

VILLAGE OF SUMMIT
Summit, Wisconsin

**Basic Financial Statements
And Supplementary Information**

Year Ended December 31, 2021

VILLAGE OF SUMMIT

Summit, Wisconsin

Year Ended December 31, 2021

Table of Contents

	Page(s)
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	22
Notes to Financial Statements	23 - 57
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	58
Schedules of Proportionate Share of the Net Pension Asset (Liability) and Employer Contributions	59
Schedules of Proportionate Share of the Net OPEB Asset (Liability) and Employer Contributions	60
Notes to Required Supplementary Information	61
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	63



Independent Auditors' Report

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2021, and the respective changes in financial position and, where applicable, cashflows 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 judgement, 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 management's discussion and analysis and schedules of proportionate share of the net pension asset (liability) and employer contributions, and schedules of proportionate share of the net OPEB asset (liability) and employer contributions on pages 3 through 12 and pages 58 through 61 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 the financial reporting for placing 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



May 23, 2022
Milwaukee, Wisconsin

Village of Summit, Waukesha County, Wisconsin Management's Discussion and Analysis December 31, 2021

(UNAUDITED)

As management of the Village of Summit, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village's year ended December 31, 2021. The Village of Summit was incorporated by the State of Wisconsin from the remaining Town of Summit on July 29, 2010. The Town implemented the provisions of Governmental Accounting Standards Board Statement 34 effective for the Town on January 1, 2005. The Village of Summit has continued these standards and continued to implement additional GASB recommendations as identified by the Village's Audit firm.

A. Financial Highlights

The assets of the Village of Summit exceeded its liabilities at the close of the most recent fiscal year by \$16,475,220, an increase of over \$1,096,752 from 2020. The increase came in part due to payment of GO Bonds for both the Village and Summit Utility District #2.

The Village of Summit includes GASB 54 fund balance reporting descriptions as part of the Financial Statements. This information provides a clearer fund balance classification that can be more consistently applied. This reporting policy uses fund balance classifications in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in government funds. The categories include Non-spendable, Restricted, Committed, Assigned and Unassigned. Page 33 of the Notes to Financial Statements further describes these classifications.

As of the close of the current fiscal year, Summit's Governmental Funds reported ending fund balances of \$3,420,484, an increase of \$301,797. Of this ending fund balance, approximately 74.84% of this total amount (or \$2,560,040) represents monies available for spending at the government's discretion (Unassigned or Committed Funds). At year-end, management had committed \$702,772 from these monies for specific purposes.

At the end of the current fiscal year the Unassigned fund balance for the general fund was \$1,857,268, or 70.64% of total general fund balance. The Village's total debt responsibility decreased by \$1,141,982. The Village repaid \$435,239 in debt as well as paying business-type debt of \$706,743. Liabilities for compensated absences increased by \$755.

B. Overview of the Financial Statements

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

B.1. Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Village of Summit's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position for the Village. Since 2011, the total assets for the community have increased by \$5,129,984, to \$31,723,195. This value exists in spite of ongoing depreciation of the Village's utility system infrastructure. The net position of the Village has increased from \$7,025,193 in 2011 to \$16,475,220 at the end of 2021.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

B. Overview of the Financial Statements (continued)

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Summit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Summit include general government, public safety, public works, leisure activities, health and human services. Beginning in 2012 the Village also provided stormwater and flood hazard mitigation activities in the Genesee Lakes Utility District. The business-type activities of the Village include Silver Lake Utility District and Summit Utility District #2, wherein the Village provides District administrative, billing, and limited property maintenance services.

B.2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Summit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and enterprise funds. Within each of these classes there are also identified major and non-major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, 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
- 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.
- 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.

Governmental Funds

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

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

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

Overview of the Financial Statements (continued)

B.2. Fund Financial Statements (continued)

The Village of Summit maintains three major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the five other governmental funds are combined into a single, aggregated presentation and listed as non-major governmental funds. These six funds include the Land Acquisition and Capital Improvements, Impact Fees, Genesee Lakes Utility District, Summit Utility District #3 and Cemetery Funds. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* on pages 64 - 65 of this report.

The Village of Summit adopts an annual appropriated budget for the entire general fund and various other funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village of Summit maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Silver Lake Utility District and Summit Utility District #2, which are considered to be major *enterprise funds* of the Village of Summit.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Summit's own programs. The Village maintains a Tax Roll Fund for this purpose. The accounting used for fiduciary funds is much like that used for governmental funds.

B.3. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-57 of this report.

B.4. Supplementary information

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 62 and 63 of this report.

C. Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Summit, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$16,475,220 at the close of the most current fiscal year, as presented in the following table. This is an increase of \$7,025,193 since December 31, 2011, and reflects a commitment on the part of the Village to reduce the long-term liabilities.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

C. Government-Wide Financial Analysis (continued)

This reduction in long-term liabilities occurred during a time of tremendous change in the community. In 2007 the Town of Summit had just completed the installation of the Silver Lake sanitary sewer system. In 2009 the Town of Summit completed boundary agreements with seven of the nine adjacent communities. In 2010 the Town was approved by the State of Wisconsin for incorporation into the Village of Summit – losing over two square miles of developed territory and valuation. In 2012 the Village Board adopted and began to implement a rolling five-year Capital Improvement Plan. In 2013 the Summit Utility District #2 completed a major refinancing for their long-term debt, partially financed by the Village of Summit. In 2017, the Village purchased vacant lands and began construction of new facilities to replace the aging and deficient buildings that currently housed the Administrative offices, Police Department and Department of Public Works. During 2018 the construction of the new Village Facilities was completed, and the Village took occupancy in April 2018. There was no additional borrowing during 2019. During 2020, the Village approved a State Trust Fund Loan for \$300,000 to finance the Capital Improvement Plan. During 2021, the Village Board approved the use of excess fund balance to pay for the Capital Improvement Plan. In December of 2021, with ongoing levy limit restrictions, the Board decided to do a short-term \$200,000 General Obligation Promissory Note to finance a portion of the Western Lakes Fire District capital budget for 2022.

Village of Summit Net Position
December 31, 2021 and December 31, 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$6,752,245	\$6,159,102	\$ 3,188,303	\$ 3,113,192	\$ 9,254,574	\$ 9,940,548
Net pension asset	735,285	371,705	---	---	---	735,285
Capital assets	10,818,431	10,957,423	10,228,931	10,524,016	21,047,362	21,481,439
Total assets	\$18,305,961	\$17,488,230	\$13,417,234	\$13,637,208	\$31,329,224	\$31,723,195
Deferred Outflows	\$1,277,780	\$918,490	---	---	\$1,277,780	\$918,490
Current and other liabilities	\$713,203	\$958,247	\$ 143,227	\$ 835,174	\$ 856,430	\$ 1,793,421
Net OPEB liability	119,036	98,599	---	---	119,036	98,599
Long-term liabilities	6,038,160	5,894,821	4,538,717	4,550,460	10,576,877	10,445,281
Total liabilities	\$6,870,399	\$6,951,667	\$4,681,944	\$5,385,634	\$11,552,343	\$12,337,301
Deferred inflows	\$4,284,968	\$3,626,631	\$688,444	\$701,528	\$ 4,973,412	\$ 4,328,159
Net position:						
Net investment in capital assets	\$4,760,758	\$4,684,023	\$ 5,674,976	\$ 5,278,556	\$ 10,435,734	\$ 9,962,579
Restricted	794,841	632,588	---	---	794,841	632,588
Unrestricted	2,872,775	2,511,811	2,371,870	2,271,490	5,244,645	4,783,301
Total net position	\$8,428,374	\$7,828,422	\$ 8,046,846	\$ 7,550,046	\$ 16,475,220	\$ 15,378,468

The Village of Summit uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities increased the Village of Summit's net position by \$599,952, while business-type activities increased net position by \$558,957. Major reasons for these changes are noted on the following page.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

C. Government-wide Financial Analysis (continued)

C.1. Governmental activities

Village of Summit's Changes in Net Position

For the Years ending December 31, 2021 and December 31, 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	\$ 2,180,414	\$ 2,003,464	\$ 910,201	\$ 962,640	\$ 3,090,615	\$ 2,966,104
Operating grants and contributions	427,687	543,480	---	---	427,687	543,480
Capital grants and contributions	---	36,988	269,197	48,154	269,197	85,142
General Revenues:						
Property taxes - general	1,491,237	1,387,596	354,001	402,285	1,845,238	1,789,881
Property taxes debt service	536,850	534,264	---	---	536,850	534,264
Other taxes	225,037	199,998	---	---	225,037	199,998
Intergovernmental	119,131	117,970	---	---	119,131	117,970
Investment income	8,714	18,528	2,881	4,637	11,595	23,165
Gain (Loss) on retirement of capital assets	11,414	647	---	---	11,414	647
Insurance recoveries	8,854	6,084	---	---	8,854	6,084
Miscellaneous	19,616	6,521	77	46	19,693	6,567
Total revenues	5,028,954	4,855,540	1,536,357	1,417,762	6,565,311	6,273,302
Expenses:						
General government	727,550	805,588	---	---	727,550	805,588
Public safety	1,774,341	1,830,864	---	---	1,774,341	1,830,864
Public works	1,624,834	1,588,712	---	---	1,624,834	1,588,712
Culture, education and recreation	108,860	93,914	---	---	108,860	93,914
Health and human services	36,488	32,624	---	---	36,488	32,624
Interest and fiscal charges	156,929	159,106	---	---	156,929	159,106
Utility Districts	---	---	977,400	887,375	977,400	887,375
Total expenses	4,429,002	4,510,808	977,400	887,375	5,406,402	5,398,183
Change in net position	599,952	344,732	558,957	530,387	1,158,909	875,119
Net Position – Jan. 1	7,828,422	7,483,690	7,550,046	7,019,659	15,378,468	14,503,349
Adjustment due to prior period adjustment	---	---	(62,157)	---	(62,157)	---
Net Position – Dec. 31	\$ 7,828,422	\$ 7,828,422	\$ 7,487,889	\$ 7,550,046	\$ 15,316,311	\$ 15,378,468

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

C. Government-wide Financial Analysis (continued)

C.2. Business-type activities

Business-type activities continued to improve in 2021 with an increase of \$558,987 in net position.

