

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Audited Financial Statements
And Additional Information**
Year Ended December 31, 2014

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VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Audited Financial Statements
And Additional Information**
Year Ended December 31, 2014

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Independent Auditors' Report

The Village Board
Village of River Hills
Milwaukee County, Wisconsin

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of River Hills, Wisconsin ("Village") as of and for the year ended December 31, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of River Hills as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Reilly, Penner & Benton LLP

June 2, 2015
Milwaukee, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2014

Our discussion and analysis of the Village of River Hills' financial performance provides an overview of the Village's financial activities for the fiscal year that ended on December 31, 2014. Please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The Village's total net position increased by \$231,948, or 22%, from December 31, 2013 to December 31, 2014. The Village's unrestricted portion of net position decreased by \$313,229, or 28% during 2014.
- Fund balance for total governmental funds decreased by \$808,124, or 71% during 2014. The general fund's fund balance decreased by \$426,871, or 35%, during 2014.
- Capital asset balances increased by a net total of \$289,645, or 11%, while total long-term debt decreased by a net total of \$598,671, or 14% during 2014.

Overview of the Financial Statements

This annual financial report consists of three parts:

- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information

The basic financial statements include Statements of Net Position, Statement of Activities, Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances and Notes to the Financial Statements. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

The Statement of Net Position reports information about the Village as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all government assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two government-wide statements report the Village's net position and how they have changed. Net position – the difference between the Village's assets and liabilities-is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village, you need to consider additional non-financial factors such as changes in the Village's property tax base, economy and rate of growth.

The government-wide financial statements of the Village include:

- Governmental activities – The Village's basic services are included here such as police, fire, public works, assessing, finance and administration. Property taxes and state aid finance most of these activities.

The fund financial statements provide detailed information about the Village's significant funds. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2014

Overview of the Financial Statements (continued)

The Village has two kinds of funds:

- **Governmental funds** – Most of the Village's basic services are included in governmental funds which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year end that are available for spending. Consequently, governmental funds statements tell how general government services like public safety and public works were financed in the short term as well as what future spending remains. Because this information does not encompass the additional long-term focus of government-wide statements, additional information is provided on separate pages explaining the differences between them.
- **Fiduciary funds** – Trust and Agency funds are used to account for assets held by the village in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Trust and Agency fund included in these statements is the Tax Collection Fund. The Village is an agent for collection of all taxing districts, including Maple Dale/Indian Hill School District, Glendale-River Hills School District, Nicolet Union High School District, Milwaukee Area Technical College, Milwaukee Metropolitan Sewerage District, Milwaukee County and the State of Wisconsin. All of the Village's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the Village's government-wide financial statements because these assets cannot be used to finance operations.

Financial Analysis of the Village as a Whole

A summary of the Village's Statement of Net Position presented below in Table 1.

Table 1
Condensed Statement of Net Position

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 3,632,506	\$ 4,410,848
Capital Assets	3,079,216	2,644,048
Total Assets	6,711,722	7,054,896
Long-term Liabilities	3,647,576	4,898,735
Other Liabilities	813,533	206,812
Total Liabilities	4,461,109	5,105,547
Deferred Inflow of Resources*	3,086,086	3,016,766
Invested in capital assets, net of related debt	354,673	(295,095)
Restricted	234,339	338,934
Unrestricted	(1,424,485)	(1,111,256)
Total Net Position	\$ (835,473)	\$ (1,067,417)

Statement of Net Position: During 2014, current and other assets decreased by \$778,341 or 18% as a result of:

- Decrease in cash and investments of \$623,108, mainly due to debt service payments and investment in capital assets.
- Decrease in taxes receivable of \$63,566, due mainly to a decrease in levy for Milwaukee Area Technical College.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2014

Financial Analysis of the Village as a Whole (continued)

- Decrease in accounts receivable of \$65,209, due to less Public Works activity that is recouped by billing residents for Public Works services.

Capital assets increased by \$435,168. Please refer to page 7 for further discussion about capital asset activity.

This year, the Village paid accounts payable invoices earlier than last year resulting in the current liabilities balances decreasing by \$25,493 or 12% during 2014.

Long-term debt decreased by \$618,944 or 13% during 2014, due to the following reasons:

- The Village did not issue any debt during 2014 and made all scheduled debt service payments.
- Retirements of police force employees during 2014 caused in a decrease of \$102,745 in accrued vacation, sick and merit pay.

