2023		4,674	1,473		6,147	
2024		4,877	1,270		6,147	
2025		5,088	1,059		6,147	
2026-2030		22,099	1,932		24,031	
Totals	\$	45,512	\$ 9,254	\$	54,766	

		Business-Type Activities					
		General Obligation Debt					
		Bonds			Direct Borrowings and Direct		
Years		Principal	Interest	Total	Principal	Interest	Total
2021	\$	40,000	\$ 5,640	\$ 45,640	\$ 52,280	\$ 18,454	\$ 70,734
2022		40,000	4,200	44,200	54,228	16,506	70,734
2023		40,000	2,600	42,600	38,717	14,587	53,304
2024		45,000	900	45,900	21,290	13,444	34,734
2025					22,391	12,343	34,734
2026-2030					129,884	43,785	173,669
2031-2033					94,581	9,621	104,202
Totals	\$	165,000	\$ 13,340	\$ 178,340	\$ 413,371	\$ 128,740	\$ 542,111

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the utility. Revenue debt payable at December 31, 2020 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2020
<u>Business-Type Activities</u>					
Revenue Bonds	12/1/2004	12/1/2024	5.25-5.85%	\$ 217,000	\$ 74,000
Revenue Bonds	5/23/2012	5/1/2032	3.00%	230,435	154,247
Revenue Bonds	5/23/2012	5/1/2032	1.32%	232,797	147,331
Revenue Bonds	6/12/2013	5/1/2033	2.625%	74,395	55,486
Revenue Bonds	6/12/2013	5/1/2033	1.155%	40,386	38,502
Total Revenue Debt					\$ 469,566

Village of Merrillan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

NOTE 7

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Year	Revenue Debt		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2021	\$ 45,679	\$ 12,305	\$ 57,984
2022	47,283	10,784	58,067
2023	48,901	9,168	58,069
2024	50,535	7,462	57,997
2025	31,184	5,635	36,819
2026-2030	166,228	17,743	183,971
2031-2033	79,756	1,985	81,741
Totals	\$ 469,566	\$ 65,082	\$ 534,648

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, 2020. The debt service fund requirement for the sewer utility is \$4,293 and the Debt Service Fund Account had a balance of \$53,162 at December 31, 2020. The debt service fund requirement for the electric & water utility is \$1,564 and the Debt Service Fund Account had a balance of \$75,788 at December 31, 2020.

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 met for the year ended December 31, 2020. The net earnings for the sewer utility were \$50,378 or 1.21 times the annual principal and interest amount of \$41,512. The net earnings for the electric & water utility were \$99,501 or 6.04 times the annual principal and interest amount of \$16,472.

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 Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

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, 2020 was as follows:

Sewer Utility	<u>Depreciation</u>
	<u>\$ 48,265</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	\$ 45,128
Proprietary Funds:		
General	Electric & Water utility-tax equivalent	\$ 45,128

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, 2020 includes the following items:

Major Funds:	
General Fund:	
Restricted	
EMS activities	\$ 80,737
Fire department	674
Cemetery	45,455
Total	\$ 126,866

Village of Merrilan, Wisconsin
Notes to the Basic Financial Statements
December 31, 2020

NOTE 10

GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Net investment in capital assets:	
Land	\$ 20,653
Other capital assets, net of accumulated depreciation	1,032,970
Less: related long-term debt outstanding	<u>(45,512)</u>
Total net investment in capital assets	<u>1,008,111</u>
Restricted for:	
EMS activities	80,737
Fire department	674
Cemetery	45,455
Total restricted	<u>126,866</u>
Unrestricted	<u>22,957</u>
Total governmental activities net position	<u><u>\$ 1,157,934</u></u>

NOTE 11

NET POSITION – PROPRIETARY FUNDS

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

Plant in service	\$ 7,202,291
Accumulated depreciation	<u>(3,102,446)</u>
Sub-total	4,099,845
Less: capital related debt	<u>(1,047,936)</u>
Total net investment in capital assets	<u><u>\$ 3,051,909</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	\$ 100,069
Electric & Water Utility	
Reserved for Mortgage Revenue Bonds	75,390
Total	<u><u>\$ 175,459</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, 2020