The Summit Utility District #2 functions to collect and transport sewage to the Del-Hart Treatment Plant in the City of Delafield. The operating revenue for Summit Utility District #2 during the current fiscal year was \$762,994 generated by monthly charges for service. This is an increase of \$22,512 from 2020 and \$206,926 more than collected during 2011. Operating expenses for the current fiscal year increased to \$689,745, \$101,160 more than 2020. The depreciation of the utility assets continued to affect the District. The District shows gradual improvement in position because of the 2013 refinancing, maintenance of recommended service rates and additional property development within the district.

The Silver Lake Utility District contracted with the City of Oconomowoc in 2005 for the installation of sanitary sewer through the entire District. This work was completed on January 6, 2006 and the system continues to be operated by the City of Oconomowoc. As such, all operating revenue goes directly for treatment charges. Expenses for the District included administrative costs totaling \$45,755 during the current fiscal year. In November 2011 the Silver Lake Utility Commission adopted a 10-year Financial Management Plan. The District continues to use this plan for service rate changes. The Net Position in the Silver Lake Utility District at the end of 2021 totaled \$1,549,434.

D. Financial Analysis of the Government's Funds

Summit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

D.1. Government funds

The focus of the Summit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the community's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Summit's governmental funds reported combined ending fund balances of \$3,420,484, an increase of \$301,797 in comparison with the prior year.

Of the \$3,420,484 ending fund balance, approximately 54.30% of this total amount (\$1,857,268) constitutes *Unassigned monies* available for spending at the government's discretion. The Village Board has committed \$702,772 for Facility Improvements. \$35,000 remains in long-term advance receivables representing monies forwarded to the Summit Utility District #2 of which will be repaid to the Village in 2022. The remainder of the fund balance is restricted for work the following items: 1) continuing care in the Summit Cemetery (\$312,183), 2) a variety of other parkland acquisition and development uses (\$3,040), 3) Genesee Lakes Utility District (\$20,031), 4) Summit Utility District #3 (\$17,317), 5) AED Equipment (\$1,400), 6) Police Department Community Outreach (\$1,991), or 7) payments as allowed by Wisconsin Statutes ("Impact Fees" \$438,879).

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

D. Financial Analysis of the Government's Funds (continued)

D.2. Proprietary funds

The Village of Summit's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

User charge rates for Summit Utility District #2 have been charged since completion of the system in 2002. All of the developed properties in the district were connected and served as of December 31, 2007. The 2004 and 2008 District audits identified on-going concerns over the long-term financing of the District. After incorporation, the Summit Village Board and District Commissioners completed a Financial Management Plan in November 2011 that extends through 2027. The Commission completed a refinancing of the District's long-term debt in May of 2012. The Commission also adopted an amended Final Special Assessment Resolution on January 3, 2013, this allowed the District to collect the deferred special assessments on undeveloped buildable properties. The Commission continues to use the 2011 Plan and updates this information on an annual basis. Copies of this financial management plan are available from the Village Administrator.

The Silver Lake Utility District completed installation of the sanitary sewer on January 6, 2006. All of the developed properties in the district were connected and served as of December 31, 2011. The District Commissioners completed a financial analysis in the spring of 2006 and refinanced the project into a 10-year general obligation note in September 2006. This District was also part of the 2011 Financial Management Plan for the Village. Based on this Plan the commission adopted a single increase in the annual tax assessment in November 2012 to stabilize the long-term funding of this District. In 2016 the Village approved a short-term funds transfer to cover the remaining debt service, this was paid off in full in December 2017. Copies of this financial management plan are available from the Village Administrator.

E. Capital Asset and Debt Administration

E.1. Capital Assets

The Village of Summit inherited all of the assets and liabilities of the Town of Summit when the State of Wisconsin approved incorporation on July 29, 2010. This inheritance included all of the Town's prior investment in capital assets for its governmental and business-type activities. As of December 31, 2021, these investments amount to \$21,047,362, a decrease of \$434,077 (net of accumulated depreciation). The governmental-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and street infrastructure. The Village's governmental activities capital assets, net of depreciation, total \$10,818,431; this is \$138,992 less than December 31, 2020.

The business-type investment in capital assets includes land, land improvements, buildings, machinery and equipment, and sanitary sewer infrastructure. The Village's business activities capital assets, net of depreciation, totals \$10,228,931 - this is \$295,085 less than December 31, 2020.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

E. Capital Asset and Debt Administration (continued)

Village of Summit - Capital Assets (net of accumulated depreciation)
December 31, 2021 and December 31, 2020

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land (not being depreciated)	\$ 1,594,282	\$ 1,594,282	\$ 92,861	\$ 92,861	\$ 1,687,143	\$ 1,687,143
Construction in Progress	---	---	---	---	---	---
Buildings	6,053,153	6,125,902	1,212,658	1,252,418	7,265,811	7,378,320
Vehicles and Equipment	624,026	613,616	236,608	278,011	860,634	891,627
Infrastructure	2,546,970	2,623,623	---	---	2,546,970	2,623,623
Sewer system and services	---	---	7,324,290	7,483,711	7,324,290	7,483,711
Investment in City of Oconomowoc treatment plant	---	---	1,362,514	1,417,015	1,362,514	1,417,015
Total	<u>\$ 10,818,431</u>	<u>\$ 10,957,423</u>	<u>\$ 10,228,931</u>	<u>\$ 10,524,016</u>	<u>\$ 21,047,362</u>	<u>\$ 21,481,439</u>

Additional information on the Village's capital assets can be found in Note 2.E.

Additional information on the Village's capital assets for Business-Type Activities can be found in the separate Financial Statements for the Summit Utility District #2, Note 4 of the report.

E.2. Long-term debt

At the end of the current fiscal year, the Village of Summit had total debt outstanding of \$10,436,534. Of this amount, \$10,418,889 comprises debt backed by the full faith and credit of the government. The remainder of the Village's governmental activities debt (\$17,645) as shown in Notes 2.F represents accumulated sick pay benefits for current, full-time police officers. The Village Board voted in November 2013, to convert to a Paid-Time-Off policy for non-represented employees. This policy change froze the growth in vested compensated absences for these employees and changed the future hourly benefit into an annual obligation. The Village Board approved a 3-year agreement with the Summit Police Association on November 3, 2015 which included a change to the accumulated sick leave policy for existing full-time officers, this policy continues in subsequent agreements and is further explained in Note 1.D.

The Village's total debt decreased by \$925,522 during the current fiscal year. The decrease in debt results from payment of the existing State Trust Fund Loans, GO Bonds for the new Village facilities, GO Bonds for Summit Utility District #2 and Waukesha County Note.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village of Summit is \$63,357,505 which is significantly in excess of the Village's outstanding general obligation debt. The Village's current debt includes approximately 16.47% of the overall statutory amount available.

Additional information on the Village of Summit's long-term debt can be found in note 2.F.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

F. Economic Factors and Other Budget Notes

The final budget of the Village's general fund contained revenues and other financing sources of \$3,527,182 and expenditures and other financing uses of \$3,706,179. There were no amendments to the budget during the year. Actual results for the year show revenues and other financing sources exceeding expenditures and other financing uses by \$141,535, which is \$320,532 better than budgeted. Revenues were significantly higher than budget in the area of licenses and permits. This is due to continued rapid issuance of building permits for the Lake Country Village, Interlaken Village and Newbridge Crossings subdivisions. Expenses were significantly higher than budget in the area of public safety but lower in all other expenditures. The increase in public safety is mainly due to the increased building inspection service fees which correlate to the increase in licenses and permits revenue.

The Village Assessor reported the 2020 current assessed value of the Village at \$1,059,600,713, a market increase of about \$158.5 million compared to 2014 values (901,129,533). After the major recession of 2009-2011, the Village finally saw fairly stable property values return in 2015. 2020 and 2021 continued to bring an increase of new home construction within the Village. The Village has continued to contract with Grota Appraisals to complete a maintenance-level appraisal for three years (2019-21).

The Village of Summit tax rate for 2021 was \$2.7622 per \$1,000 of assessed value (mil rate). The 2021 budgeted tax levy for Village services increased by \$108,422 from 2020. The vast majority of overall increase comes from increased building inspection expenses and higher expenditures for the highway department staffing.

The Village has the following department heads; Village Administrator-Clerk/Treasurer, and Police Chief. During 2021, the Village hired a full-time Public Works Director. Also during 2021, the Village Planner retired and the Village opted to contract with a Planner instead of hiring full-time staff. Department heads are required to monitor revenues and control expenses within their departments to prevent exceeding the various departments' expenditures established by the budget, the Administrator-Clerk/Treasurer insures proper capital funding for the future and that the Village's capital investments are protected, and future maintenance and replacement costs are minimized.