Table 2
Condensed Statement of Activities

	Governmental Activities	
	2014	2013
Revenues:		
Program:		
Charges for services	\$ 438,047	\$ 427,290
Operating grants and contributions	279,669	318,868
General:		
Taxes	3,206,895	3,093,107
Other	151,757	137,348
Total Revenues	4,076,368	3,976,613
Expenses:		
General government	488,347	452,954
Public safety	1,894,104	2,138,940
Public works	983,008	844,865
Culture, recreation and education	51,048	51,356
Health, conservation and sanitation	307,397	322,361
Interest and fiscal charges	103,009	109,791
Unallocated depreciation	17,507	17,508
Total expenses	3,844,420	3,937,775
Change in net position	231,948	38,838
Net Position – beginning	(1,067,421)	(1,073,910)
Prior Period Adjustment*	-	(32,349)
Net Position-beginning as adjusted	(1,067,421)	(1,106,252)
Net Position – ending	<u>(835,473)</u>	<u>(1,067,421)</u>

*The prior period adjustment is a result of the implementation of GASB 65.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2014

Financial Analysis of the Village as a Whole (continued)

The Village's operating grants and contributions decreased by \$39,199, or 12%, mostly because the Village did not qualify for the State of Wisconsin's Expenditure Restraint program during 2014. Property taxes increased by \$113,788 or 4% due to increases in levy amount and assessed value.

The Village's Public Safety expenses decreased by \$253,083 because during 2014 there were two vacant positions in the Police Department. The Village backfilled one of these vacancies during 2015. Repairs to Green Tree Road caused an increase in Public Works expenses of \$146,390.

Financial Analysis of Village's Funds

General fund revenues remained fairly consistent during 2014 with the exception of property taxes which decreased by \$84,946. The decrease was a result of apportioning a greater share of property taxes to the Debt Service Fund. Public safety expenditures decreased as discussed above, and capital outlay increased by \$391,463 due to increases in purchases of equipment by the Department of Public Works.

Scheduled debt service payments were significantly less in 2014 than 2013 resulting in decreases in total debt service (principal and interest) of \$791,719.

Revenues and expenditures in non-major funds were consistent in total from 2013 to 2014.

General Fund Budgetary Highlights

Budgets are adopted at the departmental level of expenditures. There were no budget adjustments approved by the Board during 2014.

Actual revenues collected in the General Fund were relatively consistent with budgeted amounts, with an overall favorable variance of \$21,977.

Actual expenditures in the General Fund exceeded budget by \$392,217. This was extraordinarily high for several reasons. Our plan for 2014 was to pay for large capital costs out of our built up reserves and unspent debt proceeds. This was a plan to not borrow for one year and instead pay for capital items out of reserves. There were six capital purchases approved by the Board in the 2014 budget that were defined for the audit as part of the General Fund, but were not budgeted there. These included a sewer jetter \$117,500; skidster loader \$39,440; wood chipper \$54,036; stump grinder \$7,095; 2015 Freightliner Truck \$138,028 and the Range Line Road bridge project costs for that year \$119,722.

As we continue to improve our internal accounting practices through assistance from Sikich Accountants and input from Reilly, Penner & Benton, governmental accounting standards will be applied earlier in the budget process, making the classification of funds meet established standards.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2014

Capital Assets and Debt Administration

Table 3
Capital Assets

	January 1, 2014	Additions	Deletions	December 31, 2014
Capital Assets:				
Land and easements	\$ 76,000	\$ 25,800		\$ 101,800
Construction in progress	44,389	119,723		164,112
Land improvements	1,227,748	186,080		1,413,828
Buildings	307,332			307,332
Building improvements	640,587			640,587
Equipment	780,338	218,070	(30,500)	967,908
Office equipment	33,523			33,523
Computer software	35,244			35,244
Vehicles	452,123	138,028		590,151
North Shore Fire investment	305,000			305,000
Infrastructure	536,387			536,387
Total capital assets	4,438,671	687,701	(30,500)	5,095,872
Less: Accumulated depreciation	1,794,623	252,533	(30,500)	2,016,656
Net capital assets	\$ 2,644,048	\$ 435,168	\$ -	\$ 3,079,216

Capital projects taking place during the year include the Ridge Line Road project (\$145,523), and Green Tree Road project (\$186,080). The Village's Department of Public Works also purchased a chipper (\$49,631), loader (\$34,940), and two service trucks totaling \$138,400 during 2014.