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

The Governmental Accounting Standards Board (GASB) has adopted GASB Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021 and GASB Statement No. 91, *Conduit Debt Obligations*, effective for periods beginning after December 15, 2021. When these become effective, application of these standards 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, 2020:

	TID #1
Revenues	
Tax Increment	\$ 22,340
Expenditures	
Capital Expenditures	5,237
Professional services	\$ 15,300
Total expenditures	20,537
Amount to be (recovered) through future increments	\$ 1,803
Cash	\$ 1,803
Amount to be recovered through future increments	\$ 1,803

NOTE 15 COMMITMENTS/SUBSEQUENT EVENTS

In late 2019, a novel strain of coronavirus (COVID-19) originated and subsequently spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. The spread of COVID-19 coronavirus created economic uncertainty domestically and internationally. The full financial impact on the Village is unknown.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit B-1
Required Supplementary Information
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances-	
				Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 39,895	\$ 39,895	\$ 38,164	\$ (1,731)	\$ (1,731)
Intergovernmental	222,042	222,042	230,419	8,377	8,377
Licenses and permits	10,930	10,930	9,433	(1,497)	(1,497)
Public charges for services	7,910	7,910	18,814	10,904	10,904
Intergovernmental charges for services	42,995	42,995	42,118	(877)	(877)
Interest and investment earnings	1,874	1,874	1,701	(173)	(173)
Miscellaneous	6,100	6,100	135,112	129,012	129,012
Total revenues	331,746	331,746	475,761	144,015	144,015
EXPENDITURES					
Current:					
General government	90,081	90,081	90,236	(155)	(155)
Public safety	144,802	144,802	156,399	(11,597)	(11,597)
Public works	127,663	127,663	110,323	17,340	17,340
Health and human services	6,800	6,800	4,931	1,869	1,869
Leisure activities	9,550	9,550	11,740	(2,190)	(2,190)
Conservation and development	800	800	305	495	495
Debt service:	6,399	6,399	6,147	252	252
Capital outlay:			34,000	(34,000)	(34,000)
Total expenditures	386,095	386,095	414,081	(27,986)	(27,986)
Excess (deficiency) of revenues over expenditures	(54,349)	(54,349)	61,680	116,029	116,029
OTHER FINANCING SOURCES					
Proceeds from long term debt	6,399	6,399		(6,399)	(6,399)
Transfer from utility - tax equivalent	47,950	47,950	45,128	(2,822)	(2,822)
Total other financing sources	54,349	54,349	45,128	(9,221)	(9,221)
Net change in fund balance			106,808	106,808	106,808
Fund balance - beginning	41,212	41,212	41,212		
Fund balance - ending	\$ 41,212	\$ 41,212	\$ 148,020	\$ 106,808	\$ 106,808

Village of Merrillan, Wisconsin
Notes to Required Supplementary Information
December 31, 2020

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, 2020:

<u>Expenditure</u>	<u>Excess Expenditures</u>
General government	\$ 155
Public safety	11,597
Leisure activities	2,190
Capital outlay	34,000