As part of the 2011 financial planning the Village Board and staff developed a 5-year Capital Improvement Plan program. During 2021 the Board and staff updated this Plan for 2022 - 2026, including possible expenditures for bridge repairs/replacement, park improvements, bike path, road repairs and upgrades, vehicle and equipment replacement. The Village did not borrow any funds but chose to use excess general funds to cover items within the Capital Improvement Plan. The Village's 2021 adopted budget was approved November 9, 2020 following a public hearing that same evening.

During 2017 the Village began construction of new administrative, police and public works facilities. These facilities were built on property purchased by the Village in 2017. The overall project costs of approximately \$7 million were funded using long-term GO Bonds for the 20-year notes. The Village continues to make annual payments on the Bonds and includes those in the annual budget.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2021

G. Requests for Information

This financial report is designed to provide a general overview of the Village of Summit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Debra Michael, WCMC
Village Administrator-Clerk/Treasurer
37100 Delafield Road
Summit, Wisconsin 53066

(262) 567-2757
administrator@summitvillage.org

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
December 31, 2021

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 4,972,079	\$ 2,027,242	\$ 6,999,321
Taxes and special charges receivable	1,632,264	415,934	2,048,198
Accounts receivable	79,319	203,590	282,909
Internal balances	37,980	(37,980)	---
Prepaid expenses	30,603	---	30,603
Current special assessment receivable	---	179,707	179,707
Noncurrent special assessments receivable	---	339,885	339,885
Net pension asset	735,285	---	735,285
Restricted Assets:			
Connection charges receivable	---	59,925	59,925
Capital Assets:			
Land	1,594,282	92,861	1,687,143
Other capital assets, net of accumulated depreciation	9,224,149	10,136,070	19,360,219
Total assets	18,305,961	13,417,234	31,723,195
Deferred Outflows of Resources:			
Deferred outflows related to pensions	1,222,601	---	1,222,601
Deferred outflows related to OPEB	55,179	---	55,179
Total deferred outflows	1,277,780	---	1,277,780
Liabilities:			
Accounts payable	284,460	68,064	352,524
Due to other government units	6,001	---	6,001
Accrued wages and benefits	63,835	---	63,835
Unearned grant revenue	253,197	---	253,197
Accrued interest	19,513	15,238	34,751
Liabilities payable from restricted assets:			
Connection charges payable	---	59,925	59,925
Net OPEB liability	119,036	---	119,036
Accrued compensated absences	17,645	---	17,645
Deposits	68,552	---	68,552
Bonds and notes - due within one year	608,166	721,743	1,329,909
Waukesha County note - due within one year	3,548	---	3,548
Bonds and notes - due in more than one year	5,426,446	3,816,974	9,243,420
Total liabilities	6,870,399	4,681,944	11,552,343
Deferred Inflows of Resources:			
Special assessments	---	339,885	339,885
Deferred inflows related to pensions	1,610,799	---	1,610,799
Deferred inflows related to OPEB	18,453	---	18,453
Tax roll	2,655,716	348,559	3,004,275
Total deferred inflows of resources	4,284,968	688,444	4,973,412
Net Position:			
Net investment in capital assets	4,760,758	5,674,976	10,435,734
Restricted for:			
Cemetery fund	312,183	---	312,183
Other	482,658	---	482,658
Unrestricted	2,872,775	2,371,870	5,244,645
Total net position	\$ 8,428,374	\$ 8,046,846	\$ 16,475,220

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 727,550	\$ 193,891	\$ 22,060	\$ ---	\$ (511,599)	\$ ---	\$ (511,599)
Public safety	1,774,341	989,122	194,743	---	(590,476)	---	(590,476)
Public works	1,624,834	716,132	210,884	---	(697,818)	---	(697,818)
Health and human services	36,488	47,420	---	---	10,932	---	10,932
Culture, education and recreation	108,860	233,849	---	---	124,989	---	124,989
Interest and fiscal charges	156,929	---	---	---	(156,929)	---	(156,929)
Total governmental activities	<u>4,429,002</u>	<u>2,180,414</u>	<u>427,687</u>	<u>---</u>	<u>(1,820,901)</u>	<u>---</u>	<u>(1,820,901)</u>
Business-type:							
Silver Lake Utility District	202,817	147,207	---	45,318	---	(10,292)	(10,292)
Summit Utility District No. 2	774,583	762,994	---	223,879	---	212,290	212,290
Total business-type activities	<u>977,400</u>	<u>910,201</u>	<u>---</u>	<u>269,197</u>	<u>---</u>	<u>201,998</u>	<u>201,998</u>
Total Government	<u>\$ 5,406,402</u>	<u>\$ 3,090,615</u>	<u>\$ 427,687</u>	<u>\$ 269,197</u>	<u>(1,820,901)</u>	<u>201,998</u>	<u>(1,618,903)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,491,237	354,001	1,845,238
Property taxes, levied for debt service					536,850	---	536,850
Other taxes					225,037	---	225,037
Intergovernmental revenues not restricted to specific programs					119,131	---	119,131
Interest income					8,714	2,881	11,595
Gain on sale of non-capital assets					11,414	---	11,414
Insurance recoveries					8,854	---	8,854
Miscellaneous					19,616	77	19,693
Total General Revenues					<u>2,420,853</u>	<u>356,959</u>	<u>2,777,812</u>
Change in net position					599,952	558,957	1,158,909
Net position - beginning					7,828,422	7,550,046	15,378,468
Prior period adjustment (see note 13)					---	(62,157)	(62,157)
Net position - beginning, as adjusted					<u>7,828,422</u>	<u>7,487,889</u>	<u>15,316,311</u>
Net position - ending					<u>\$ 8,428,374</u>	<u>\$ 8,046,846</u>	<u>\$ 16,475,220</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
				<u>Funds</u>	<u>Funds</u>
Assets:					
Cash and investments	\$ 3,754,787	\$ 317,266	\$ ---	\$ 900,026	\$ 4,972,079
Receivables					
Taxes	1,048,233	498,667	---	85,364	1,632,264
Accounts	79,319	---	---	---	79,319
Due from other funds	125,893	---	---	21,973	147,866
Due from Utility Districts	7,636	---	---	---	7,636
Prepaid expenditures	30,603	---	---	---	30,603
Advance to Utility Districts	35,000	---	---	---	35,000
Total assets	<u>5,081,471</u>	<u>815,933</u>	<u>---</u>	<u>1,007,363</u>	<u>6,904,767</u>
Liabilities:					
Accounts payable	284,460	---	---	---	284,460
Accrued wages and benefits	63,835	---	---	---	63,835
Unearned grant revenue	253,197	---	---	---	253,197
Deposits	68,552	---	---	---	68,552
Due to other funds	21,973	---	---	125,893	147,866
Due to Utility Districts	---	---	---	4,656	4,656
Due to other governments	6,001	---	---	---	6,001
Total liabilities	<u>698,018</u>	<u>---</u>	<u>---</u>	<u>130,549</u>	<u>828,567</u>
Deferred Inflows of Resources:					
Tax roll revenue	1,754,419	815,933	---	85,364	2,655,716
Fund Balances:					
Nonspendable	65,603	---	---	---	65,603
Restricted	3,391	---	---	791,450	794,841
Committed	702,772	---	---	---	702,772
Unassigned	1,857,268	---	---	---	1,857,268
Total fund balance	<u>\$ 2,629,034</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 791,450</u>	<u>\$ 3,420,484</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

**Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position**

December 31, 2021

Total fund balance of governmental funds	\$	3,420,484
<p>Amounts reported for governmental activities in the government-wide statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.</p>		
Land	\$ 1,594,282	
Other capital assets net of accumulated depreciation	<u>9,224,149</u>	10,818,431
<p>The Village's proportionate share of the net pension asset at the WRS is reported on the statement of net position, but is not reported in the governmental funds.</p>		
		735,285
<p>The Village's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") administered by the Wisconsin Department of Employee Trust Funds ("ETF") is reported on the statement of net position, but is not reported in the governmental funds.</p>		
		(119,036)
<p>Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.</p>		
Deferred outflows related to pensions	1,222,601	
Deferred inflows related to pensions	(1,610,799)	
Deferred outflows related to OPEB	55,179	
Deferred inflows related to OPEB	<u>(18,453)</u>	(351,472)
<p>Long-term debt and related items are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term debt and related items at year-end consist of:</p>		
Bonds and notes payable	(5,956,534)	
Unamortized bond premium	(81,626)	
Compensated absences payable	(17,645)	
Accrued interest payable	<u>(19,513)</u>	<u>(6,075,318)</u>
Total net position of governmental activities	\$	<u><u>8,428,374</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 1,644,584	\$ 536,850	\$ ---	\$ 71,684	\$ 2,253,118
Operating grants and contributions:					
Intergovernmental	514,718	---	---	---	514,718
Other	32,100	---	---	---	32,100
Licenses and permits	576,612	---	---	---	576,612
Fines, forfeitures and penalties	67,630	---	---	---	67,630
Public charges for services	530,693	---	---	467,007	997,700
Intergovernmental charges for services	538,472	---	---	---	538,472
Interest income	4,062	---	---	4,652	8,714
Other revenues	19,610	---	---	---	19,610
Total revenues	<u>3,928,481</u>	<u>536,850</u>	<u>---</u>	<u>543,343</u>	<u>5,008,674</u>
Expenditures:					
Current:					
General government	628,278	---	---	---	628,278
Public safety	1,885,264	---	---	---	1,885,264
Public works	850,898	---	309,556	296,781	1,457,235
Health and human services	31,950	---	---	4,865	36,815
Culture, recreation and education	19,482	---	---	76,895	96,377
Capital outlay	---	---	240,021	---	240,021
Debt service:					
Principal	---	429,767	---	---	429,767
Interest and fiscal charges	---	161,388	---	---	161,388
Total expenditures	<u>3,415,872</u>	<u>591,155</u>	<u>549,577</u>	<u>378,541</u>	<u>4,935,145</u>
Excess (deficit) of revenues over (under) expenditures	512,609	(54,305)	(549,577)	164,802	73,529
Other Financing Sources (Uses):					
Face value of bonds and notes issued	---	---	200,000	---	200,000
Proceeds from sale of capital assets	8,000	---	---	---	8,000
Proceeds from sale of non-capital assets	11,414	---	---	---	11,414
Insurance recoveries	8,854	---	---	---	8,854
Transfers in	4,540	54,305	349,577	---	408,422
Transfers out	(403,882)	---	---	(4,540)	(408,422)
Total other financing sources (uses)	<u>(371,074)</u>	<u>54,305</u>	<u>549,577</u>	<u>(4,540)</u>	<u>228,268</u>
Net change in fund balance	141,535	---	---	160,262	301,797
Fund Balance, beginning of year	<u>2,487,499</u>	<u>---</u>	<u>---</u>	<u>631,188</u>	<u>3,118,687</u>
Fund Balance, end of year	<u>\$ 2,629,034</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 791,450</u>	<u>\$ 3,420,484</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended December 31, 2021