Table 4
Long-Term Obligations

	January 1, 2014	Additions	Deletions	December 31, 2014
Long-term debt				
General obligation debt	\$ 4,343,417	\$ -	\$ (516,199)	\$ 3,827,218
Other liabilities:				
Accumulated unpaid sick pay	353,968	16,074	(59,506)	310,536
Accumulated unpaid merit pay	98,468	1,750	(40,790)	59,428
Total long-term obligations	\$ 4,795,853	\$ 17,824	\$ (616,495)	\$ 4,197,182

Long-term Debt: At year end the Village had general obligation promissory notes and a State Trust Fund Loan that totaled \$3,827,218 and total long-term obligations of \$4,197,182. The Village has the power to incur indebtedness for Village purposes specified by statute in an aggregate amount, not to exceed five percent of the equalized value of taxable property in the Village. Our legal debt capacity as of December 31, 2014 was \$23,014,575 so the Village is currently at 16.63% of capacity. We have additional borrowing capacity of \$19,187,357.

Economic Factors and Next Year's Budget

One historic strength of the Village is its tax base. For a municipal government such as River Hills, with most revenue derived from property taxes, protecting the tax base is primary. We are seeing trends in post-recession River Hills where housing sales are clearly on the rebound. We are convinced the turnover of homes caused by the recession has stabilized and strengthened the tax base.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2014

With the 2015 Budget we see a return to borrowing for capital improvements. In 2014 a buildup in reserves made possible a scenario where it was not necessary to borrow from the State Trust Fund. As we approach the 2016 budget, we will be exploring opportunities to enhance revenues and cut expenditures, with the goal of funding capital purchases from current tax revenues.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Village of River Hills, 7650 North Pheasant Lane, River Hills, WI 53217.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Statement of Net Position
December 31, 2014

	Governmental Activities
Assets:	
Current assets	
Cash and investments	\$ 2,025,217
Taxes receivable	1,541,057
Accounts receivable	24,758
Prepaid expenses	41,474
Capital assets	
Land and construction in progress	265,912
Other capital assets, net of accumulated depreciation	<u>2,813,304</u>
Total assets	6,711,722
Liabilities:	
Current liabilities	
Accounts payable	36,141
Accrued payroll, payroll taxes and withholdings	67,854
Security deposits	25,050
Accrued interest	52,273
Accrued vacation	82,609
Current portion of accrued sick and merit pay	18,300
Current portion of long-term debt	<u>531,306</u>
Total current liabilities	813,533
Noncurrent liabilities	
Noncurrent portion of accrued sick and merit pay	351,664
Noncurrent portion of long-term debt	<u>3,295,912</u>
Total noncurrent liabilities	<u>3,647,576</u>
Total liabilities	4,461,109
Deferred Inflow of Resources:	
Unavailable tax revenue	3,086,086
Net Position:	
Net investment in capital assets	354,673
Restricted for:	
Debt service	29,065
Other purposes	205,274
Unrestricted	<u>(1,424,485)</u>
Total net position	<u>\$ (835,473)</u>

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Statement of Activities
Year Ended December 31, 2014

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General government	\$ 488,347	\$ 271,324	\$ 20,745	\$ (196,278)
Public safety	1,894,104	147,988	16,816	(1,729,300)
Public works	983,008	---	242,108	(740,900)
Culture, recreation and education	51,048	---	---	(51,048)
Health, conservation and sanitation	307,397	10,850	---	(296,547)
Interest and fiscal charges	103,009	7,885	---	(95,124)
Unallocated depreciation*	17,507	---	---	(17,507)
Total governmental activities	\$ 3,844,420	\$ 438,047	\$ 279,669	(3,126,704)

General revenues:

Taxes:

Property taxes, levied for general purposes	2,366,929
Property taxes, levied for debt service	625,439
Property taxes, levied for specific programs	214,527
Payments in lieu of property taxes	49,149
Other taxes	64,146
Earnings on investments	7,853
Gain on sale of capital assets	21,796
Miscellaneous	8,813

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

\$ (835,473)

* This amount excludes the depreciation that is included in the direct expenses of the various programs