SUPPLEMENTARY INFORMATION

Schedule 1
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Revenues
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original	Final
	to Actual	to Actual			
TAXES					
General property	\$ 37,465	\$ 37,465	\$ 37,465	\$	\$
Payment in lieu of taxes	1,600	1,600		(1,600)	(1,600)
Mobile home taxes	830	830	699	(131)	(131)
Total taxes	<u>39,895</u>	<u>39,895</u>	<u>38,164</u>	<u>(1,731)</u>	<u>(1,731)</u>
INTERGOVERNMENTAL					
State shared taxes	187,177	187,177	187,287	110	110
USDA grant			479	479	479
Federal grant			8,421	8,421	8,421
State aid - fire insurance dues	953	953		(953)	(953)
State aid - exempt computer aid	17	17	17		
State aid - law enforcement			320	320	320
State aid - highways	33,895	33,895	33,895		
Total intergovernmental	<u>222,042</u>	<u>222,042</u>	<u>230,419</u>	<u>8,377</u>	<u>8,377</u>
LICENSES, PERMITS AND FINES					
Cigarette licenses	105	105	140	35	35
Liquor licenses	2,300	2,300	1,531	(769)	(769)
Beer garden permit	75	75	100	25	25
Operator licenses	1,400	1,400	1,375	(25)	(25)
Mobile home park licenses	200	200		(200)	(200)
Dog and cat licenses	850	850	817	(33)	(33)
Building permits	1,500	1,500	2,207	707	707
Zoning permits	300	300	505	205	205
Ordinance violations	4,200	4,200	2,758	(1,442)	(1,442)
Total licenses, permits and fines	<u>10,930</u>	<u>10,930</u>	<u>9,433</u>	<u>(1,497)</u>	<u>(1,497)</u>
PUBLIC CHARGES FOR SERVICES					
Sale of copies	30	30	60	30	30
Police department	300	300	400	100	100
Public charges	250	250	590	340	340
Cemetery			6,202	6,202	6,202
License publication fees	30	30	40	10	10
Parks	2,300	2,300	5,400	3,100	3,100
Fire department public charges	2,500	2,500	3,722	1,222	1,222
Hall rent	2,500	2,500	2,400	(100)	(100)
Total public charges for services	<u>7,910</u>	<u>7,910</u>	<u>18,814</u>	<u>10,904</u>	<u>10,904</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES					
Police service contracts - Alma, Mentor	23,639	23,639	23,522	(117)	(117)
Fire protection - Dewhurts, Alma	17,096	17,096	18,596	1,500	1,500
State charge fire	1,000	1,000		(1,000)	(1,000)
Intergovernmental charge for fire contracts	1,260	1,260		(1,260)	(1,260)
Total intergovernmental charges for services	<u>\$ 42,995</u>	<u>\$ 42,995</u>	<u>\$ 42,118</u>	<u>\$ (877)</u>	<u>\$ (877)</u>

Schedule 1 (Continued)
Village of Merrillan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Revenues
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
INVESTMENT INCOME					
Interest	\$ 1,874	\$ 1,874	\$ 1,701	\$ (173)	\$ (173)
Total investment income	<u>1,874</u>	<u>1,874</u>	<u>1,701</u>	<u>(173)</u>	<u>(173)</u>
MISCELLANEOUS					
Donations			129,075	129,075	129,075
Insurance refunds	6,000	6,000	3,695	(2,305)	(2,305)
Other income	100	100	2,342	2,242	2,242
Total miscellaneous	<u>6,100</u>	<u>6,100</u>	<u>135,112</u>	<u>129,012</u>	<u>129,012</u>
OTHER FINANCING SOURCES					
Proceeds from long term debt	6,399	6,399		(6,399)	(6,399)
Transfer from Utility - Tax Equivalent	47,950	47,950	45,128	(2,822)	(2,822)
Total other financing sources	<u>54,349</u>	<u>54,349</u>	<u>45,128</u>	<u>(9,221)</u>	<u>(9,221)</u>
Total revenues and other financing sources	<u>\$ 386,095</u>	<u>\$ 386,095</u>	<u>\$ 520,889</u>	<u>\$ 134,794</u>	<u>\$ 134,794</u>