Net change in fund balances - total governmental funds	\$		301,797
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.			
Capital outlay	\$	240,021	
Depreciation expense		<u>(369,025)</u>	(129,004)
In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net assets by the cost of the assets sold or retired net of the accumulated depreciation on those assets.			
			(9,988)
Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets.			
Principal payments on debt			429,767
Face value of new debt is an other financing source in the governmental funds, but increases the liability in the statement of net position			
			(200,000)
In the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as an (expense) revenue. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.			
Pension revenue		83,679	
Village pension contributions		134,852	
OPEB Expense		(15,286)	
Village OPEB contributions		<u>431</u>	203,676
Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due.			
			(1,013)
Amortization of premium from the issuance of debt reduces the balance of the respective item in the statement of net position. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds.			
			5,472
Certain expenses do not require the use of current financial resources, and therefore, are not accrued in the governmental funds. These expenses are accrued in the government-wide statement of net assets and reported as expenses in the statement of activities.			
Accrued compensated absences			<u>(755)</u>
Net change in net position	\$		<u><u>599,952</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Assets:			
Current Assets:			
Cash and investments	\$ 1,871,009	\$ 156,233	\$ 2,027,242
Due from other utility districts	1,879	9,520	11,399
Due from other funds	48	---	48
Receivables:			
Customer	166,936	36,654	203,590
Taxes	338,559	13,340	351,899
Special charges on the tax roll	64,035	---	64,035
Current special assessments receivable	179,707	---	179,707
Total current assets	<u>2,622,173</u>	<u>215,747</u>	<u>2,837,920</u>
Non-Current Assets:			
Special assessments receivable	---	339,885	339,885
Restricted assets:			
Connection charges receivable	---	59,925	59,925
Capital assets:			
Land	92,861	---	92,861
Capital assets being depreciated	13,409,983	2,180,025	15,590,008
Accumulated depreciation and amortization	(4,636,427)	(817,511)	(5,453,938)
Total non-current assets	<u>8,866,417</u>	<u>1,762,324</u>	<u>10,628,741</u>
Total assets	<u>11,488,590</u>	<u>1,978,071</u>	<u>13,466,661</u>
Liabilities:			
Current Liabilities:			
Accounts payable	54,144	13,920	68,064
Accrued interest	15,238	---	15,238
Due to other funds	---	3,028	3,028
Due to other utility districts	9,520	1,879	11,399
Liabilities payable from restricted assets:			
Connection charges payable	---	59,925	59,925
Bonds and notes - due within one year	721,743	---	721,743
Total current liabilities	<u>800,645</u>	<u>78,752</u>	<u>879,397</u>
Non-Current Liabilities:			
Bonds and notes - due in more than one year	3,816,974	---	3,816,974
Advance from Village	35,000	---	35,000
Total non-current liabilities	<u>3,851,974</u>	<u>---</u>	<u>3,851,974</u>
Total liabilities	<u>4,652,619</u>	<u>78,752</u>	<u>4,731,371</u>
Deferred inflows of resources:			
Special assessment revenue	---	339,885	339,885
Tax roll revenue	338,559	10,000	348,559
Total deferred inflows of resources	<u>338,559</u>	<u>349,885</u>	<u>688,444</u>
Net Position:			
Net investment in capital assets	4,312,462	1,362,514	5,674,976
Unrestricted	2,184,950	186,920	2,371,870
Total net position	<u>\$ 6,497,412</u>	<u>\$ 1,549,434</u>	<u>\$ 8,046,846</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Operating Revenues	\$ 762,994	\$ 147,207	\$ 910,201
Operating Expenses:			
Operation and maintenance	321,297	102,561	423,858
Administrative and general	127,864	45,755	173,619
Depreciation	240,584	---	240,584
Amortization	---	54,501	54,501
Total operating expenses	<u>689,745</u>	<u>202,817</u>	<u>892,562</u>
Net Operating Income (Loss)	73,249	(55,610)	17,639
Non-Operating Revenues (Expenses):			
Taxes	339,001	15,000	354,001
Interest income	1,003	74	1,077
Interest on special assessments	1,804	---	1,804
Miscellaneous revenues	49	28	77
Interest expense	(84,838)	---	(84,838)
Net non-operating revenues	<u>257,019</u>	<u>15,102</u>	<u>272,121</u>
Net Income (loss) before Contributions	330,268	(40,508)	289,760
Capital Contributions	<u>223,879</u>	<u>45,318</u>	<u>269,197</u>
Change in Net Position	554,147	4,810	558,957
Net Position - Beginning of year	5,943,265	1,606,781	7,550,046
Prior period adjustment (see note 13)	---	(62,157)	(62,157)
Net Assets - Beginning of year, as adjusted	<u>5,943,265</u>	<u>1,544,624</u>	<u>7,487,889</u>
Net Position - End of year	<u>\$ 6,497,412</u>	<u>\$ 1,549,434</u>	<u>\$ 8,046,846</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	Silver Lake Utility District	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 763,650	\$ 125,933	\$ 889,583
Payments to suppliers	(445,614)	(149,361)	(594,975)
Internal activity - receipts from other funds	9,472	4,907	14,379
Internal activity - payments to other funds	---	(9,520)	(9,520)
Net cash provided (used) by operating activities	<u>327,508</u>	<u>(28,041)</u>	<u>299,467</u>
Cash Flows From Noncapital Financing Activities:			
Taxes received	339,001	21,017	360,018
Net cash provided by noncapital financing activities	<u>339,001</u>	<u>21,017</u>	<u>360,018</u>
Cash Flows From Capital and Related Financing Activities:			
Special assessments received	588,243	45,318	633,561
Debt retired	(695,000)	---	(695,000)
Interest paid	(98,885)	---	(98,885)
Net cash provided (used) by capital and related financing activities	<u>(205,642)</u>	<u>45,318</u>	<u>(160,324)</u>
Cash Flows From Investing Activities:			
Investment earnings	2,807	74	2,881
Net cash provided by investing activities	<u>2,807</u>	<u>74</u>	<u>2,881</u>
Net change in cash and equivalents	463,674	38,368	502,042
Cash and equivalents, beginning of year	<u>1,407,335</u>	<u>117,865</u>	<u>1,525,200</u>
Cash and equivalents, end of year	<u>\$ 1,871,009</u>	<u>\$ 156,233</u>	<u>\$ 2,027,242</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities:			
Net Operating Income (Loss)	\$ 73,249	\$ (55,610)	\$ 17,639
Miscellaneous revenue	49	---	49
Noncash items in operating income:			
Depreciation	240,584	---	240,584
Amortization	---	54,501	54,501
Changes in assets and liabilities:			
Customer accounts receivable	607	(21,275)	(20,668)
Accounts payable	5,426	(1,044)	4,382
Due from other utilities/village	9,472	4,907	14,379
Due to other utilities	(1,879)	(9,520)	(11,399)
Net cash flows provided (used) by operating activities	<u>\$ 327,508</u>	<u>\$ (28,041)</u>	<u>\$ 299,467</u>
Non-cash capital activities:			
Special assessments assessed	\$ 223,879	\$ 45,318	\$ 269,197
Amortization of debt premium	\$ 11,743	\$ ---	\$ 11,743

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT

Summit, Wisconsin

Statement of Fiduciary Net Position

December 31, 2021

		<u>Custodial Fund</u>
		<u>Tax Roll</u>
		<u>Fund</u>
Assets:		
Cash and investments	\$	5,881,634
Taxes receivable		<u>8,820,947</u>
Total assets	\$	<u><u>14,702,581</u></u>
Liabilities:		
Due to other governmental units	\$	<u><u>14,702,581</u></u>

Statement of Changes in Fiduciary Net Position

December 31, 2021

		<u>Custodial Fund</u>
		<u>Tax Roll</u>
		<u>Fund</u>
Additions:		
Collection of property taxes	\$	14,430,211
Deductions:		
Distributions to other governmental units		<u>14,430,211</u>
Net change in fiduciary net position		---
Net position, January 1		<u>---</u>
Net position, December 31	\$	<u><u>---</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021

1. Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

This report includes all of the funds of the Village of Summit ("Village"). 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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

The Village has included in its financial statements the following entities, which are not considered separate entities with corporate powers:

Community Development Authority

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

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

Fund 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 that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

Funds are organized as 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:

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

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

The Village reports the following major funds:

Major Governmental Fund

- General Fund – The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally or administratively required to be accounted for in another fund.
- Debt Service Fund – This fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).
- Capital Projects Fund – This fund accounts for the acquisition or construction of capital assets that are financed with general obligation debt.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

Major Enterprise Funds

- Silver Lake Utility District Fund – This Fund accounts for operations of the sanitary sewer system.
- Summit Utility District No. 2 Fund – This Fund accounts for operations of the sanitary sewer system.