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Balance Sheet - Governmental Funds
December 31, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash	\$ 2,022,691	\$ ---	\$ ---	\$ 2,022,691
Investments	2,526	---	---	2,526
Accounts receivable	5,841	---	18,917	24,758
Taxes receivable	793,440	630,525	117,092	1,541,057
Due from other funds	906,509	29,065	397,995	1,333,569
Prepaid expenses	41,474	---	---	41,474
Total assets	<u>\$ 3,772,481</u>	<u>\$ 659,590</u>	<u>\$ 534,004</u>	<u>\$ 4,966,075</u>
Liabilities:				
Accounts payable	\$ 36,141	\$ ---	\$ ---	\$ 36,141
Accrued payroll and taxes	67,854	---	---	67,854
Refundable deposits	25,050	---	---	25,050
Due to other funds	427,060	---	906,509	1,333,569
Total liabilities	556,105	---	906,509	1,462,614
Deferred Inflows of Resources:				
Unearned tax revenue	2,338,469	630,525	117,092	3,086,086
Fund Balance (Deficit):				
Nonspendable	41,474	---	---	41,474
Restricted	---	29,065	205,274	234,339
Committed	288,535	---	192,721	481,256
Unassigned	547,898	---	(887,592)	(339,694)
Total fund balance (deficit)	<u>877,907</u>	<u>29,065</u>	<u>(489,597)</u>	<u>417,375</u>
Total liabilities, deferred inflows and fund balance (deficit)	<u>\$ 3,772,481</u>	<u>\$ 659,590</u>	<u>\$ 534,004</u>	<u>\$ 4,966,075</u>

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014

Total fund balances for governmental funds	\$	417,375
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Total net position reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$	76,000	
Construction in progress		164,112	
Land improvements		1,413,828	
Buildings		307,332	
Building improvements		640,587	
Equipment		967,908	
Office equipment		33,523	
Computer software		35,244	
Vehicles		590,151	
Infrastructure		536,387	
Easements		25,800	
NSFD Investment		305,000	
Accumulated depreciation		<u>(2,016,656)</u>	
			3,079,216

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

Balances at December 31, 2014 are:

Accrued interest on bonds	(52,273)	
Accrued vacation	(82,609)	
Accrued merit and sick	(369,964)	
Bonds and notes payable	<u>(3,827,218)</u>	
		<u>(4,332,064)</u>

Total net position of governmental activities	\$	<u><u>(835,473)</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds**
Year Ended December 31, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes levied by Village	\$ 2,366,929	\$ 625,439	\$ 214,527	\$ 3,206,895
Operating grants and contributions:				
Intergovernmental revenues	333,920	---	19,945	353,865
Licenses, fees and permits	59,444	---	---	59,444
Fines and costs	91,669	---	---	91,669
Revenue from use of Village money and property	18,834	---	---	18,834
General revenues	323,865	---	---	323,865
Total revenue	<u>3,194,661</u>	<u>625,439</u>	<u>234,472</u>	<u>4,054,572</u>
Expenditures:				
Current:				
General government	478,320	---	3,706	482,026
Public safety	1,842,764	---	46,140	1,888,904
Public works	585,233	---	277,656	862,889
Culture, recreation and education	51,048	---	---	51,048
Health, conservation and sanitation	281,555	---	25,201	306,756
Capital outlay	424,681	---	263,022	687,703
Debt Service:				
Principal	---	516,199	---	516,199
Interest and fiscal charges	---	109,240	---	109,240
Total expenditures	<u>3,663,601</u>	<u>625,439</u>	<u>615,725</u>	<u>4,904,765</u>
Deficiency of revenues under expenditures	(468,940)	---	(381,253)	(850,193)
Other Financing Sources:				
Proceeds from sale of capital assets	21,796	---	---	21,796
Total other financing sources	<u>21,796</u>	<u>---</u>	<u>---</u>	<u>21,796</u>
Net changes in fund balances	(447,144)	---	(381,253)	(828,397)
Fund Balance (Deficit), January 1	1,222,170	29,065	(108,344)	1,142,891
Prior period adjustment	102,881	---	---	102,881
Fund Balance (Deficit), January 1, as adjusted	<u>1,325,051</u>	<u>29,065</u>	<u>(108,344)</u>	<u>1,245,772</u>
Fund Balance (Deficit), December 31	<u>\$ 877,907</u>	<u>\$ 29,065</u>	<u>\$ (489,597)</u>	<u>\$ 417,375</u>

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

VILLAGE OF RIVER HILLS
Milwaukee County, 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, 2014

Net change in fund balances - total governmental funds	\$	(828,397)
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts are as follows:

Depreciation expense	\$	(252,531)	
Capital outlays		<u>687,701</u>	435,170

Repayment of principal is an expenditure in the governmental funds, but reduces liability in the statement of net position.