Schedule 2
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
GENERAL GOVERNMENT					
Village board	1,400	\$ 1,400	\$ 1,900	\$ (500)	\$ (500)
Board of review	200	200	15	185	185
Clerk/treasurer	12,800	12,800	11,877	923	923
Elections	3,300	3,300	13,212	(9,912)	(9,912)
Office expense	6,624	6,624	4,066	2,558	2,558
President salary	2,250	2,250	2,125	125	125
Auditing	7,500	7,500	6,807	693	693
Legal fees	1,800	1,800	1,800		
Attorney	200	200	31	169	169
Assessment of property	3,550	3,550	4,000	(450)	(450)
Hall	7,500	7,500	9,051	(1,551)	(1,551)
Social security taxes	8,000	8,000	8,079	(79)	(79)
Liability and property insurance	10,265	10,265	10,334	(69)	(69)
Employee bonds	100	100		100	100
Health insurance and retirement	24,592	24,592	15,873	8,719	8,719
Miscellaneous expense			1,066	(1,066)	(1,066)
Total general government	<u>90,081</u>	<u>90,081</u>	<u>90,236</u>	<u>(155)</u>	<u>(155)</u>
PUBLIC SAFETY					
Police department	69,260	69,260	72,126	(2,866)	(2,866)
Fire department	25,758	25,758	34,988	(9,230)	(9,230)
Hydrant rental	47,284	47,284	47,284		
Building inspection	2,500	2,500	2,001	499	499
Total public safety	<u>144,802</u>	<u>144,802</u>	<u>156,399</u>	<u>(11,597)</u>	<u>(11,597)</u>
PUBLIC WORKS AND SANITATION					
Garage	14,900	14,900	16,029	(1,129)	(1,129)
Streets	41,708	41,708	16,402	25,306	25,306
Sick leave	1,520	1,520	1,520		
Vacation and holiday pay	4,978	4,978	4,436	542	542
Sidewalks	500	500		500	500
Snow removal					
Street lighting/signals	20,000	20,000	27,275	(7,275)	(7,275)
Machinery & equipment					
Refuse collection	37,562	37,562	37,533	29	29
Recycling	6,495	6,495	7,128	(633)	(633)
Total public works and sanitation	<u>\$ 127,663</u>	<u>\$ 127,663</u>	<u>\$ 110,323</u>	<u>\$ 17,340</u>	<u>\$ 17,340</u>

Schedule 2 (Continued)
Village of Merrilan, Wisconsin
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variances- Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
HEALTH AND HUMAN SERVICES					
Cemetery	6,800	\$ 6,800	\$ 4,931	\$ 1,869	\$ 1,869
LEISURE ACTIVITIES					
Parks	8,500	8,500	10,480	(1,980)	(1,980)
Celebration	1,050	1,050	1,260	(210)	(210)
Total culture and recreation	9,550	9,550	11,740	(2,190)	(2,190)
CONSERVATION AND DEVELOPMENT					
Dam expense	500	500	5	495	495
Planning and zoning	300	300	300		
Total conservation and development	800	800	305	495	495
DEBT SERVICE					
	6,399	6,399	6,147	252	252
CAPITAL OUTLAY					
			34,000	(34,000)	(34,000)
Total expenditures	\$ 379,696	\$ 379,696	\$ 414,081	\$ (27,986)	\$ (27,986)

Schedule 3
Village of Merrilan, Wisconsin
Schedule of Operating Revenues and Expenses
Proprietary Funds
Year Ended December 31, 2020

	Water Utility	Electric Utility	Subtotal	Sewer Utility	Total
OPERATING REVENUES					
Metered sales to general customers	\$ 148,556	\$ 271,554	\$ 420,110	\$ 160,510	\$ 580,620
Sewer revenue flat rate				856	856
Public fire protection service	47,284		47,284		47,284
Other sales public authority	4,447	18,887	23,334		23,334
Street lights		27,008	27,008		27,008
Interdepartmental		3,152	3,152		3,152
Forfeited discounts	61	119	180	68	248
Other	1,819	2,957	4,776	27	4,803
Total operating revenues	<u>202,167</u>	<u>323,677</u>	<u>525,844</u>	<u>161,461</u>	<u>687,305</u>
OPERATING EXPENSES					
Plant operation	72,512		72,512	69,673	142,185
Plant maintenance				20,807	20,807
Power production		221,907	221,907		221,907
Transmission and distribution		29,685	29,685		29,685
Administrative and general	46,686	50,030	96,716	21,449	118,165
Total operating expenses	<u>119,198</u>	<u>301,622</u>	<u>420,820</u>	<u>111,929</u>	<u>532,749</u>
Depreciation	60,639	18,309	78,948	65,272	144,220
Taxes	3,229	3,309	6,538		6,538
Operating income	<u>\$ 19,101</u>	<u>\$ 437</u>	<u>\$ 19,538</u>	<u>\$ (15,740)</u>	<u>\$ 3,798</u>