The Village reports the following non-major funds:

- Special Revenue Funds – These Funds are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

Land Acquisition and Public Improvements Fund
Impact Fees Funds
Genesee Lakes Utility District Fund
Summit Utility District #3 Fund

- Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Fund

In addition, the Village reports the following fund types:

Fiduciary funds are used to account for assets held by the Village in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units.

Custodial Fund - Tax Roll Fund

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows 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.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Government-Wide Financial Statements (continued)

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

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 the 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 to 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 meeting eligibility requirements are recorded as unearned revenue.

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. Delinquent special assessments being held by the county are reported as receivable 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.

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when 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 liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Custodial funds allow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

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 proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments

For the purpose of the statement of net position and for the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

The Village invests its funds in accordance with the provisions of the Wisconsin Statutes 66.04(2) and 67.11(2), which are as follows:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
2. Bonds or securities of any county, city, drainage district, technical college districts, village, town, or school district of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
5. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
6. Repurchase agreements secured by federal bonds or securities with public depositories.
7. Bonds issued by local exposition districts.
8. Bonds issued by local professional baseball park districts and professional football stadium districts.
9. Bonds issued by the University of Wisconsin Hospitals and Clinic Authority.
10. The Local Government Investment Pool Fund.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Cash and Investments (continued)

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

The Village may deposit funds in authorized banks, the Wisconsin Local Government Investment Pool and Wisconsin Investment Trust without restriction of amounts. The Village may deposit funds in savings and loan associations and credit unions up to \$500,000. Deposits in authorized banks may be limited to \$500,000 upon the determination of the Investment Officer of the Village that circumstances exist regarding the viability of the bank.

The Village's investment policy does not address other types of risks.

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Currently, the Village has no investments that are measured at fair value. The local government investment pool ("LGIP") is valued at amortized cost, and the certificates of deposit ("CD's") are valued at cost plus accrued interest.

Receivables

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Management has determined that no allowance is necessary at December 31, 2021. No provision for uncollectible accounts receivable has been made for the enterprise funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Receivables (continued)

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 provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other governmental units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Property Tax Calendar – 2021 Tax Roll:

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

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection. Therefore, management has determined that no allowance is considered necessary.

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

Restricted Assets

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Capital Assets

Government-Wide Statements

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

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. The Village has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	50 years
Machinery and Equipment	5 - 25 years
Infrastructure	50 - 65 years
Utility System	33 - 80 years
Investment in City of Oconomowoc treatment plant	40 years

Fund Financial Statements

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Compensated Absences

The Village does not accrue vacation, paid time off, or sick leave, but rather expenses these costs as paid. Paid time off is not cumulative from year to year for highway and office employees, but at the end of each calendar year, the Village will contribute up to 40 hours of unused paid time off to employees' 401(a) account. Represented employees are allowed to accumulated sick leave benefits up to a maximum of 120 days to be used for sickness or injury. These days are not paid out upon termination of employment. Employees are allowed to accumulate compensated time for overtime hours worked during the year to be used, or paid out, at a later date. Accumulated benefits are recorded as expenditures in the fund statements in the year used. Due to the long-term nature of the accumulated benefits, the governmental fund statements do not report this liability. The accumulated paid time off is recorded as long-term debt in the government-wide financial statements. Compensated absences are generally liquidated by the general fund.

Long-term Obligations and Conduit Debt

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 the debt and premiums on issuance are reported as other financing sources. Payments of principal and interest, losses on debt refunding, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refunding are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums is shown as a liability on the statement of net position. The balance at year end for gains/losses, is shown as a deferred outflow of resources or deferred inflow of resources on the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

The Village, under the authority of the Community Development Authority, has permitted the issuance of Redevelopment Revenue Bonds ("RRB") for a privately-owned company within the Village limits. The Village has no obligation for the RRBs in the event of default by the borrowers. Accordingly, no liability for the bonds is included in the Village's financial statements. The aggregate amount of these conduit obligations outstanding as of December 31, 2021 was \$9,605,000.

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.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Net Position Classifications

Government-Wide Statements

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

- a. **Net investment in capital assets** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. **Restricted net position** – Consists of net position with constraints placed on the 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.

Fund Balance Classifications

Fund Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village’s fund balance classification policies and procedures are as follows:

- a. **Nonspendable** – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.
- b. **Restricted** – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- c. **Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village’s Board of Trustees.
- d. **Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. **Unassigned** – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Fund Balance Classifications (continued)

Fund Statements (continued)

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints previously approved by the Board of Trustees as designated funds in prior years. Amounts noted as assigned relate to constraints currently and previously approved by either the Village Administrator or designated department heads.

The Village applies resources in the following order when expense is incurred for purposes for which multiple fund balances are available: restricted, committed, assigned, unassigned.

The Village's current fund balance policy is to maintain a minimum unassigned fund balance of 15% of total General Fund budgeted revenues.

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

E. Deferred Outflows and Inflows of Resources

In accordance with GASB, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement elements, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources related to property taxes, pensions, OPEB and special assessment revenue.

F. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System ("WRS") and additions to/from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value. Pensions are generally liquidated by the general fund.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

1. Summary of Significant Accounting Policies (continued)

G. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (“LRLIF”) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF’s fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB benefits are generally liquidated by the general fund.

H. Deficit Balances

Accounting principles generally accepted in the United States of America require disclosure of individual funds that have deficit balances at year end. There were no deficit balances at December 31, 2021.

I. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (May 23, 2022). There were no subsequent events that required recognition or disclosure.

2. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

Cash and investments as shown on the Village’s statement of net position are subject to the following risks:

	Cash	Investments	Total
Custodial Risk:			
Demand deposits	\$ 10,672,426	\$ ---	\$ 10,672,426
Local Government Investment Pool (LGIP)	---	1,822,632	1,822,632
Custodial, Interest and Credit Risk:			
Certificate of deposit	---	385,897	385,897
Total	\$ 10,672,426	\$ 2,208,529	\$ 12,880,955

The Village’s cash and equivalents and investments are reported in the financial statements as follows:

Reconciliation to Financial Statements:

Cash and equivalents:

Per Statement of Net Position:

Cash and investments \$ 6,999,321

Per Statement of Fiduciary Net Position:

Cash and investments 5,881,634

Total cash and investments \$ 12,880,955

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

A. Cash and Investments (continued)

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool (“LGIP”) are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total coverage and other legal implications, recovery of material principal losses may be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments are amortized cost for purposes of calculating income to participants. At December 31, 2021, the fair value of the Village’s share of the LGIP’s assets was substantially equal to the amount as reported in these statements.

Participants in LGIP have the right to withdraw their funds in total on one day’s notice. The LGIP does not include any involuntary participants.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the Village’s deposits and value of investments may not be returned to the Village. As of December 31, 2021, the custodial balance of the Village’s cash and investments was \$12,788,676, of which \$2,138,076 was fully insured and \$7,838,741 was collateralized with securities held by the pledging financial institution, but not in the Village’s name. \$2,811,859 is uninsured and uncollateralized. See note 1D for the Village’s policy related to custodial risk.

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

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village’s investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Information regarding the exposure of the Village’s investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than	
		1 Year	1-5 Years
Certificates of deposit	\$ 385,897	\$ 385,897	---

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

A. Cash and Investments (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Village's investment policy minimized credit risk by limiting investments to the safest type of securities.

Presented below is the ratings for each type of investment:

Type of Investment	Amount	Rating as of Year End		
		AAA	AA2	Not Rated
Certificates of Deposit	\$ 385,897	\$ ---	\$ ---	\$ 385,897

B. Receivables

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

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not available and cannot be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,655,716

At the end of the current fiscal year, the various components of deferred inflows in the proprietary funds relating to revenue applicable to future periods were as follows:

Property taxes receivable for subsequent year	\$ 348,559
Deferred special assessments	339,885
Total deferred inflows for proprietary funds	\$ 688,444

C. Restricted Assets

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Connection charges receivable	\$ ---	\$ 59,925

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

D. Interfund Balances and Transfers

Internal Balances (Due to (from) other funds)

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 125,893
Summit Utility District No. 3	General Fund	21,973

Balances due to and from Utility Districts include interfund accounts receivable or payable for goods or services received or provided or amounts recorded to improper fund. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Silver Lake Utility District	\$ 3,028
General Fund	Summit Utility District No. 3	4,656
Summit Utility District No. 2	Silver Lake Utility District	9,520
Silver Lake Utility District	Summit Utility District No. 2	1,879
Summit Utility District No. 2	General Fund	48

All amounts are due within one year. The principal purpose of these interfund balances is the allocation of commingled cash and investment balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to other funds consist of the following at December 31, 2021:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Summit Utility District No. 2	\$ 35,000

In a prior year, in order to maintain a positive cash-flow, an advance was made to Summit Utility District No. 2. The advance is interest-free and is to be repaid no later than December 31, 2029.

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

Transfers

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 4,540
Capital Projects Fund	General Fund	349,577
Debt Service Fund	General Fund	54,305

Transfers from the cemetery fund to the general fund were made to transfer investment income. Transfers from the general fund to the debt service fund were to fund current principal and interest payments. Transfers from the general fund to the capital projects fund were for the purchase of capital outlay.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets

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

Governmental Activities

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance December 31, 2021</u>
Nondepreciable capital assets:				
Land	\$ 1,594,282	\$ ---	\$ ---	\$ 1,594,282
Depreciable capital assets:				
Vehicles and Equipment	1,502,365	167,973	(56,423)	1,613,915
Buildings and Improvement	6,566,653	72,048	---	6,638,701
Infrastructure	<u>3,367,846</u>	<u>---</u>	<u>---</u>	<u>3,367,846</u>
Total depreciable capital assets	11,436,864	240,021	(56,423)	11,620,462
Less accumulated depreciation:				
Vehicles and Equipment	888,749	147,575	(46,435)	989,889
Buildings and Improvement	440,751	144,797	---	585,548
Infrastructure	<u>744,223</u>	<u>76,653</u>	<u>---</u>	<u>820,876</u>
Total accumulated depreciation	<u>2,073,723</u>	<u>369,025</u>	<u>(46,435)</u>	<u>2,396,313</u>
Net depreciable capital assets	<u>9,363,141</u>	<u>(129,004)</u>	<u>(9,988)</u>	<u>9,224,149</u>
Net total capital assets	\$ <u>10,957,423</u>	\$ <u>(129,004)</u>	\$ <u>(9,988)</u>	\$ <u>10,818,431</u>

Depreciation was charged to governmental functions as follow:

General government	\$ 117,527
Public safety	53,226
Public works	184,387
Health and human services	940
Culture and recreation	<u>12,945</u>
Total depreciation	\$ <u>369,025</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets (continued)

Business-type Activities

	<u>Balance January 1, 2021</u>	<u>Addition</u>	<u>Disposals</u>	<u>Balance December 31, 2021</u>
Nondepreciable capital assets:				
Land	\$ 92,861	\$ ---	\$ ---	\$ 92,861
Total nondepreciable capital assets	92,861	---	---	92,861
Depreciable capital assets:				
Buildings	1,987,978	---	---	1,987,978
Sewer system and services	10,379,704	---	---	10,379,704
Equipment	1,042,301	---	---	1,042,301
Investment in City of Oconomowoc treatment plant	2,180,025	---	---	2,180,025
Total depreciable capital assets	15,590,008	---	---	15,590,008
Accumulated depreciation/amortization	<u>(5,158,853)</u>	<u>(295,085)</u>	<u>---</u>	<u>(5,453,938)</u>
Net depreciable capital assets	<u>10,431,155</u>	<u>(295,085)</u>	<u>---</u>	<u>10,136,070</u>
Net total capital assets	<u>\$ 10,524,016</u>	<u>\$ (295,085)</u>	<u>\$ ---</u>	<u>\$ 10,228,931</u>

Depreciation/amortization was charged to business-type activities as follows:

Business-type Activities	
Summit Utility District No. 2	\$ 240,584
Silver Lake Utility District	<u>54,501</u>
Total depreciation/amortization	<u>\$ 295,085</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation debt:					
General obligation bonds	\$ 5,695,000	\$ 200,000	\$ (250,000)	\$ 5,645,000	\$ 520,000
Unamortized debt premiums	87,099	---	(5,472)	81,626	5,472
Direct Borrowings:					
State trust fund loans	484,206	---	(176,220)	307,986	82,694
Notes payable	7,095	---	(3,547)	3,548	3,548
Total general obligation debt	6,273,400	200,000	(435,239)	6,038,160	611,714
Other liabilities:					
Vested compensated absences	16,890	58,196	(57,441)	17,645	---
Total long-term obligations	\$ 6,290,290	\$ 258,196	\$ (492,680)	\$ 6,055,805	\$ 611,714
Business-type Activities:					
General obligation debt:					
General obligation bonds	\$ 5,175,000	\$ ---	\$ (695,000)	\$ 4,480,000	\$ 710,000
Unamortized debt premiums	70,460	---	(11,743)	58,717	11,743
Total general obligation debt	\$ 5,245,460	\$ ---	\$ 706,743	\$ 4,538,717	\$ 721,743

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village and will be retired by resources derived from various sources, including property tax levies, special assessments and impact fees. Details of general obligation debt are presented below:

	Date of Issue	Maturity Date	Interest Rate	Original Indebtedness	Balance 12/31/21
General obligation bond	02/07/13	05/01/27	1.0-2.2%	\$ 9,495,000	\$ 4,480,000
General obligation bond	11/30/17	12/01/36	2.0-3.5%	6,070,000	5,445,000
General obligation bond	12/06/21	12/01/22	1.15%	200,000	200,000
Direct Borrowings:					
Waukesha county note	11/06/14	02/15/22	0%	28,377	3,548
State trust fund loan	08/09/16	03/15/21	2.50%	325,000	---
State trust fund loan	12/19/17	03/15/22	3.00%	225,000	59,175
State trust fund loan	09/06/20	03/15/25	2.50%	200,000	148,811
State trust fund loan	11/24/20	03/15/25	2.50%	100,000	100,000
Total general obligation debt					\$ 10,436,534

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

General Obligation Debt (continued)

Governmental activity debt	\$ 6,038,160
Business-type activity debt	4,538,717
Less: governmental activity unamortized debt premium	(81,626)
Less: business-type activity unamortized debt premium	<u>(58,717)</u>
Total general obligation debt	\$ <u>10,436,534</u>

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. As of December 31, 2021, the Village has used 16.47% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2021:

Equalized Value January 1, 2021	\$ <u>1,267,150,100</u>
Debt limit (5% of equalized value)	\$ 63,357,505
General Obligation Debt outstanding	<u>(10,436,534)</u>
Remaining Margin of Indebtedness Available	\$ <u>52,920,971</u>
Ratio of applicable general obligation debt to debt limit	<u>16.47</u> %

Debt Maturities

Debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

Year Ended Dec. 31,	G.O. Debt Principal	G.O. Debt Interest	Unamortized Debt Premiums	Direct Borrowing				Total
				STFL Principal	STFL Interest	Promissory Notes Principal	Promissory Notes Interest	
2022	\$ 520,000	\$ 150,851	\$ 5,472	\$ 82,694	\$ 5,035	\$ 3,548	\$ ---	\$ 767,600
2023	325,000	142,183	5,472	75,018	5,567	---	---	553,240
2024	330,000	135,683	5,472	76,796	3,789	---	---	551,740
2025	335,000	125,782	5,472	73,478	1,851	---	---	542,583
2026	340,000	117,408	5,472	---	---	---	---	462,880
2027-2031	1,805,000	445,837	27,361	---	---	---	---	2,278,198
2032-2036	1,990,000	182,158	26,905	---	---	---	---	2,199,063
	<u>\$ 5,645,000</u>	<u>\$ 1,299,902</u>	<u>\$ 81,626</u>	<u>\$ 307,986</u>	<u>\$ 16,242</u>	<u>\$ 3,548</u>	<u>\$ ---</u>	<u>\$ 7,355,304</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Debt Maturities (continued)

Business-type Activities:

Year Ended Dec. 31,	G.O. Debt Principal	G.O. Debt Interest	Unamortized Debt Premiums	Total
2022	\$ 710,000	\$ 84,835	\$ 11,743	\$ 806,578
2023	725,000	70,485	11,743	807,228
2024	740,000	55,835	11,743	807,578
2025	755,000	40,885	11,744	807,629
2026	765,000	25,303	11,744	802,047
2027	785,000	8,635	---	793,635
	<u>\$ 4,480,000</u>	<u>\$ 285,978</u>	<u>\$ 58,717</u>	<u>\$ 4,824,695</u>

Total Primary Government:

Year Ended Dec. 31,	G.O. Debt Principal	G.O. Debt Interest	Unamortized Debt Premiums	Direct Borrowing				Total
				STFL Principal	STFL Interest	Promissory Notes Principal	Promissory Notes Interest	
2022	\$ 1,230,000	\$ 235,686	\$ 17,215	\$ 82,694	\$ 5,035	\$ 3,548	---	\$ 1,574,178
2023	1,050,000	212,668	17,215	75,018	5,567	---	---	1,360,468
2024	1,070,000	191,518	17,215	76,796	3,789	---	---	1,359,318
2025	1,090,000	166,667	17,216	73,478	1,851	---	---	1,350,212
2026	1,105,000	142,711	17,216	---	---	---	---	1,264,927
2027-2031	2,590,000	454,472	27,361	---	---	---	---	3,071,833
2032-2036	1,990,000	182,158	26,905	---	---	---	---	2,199,063
	<u>\$ 10,125,000</u>	<u>\$ 1,585,880</u>	<u>\$ 140,343</u>	<u>\$ 307,986</u>	<u>\$ 16,242</u>	<u>\$ 3,548</u>	<u>---</u>	<u>\$ 12,179,999</u>

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in both the proprietary fund statements and the government-wide statements. The unamortized debt premiums are reported in the liability section as bonds and notes, in both the proprietary fund statements and the government-wide statements. Amortization on debt premiums for governmental activities amounted to \$5,472 for the year ended December 31, 2021. Amortization on debt premiums for business-type activities amounted to \$11,743 for the year ended December 31, 2021.

As of December 31, 2021, the Village has no defeased debt outstanding.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position consists of the following:

Net Investment in Capital Assets:

Land and construction in progress	\$ 1,594,282	
Other capital assets net of accumulated depreciation	9,224,149	
Less: accrued interest	(19,513)	
Less: related long-term debt and unamortized debt premiums	<u>(6,038,160)</u>	
Total Net Investment in Capital Assets		\$ 4,760,758

Restricted for:

Land acquisition	3,040	
Cemetery	312,183	
Genesee Lakes Utility District	20,031	
Summit Utility District #3	17,317	
AED equipment	1,400	
Police department community outreach	1,991	
Impact fees	<u>438,879</u>	
Total Restricted		794,841

Unrestricted		<u>2,872,775</u>
Total Governmental Net Position		\$ <u>8,428,374</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Government-Wide Financial Statement Net Position (continued)

Business-type Activities

Business-type net position consists of the following:

Net Investment in Capital Assets:

Land	\$ 92,861	
Other capital assets net of accumulated depreciation	10,136,070	
Less: related long-term debt and unamortized debt premiums	(4,538,717)	
Less: accrued interest	<u>(15,238)</u>	
Net Investment in Capital Assets		\$ 5,674,976
Unrestricted		<u>2,371,870</u>
Total Business-type Net Position		\$ <u>8,046,846</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

2. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

Major Funds:

General Fund:

Nonspendable:

Advance to Utility Districts	\$	35,000	
Prepaid expenditures		30,603	
Subtotal			65,603

Restricted:

AED equipment			1,400
Police department community outreach			1,991
			3,391
Subtotal			3,391

Committed:

Facility improvements			702,772
Unassigned			1,857,268
			2,560,040
Total General Fund			\$ 2,629,034

Nonmajor Governmental Funds:

Restricted:

Land acquisition	\$	3,040	
Impact Fees		438,879	
Cemetery		312,183	
Summit Utility District #3		17,317	
Genesee Lakes Utility District		20,031	
Total nonmajor governmental funds			\$ 791,450

3. Defined Benefit Pension Plan

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds ("ETF"). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/16) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Post-Retirement Adjustments (continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2011	(1.2)%	11%
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as for general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period (calendar year 2020), the WRS recognized \$134,852 in contributions from the employer.

Contribution rates as of December 31, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources

At December 31, 2021, the Village reported an asset of \$735,285 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was 0.0118%, which was an increase of 0.0003% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension revenue of \$83,679.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources (continued)

At December 31, 2021, the Village reported Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,064,184	\$ 229,223
Changes in assumptions	16,677	---
Net difference between projected and actual earnings on pension plan investments	---	1,380,438
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,838	1,138
Employer contributions subsequent to the measurement date	138,902	---
Total	\$ 1,222,601	\$ 1,610,799

The amount of \$138,902 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,		Deferred Outflows of Resources		Deferred Inflows of Resources
2022	\$	683,302	\$	(818,969)
2023		578,501		(614,999)
2024		254,599		(503,916)
2025		106,044		(211,662)

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2020 are summarized in the following table:

Asset Allocation Targets and Expected Returns			
As of December 31, 2020			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

3. Defined Benefit Pension Plan (continued)

Actuarial Assumptions (Continued)

Sensitivity of the Village’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
Village’s proportionate share of the net pension (asset) liability	\$ 699,890	\$ (735,285)	\$ (1,789,411)

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

Payables to the Pension Plan

Payables to the pension plan at December 31, 2021 were \$21,539. This represents contributions earned as of December 31, 2021, but for which payment was not remitted to the pension plan until subsequent to year-end.

4. Other Post-Employment Benefits

Plan Description

The Local Retiree Life Insurance Fund (“LRLIF”) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (“ETF”) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position

ETF issues a standalone Annual Comprehensive Financial Report (“ACFR”), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Benefits provided The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

4. Other Post-Employment Benefits

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of December 31, 2021 are:

<u>Coverage Type</u>			<u>Employer Contribution</u>
25%	Post Coverage	Retirement	20% of employee contribution
50%	Post Coverage	Retirement	40% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2020 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2020		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

*Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$431 in contributions from the employer.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

4. Other Post-Employment Benefits (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, the Village reported a liability of \$119,036 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the Village's proportion was .02164%, which was an decrease of .00156% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized OPEB expense of \$15,286.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ 5,680
Net difference between projected and actual earnings on OPEB plan investments	1,732	---
Changes in assumptions	46,307	8,167
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,714	4,606
Employer contributions subsequent to the measurement date	426	---
Total	\$ 55,179	\$ 18,453

The amount of \$426 reported as deferred outflows related to OPEB resulting from the employers contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		Deferred Outflows of Resources		Deferred Inflows of Resources
2022	\$	11,030	\$	3,921
2023		10,842		3,921
2024		10,649		3,921
2025		10,000		3,805
2026		8,595		1,721
Thereafter		3,637		1,164

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

4. Other Post-Employment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	2.25%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation

Long-term expected Return on Plan Assets The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2020

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Credit Bonds	Barclays Credit	50%	1.47%
US Mortgages	Barclays MBS	50%	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

4. Other Post-Employment Benefits (Continued)

Actuarial Assumptions (continued)

Single Discount rate A single discount rate of 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase To Discount Rate (3.25%)
Village's proportionate share of the net OPEB liability	\$ 161,922	\$ 119,036	\$ 86,602

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

5. Risk Management

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

6. Contingent Liabilities

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and of the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

7. Police Contract

Starting in 2011, the Village began providing police services to a local municipality. For the year ended December 31, 2021, the Village received \$392,485 related to these services. For the year ended December 31, 2022, the Village expects to receive \$406,222 related to these services.

8. Joint Ventures

Western Lakes Fire Department

By agreement dated February 16, 2017, the Western Lakes Fire Department (“WLFD”) was created. The WLFD, which provides proper fire and emergency medical service protection for all persons and properties located within the District consistent with intergovernmental cooperation as authorized by 66.0301, Wis. Stats. Participants are the City of Oconomowoc, Village of Summit, Village of Dousman and Town of Ottawa. The WLFD is operated by a Joint Fire Board which govern the operations for the Fire District. The Fire Board shall be composed of seven voting members. Also established by the agreement is a Joint Fire Commission which shall function as the fire commission for the fire District.

The powers of the Joint Fire Board include executing all contracts and agreements and approving the bill list, initiate the audit process, communicate with member municipalities, sign checks and keep and accurate account in accordance with accounting principles generally accepted in the United States of America. The Fire Board will also submit a consolidated Fire District Budget to the municipalities no later than September 1.

Each participating municipality's annual financial contribution to the WLFD's operating budget shall be based on call volume prorated share of the population and equalized valuation of the municipality. Each municipality's annual financial contribution to the Fire District's capital budget shall be based on fixed percentage cost and the proportion of each municipality's percentage share of the operating budget. The Village accounts for its share of the operations of the WLFD in the General Fund. The Village's share of the 2021 operating budget was as follows:

Operating	\$	533,960
Capital		<u>333,500</u>
Total	\$	<u>867,460</u>

The Joint Fire Agreement shall remain in effect in perpetuity subject to the following: 1) All municipalities shall participate in the agreement for a minimum of seven years commencing March 2, 2017; 2) Any municipality wishing to withdraw may do so effective the end of any calendar year after 2023 by providing two years written notice; 3) By consent of all municipalities at any time.

9. Trail System Agreement

An agreement was entered into during 2017 between the Village of Summit and Lake Country Village, LLC. The developer of Lake Country Village will construct a paved trail system and related amenities along the trail system. The trail system shall be constructed by the developer of Lake Country Village and maintained in lieu of construction of a public park. The Village shall be responsible for collecting park impact fees at the time of building permit application for each lot within the Lake Country Village development. The parties have agreed that up to 50% of the collected park impact fees shall be reimbursed to the developer to off-set the costs to construct the trail system. At no time shall the amount reimbursed to developer exceed the actual costs to construct. For the year ended December 31, 2021 the Village paid \$76,895 in reimbursements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2021
(Continued)

10. Underground Facilities Locating and Marking Service Agreement

An agreement was entered into during 2020 between the Village of Summit and Excel Underground, LLC. The Excel Underground, LLC will perform locating and marking services of underground facilities. The agreement begins January 1, 2020 and remains in effect for a period of 36 months, unless sooner terminated by either party with 30 day written notice. The fees charged are based on service ticket type and range from \$1 to \$47 per service ticket.

11. Line of Credit

Starting in 2020, the Village began providing a line of credit, with a limit of \$200,000, to the Western Lakes Fire District "Fire District". The Fire District must repay any draws within 12 months and no interest is charged on the line of credit. There were no outstanding balances as of December 31, 2021.

12. Effect of New Accounting Standards on Financial Statements

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

- GASB Statement No. 87, *Leases*
- GASB Statement No. 91, *Conduit debt obligations*
- GASB Statement No. 92, *Omnibus 2020*
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*
- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*
- GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

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

13. Prior Period Adjustment

During 2021, it was determined that the Silver Lake Utility District incorrectly double recorded certain utility billings during the year ended December 31, 2020. This caused the need for a prior period adjustment during the year ending December 31, 2021, which decreased beginning of year net position by \$62,157.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT
Summit, Wisconsin

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes	\$ 1,619,438	\$ 1,619,438	\$ 1,644,584	\$ 25,146
Operating grants and contributions:				
Intergovernmental	486,044	486,044	514,718	28,674
Other	5,200	5,200	32,100	26,900
Licenses and permits	277,550	277,550	576,612	299,062
Fines, forfeitures and penalties	55,030	55,030	67,630	12,600
Public charges for services	520,100	520,100	530,693	10,593
Intergovernmental charges for services	534,120	534,120	538,472	4,352
Investment income	11,000	11,000	4,062	(6,938)
Other revenues	5,000	5,000	19,610	14,610
Total revenues	<u>3,513,482</u>	<u>3,513,482</u>	<u>3,928,481</u>	<u>414,999</u>
Expenditures:				
Current:				
General government	693,568	693,568	628,278	65,290
Public safety	1,781,933	1,781,933	1,885,264	(103,331)
Public works	989,362	989,362	850,898	138,464
Health and human services	42,152	42,152	31,950	10,202
Culture, recreation and education	199,164	199,164	19,482	179,682
Total expenditures	<u>3,706,179</u>	<u>3,706,179</u>	<u>3,415,872</u>	<u>290,307</u>
Excess (deficiency) of revenues over (under) expenditures	(192,697)	(192,697)	512,609	705,306
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	13,700	13,700	8,000	(5,700)
Proceeds from sale of non-capital assets	---	---	11,414	11,414
Insurance recoveries	---	---	8,854	8,854
Transfer in	---	---	4,540	4,540
Transfer out	---	---	(403,882)	(403,882)
Total other financing sources (uses)	<u>13,700</u>	<u>13,700</u>	<u>(371,074)</u>	<u>(384,774)</u>
Net change in fund balance	(178,997)	(178,997)	141,535	320,532
Fund Balance - Beginning of Year	<u>2,487,499</u>	<u>2,487,499</u>	<u>2,487,499</u>	<u>---</u>
Fund Balance - End of Year	<u>\$ 2,308,502</u>	<u>\$ 2,308,502</u>	<u>\$ 2,629,034</u>	<u>\$ 320,532</u>

See independent auditors' report.

VILLAGE OF SUMMIT

Summit, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)

For the Year Ended December 31, 2021

Wisconsin Retirement System ("WRS")

Last 10 Fiscal Years*

Village year end	WRS year end	Village's proportion of the net pension asset (liability)	Village's proportionate share of the net pension asset (liability)	Village's covered payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
2021	2020	0.0118%	735,285	1,343,215	54.74%	105.26%
2020	2019	0.0115%	371,705	1,283,917	28.95%	102.96%
2019	2018	0.0113%	(398,754)	1,282,872	31.08%	96.45%
2018	2017	0.0108%	319,357	1,211,564	26.36%	102.93%
2017	2016	0.0105%	(86,576)	1,221,044	7.09%	99.20%
2016	2015	0.0104%	(169,756)	1,156,076	14.68%	98.20%
2015	2014	0.0110%	258,250	1,144,847	22.56%	102.74%

*The amounts presented for each fiscal year were determined as of the prior calendar-year end.

Schedule of Employer Contributions

For the Year Ended December 31, 2021

Wisconsin Retirement System ("WRS")

Last 10 Fiscal Years*

Village year end	WRS year end	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered payroll	Contributions as a percentage of covered payroll
2021	2020	\$ 134,852	\$ 134,852	\$ ---	\$ 1,343,215	10.04%
2020	2019	123,372	123,372	---	1,283,917	9.61%
2019	2018	119,332	119,332	---	1,282,872	9.30%
2018	2017	113,334	113,334	---	1,211,564	9.35%
2017	2016	102,904	102,904	---	1,221,044	8.43%
2016	2015	98,911	98,911	---	1,156,076	8.56%
2015	2014	102,782	102,782	---	1,144,847	8.98%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

See Independent Auditors' Report.

VILLAGE OF SUMMIT

Summit, Wisconsin

Schedule of Proportionate Share of the Net OPEB Asset (Liability)

For the Year Ended December 31, 2021

Local Retiree Life Insurance ("LRLIF")
Last 10 Fiscal Years*

Village year end	LRLIF year end	Village's proportion of the net OPEB asset (liability)	Village's proportionate share of the net OPEB asset (liability)	Village's covered - employee payroll	Net OPEB asset (liability) as a percentage of covered - employee payroll	Plan fiduciary net position as a percentage of total OPEB asset (liability)
2021	2020	0.0216%	\$ (119,036)	\$ 1,211,000	9.83%	31.36%
2020	2019	0.0232%	(98,599)	1,129,000	8.73%	37.58%
2019	2018	0.0217%	(56,032)	1,065,000	5.26%	48.69%
2018	2017	0.0194%	(58,381)	816,036	7.15%	44.81%

*The amounts presented for each fiscal year were determined as of the prior calendar-year end.

Schedule of Employer Contributions

For the Year Ended December 31, 2021

Local Retiree Life Insurance ("LRLIF")
Last 10 Fiscal Years*

Village year end	LRLIF year end	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered - employee payroll	Contributions as a percentage of covered - employee payroll
2021	2020	\$ 431	\$ 431	\$ ---	\$ 1,211,000	0.04%
2020	2019	418	418	---	1,129,000	0.04%
2019	2018	418	418	---	1,065,000	0.04%
2018	2017	430	430	---	816,036	0.05%

*The amounts presented for each fiscal year were determined as of the period calendar-year end.

See Independent Auditors' Report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Required Supplementary Information
December 31, 2021

A. Budgetary Information

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

The Village adopted annual Governmental Fund Budgets for the General Fund, the Special Revenue Fund, the Debt Service Fund and the Capital Projects Funds. These budgets are adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual fund level for each fund.

The budget amounts presented include any amendments made during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Board action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were not material.

B. Excess Expenditures Over Appropriations

<u>Department</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund:			
Public safety	\$ 1,781,933	\$ 1,885,264	\$ 103,331

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

The excess expenditures were funded by revenues in excess of budget.

C. WRS Information

There were no changes of benefit terms for any participating employee in the WRS.

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

D. OPEB Information

There were no changes of benefit terms for any participating employee in the LRLIF.

The single discount rate assumption used to develop total OPEB liability changed from the prior year. Please refer to the actuarial assumptions section of footnote 4 for additional details.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT

Summit, Wisconsin

Combining Balance Sheet
Nonmajor Governmental Funds

December 31, 2021

	Special Revenue Funds				Permanent Fund	Total Nonmajor Funds
	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Cemetery Fund	
Assets:						
Cash and investments	\$ 3,040	\$ 438,879	\$ 20,031	\$ ---	\$ 438,076	\$ 900,026
Receivables:						
Taxes	---	---	6,001	79,363	---	85,364
Due from other funds	---	---	---	21,973	---	21,973
Total Assets	3,040	438,879	26,032	101,336	438,076	1,007,363
Liabilities:						
Due to other funds	---	---	---	---	125,893	125,893
Due to Utility Districts	---	---	---	4,656	---	4,656
Total Liabilities	---	---	---	4,656	125,893	130,549
Deferred Inflows of Resources:						
Tax roll revenue	---	---	6,001	79,363	---	85,364
Fund Balance:						
Restricted	\$ <u>3,040</u>	\$ <u>438,879</u>	\$ <u>20,031</u>	\$ <u>17,317</u>	\$ <u>312,183</u>	\$ <u>791,450</u>

See independent auditors' report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	<u>Special Revenue Funds</u>				<u>Permanent Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Land Acquisition and Capital Improvements</u>	<u>Impact Fees</u>	<u>Genesee Lakes Utility District</u>	<u>Summit Utility District #3</u>	<u>Cemetery Fund</u>	
Revenues:						
Taxes	\$ ---	\$ ---	\$ 4,724	\$ 66,960	\$ ---	\$ 71,684
Public charges for services	---	193,336	---	238,721	34,950	467,007
Interest income	---	112	---	---	4,540	4,652
Total revenues	<u>---</u>	<u>193,448</u>	<u>4,724</u>	<u>305,681</u>	<u>39,490</u>	<u>543,343</u>
Expenditures:						
Current:						
Public works	---	---	---	296,781	---	296,781
Health and human services	---	---	---	---	4,865	4,865
Culture and recreation	---	76,895	---	---	---	76,895
Total Expenditures	<u>---</u>	<u>76,895</u>	<u>---</u>	<u>296,781</u>	<u>4,865</u>	<u>378,541</u>
Excess (deficiency) of revenues over (under) expenditures	---	116,553	4,724	8,900	34,625	164,802
Other Financing Sources (Uses):						
Transfers out	---	---	---	---	(4,540)	(4,540)
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(4,540)</u>	<u>(4,540)</u>
Net change in fund balance	---	116,553	4,724	8,900	30,085	160,262
Fund Balance - beginning of year	<u>3,040</u>	<u>322,326</u>	<u>15,307</u>	<u>8,417</u>	<u>282,098</u>	<u>631,188</u>
Fund Balance - end of year	<u>\$ 3,040</u>	<u>\$ 438,879</u>	<u>\$ 20,031</u>	<u>\$ 17,317</u>	<u>\$ 312,183</u>	<u>\$ 791,450</u>

See independent auditors' report.