Repayments of:

Bonds and notes		516,199
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, revenues are recognized when they are available under the modified accrual basis, rather than when they are earned. The following adjustments are created by these differences in accounting methods:

Sick and merit pay		82,472	
Vacation pay		20,273	
Accrued interest on bonds		<u>6,231</u>	

Net change in net position of governmental activities	\$	<u><u>231,948</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Statement of Fiduciary Net Position
Agency Funds
December 31, 2014

Assets:

Cash and investments	\$	4,977,938
Taxes receivable		<u>4,507,765</u>
Total assets	\$	<u><u>9,485,703</u></u>

Liabilities:

Amounts due taxing authorities	\$	<u><u>9,485,703</u></u>
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The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

The Village of River Hills' ("Village") financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

A. Financial Reporting Entity

This report includes all of the funds and account groups of the Village. The reporting entity for the Village is based upon criteria established by the Governmental Accounting Standards Board. All functions and activities of the Village for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The report does not contain any potential component units. The combined financial statements exclude the accounts of the Maple Dale, Indian Hills, Nicolet, Glendale and River Hills School districts because the Village does not have oversight responsibility over those entities.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The statement of net position presents the governmental activities assets, liabilities and net position on a full accrual basis, which recognizes all long-term assets and long-term liabilities. The Village's net position is reported in three classifications: net investment in capital assets, which consists of the difference between capital assets net of accumulated depreciation less outstanding debt used to acquire those assets; restricted net position, which represents assets required by outside parties or legislation to be spent in a specific manner; and unrestricted net position which is net position not included in the other two classifications.

The statement of activities presents the activities of the governmental activities on a full accrual basis. These activities are presented in a manner which demonstrates the degree to which the direct expenses of a given function are offset by program revenues of that function. Program revenues are presented in three classifications: charges for services, which include direct charges to customers benefiting from the services, goods or privileges provided; operating grants and contributions, which were received in activities related to that function but not required to be used for capital asset acquisition; and capital grants and contributions which were received in activities related to that function and required to be used in the acquisition of capital assets. Other revenues not attributable to individual functions and taxes are reported as general revenues.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

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, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

The Village reports the following funds:

Major Governmental Funds

- 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 - the Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term obligation principal, interest and related costs.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

Non-major Governmental Funds

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

Recycling Program	Sewer
North Shore Fire Department	Forestry, Deer and Weed Control
Gypsy Moth Spraying Program	Smart Growth Plan
PP&I Lateral Lining	

- Capital Projects Funds - are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment, and consist of the following individual funds:

Capital Fund	Annual Road Program
CDBG Fund	Village Hall Remodeling
Police Department	Central Services
Range Line Road Bridge	River Road Bridge Rehab

Fiduciary (Agency) Funds

- Agency Funds - are used to account for assets held by the Village in a purely custodial capacity. The Village's agency fund is used for recording assets collected for other taxing jurisdictions. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Since by definition these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not included in the preparation of the government-wide statements.

C. Measurement Focus and Basis of Accounting

Measurement Focus

In the government-wide statement of net position and the statement of activities, governmental activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, liabilities (whether current or noncurrent) and deferred inflows/outflows of resources associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for certain items related to long-term liabilities. Such items include: accumulated unpaid sick and merit pay, and principal and interest on general long-term debt which are reported when due.

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

Cash and Investments

For the purpose of the statement of net position "cash and investments" include: all demand, savings and money market accounts. Investments include certificates of deposit and investments in the Local Government Investment Pool, and are carried at cost which approximates fair value.

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. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. No allowances for uncollectible accounts have been reflected in the financial statements. Delinquent real estate taxes of the Village are paid in full by the county, which assumes the responsibility for collection. Major receivable balances for the governmental activities include taxes and user charges.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as user charges for services provided 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 and investment earnings are recorded when earned, only if paid within 60 days, since they would be considered both measurable and available.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Receivables (continued)

Property taxes are recorded in the year levied as receivables and unavailable tax revenues. 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, the Milwaukee Metropolitan Sewerage District, and 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 taxing units on the statement of fiduciary net position – agency funds. Taxes are levied in December on the assessed value as of the prior January 1

Property Tax Calendar – 2014 Tax Roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment of 50% due	January 31, 2015
Second installment of 25% due	April 30, 2015
Third installment of 25% due	July 31, 2015
Special charges and personal property taxes in full	January 31, 2015
Tax sale of 2011 delinquent real estate taxes	October 2015

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds” on the fund financial statements and eliminated on the government-wide financial statements.

Inventories and Prepaid Items

Governmental fund inventory of materials and supplies are charged to expenditure accounts when purchased; year-end inventory was not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Capital Assets

The accounting treatment related to capital assets depends on whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

Capital assets are defined by the Village as assets with an original cost of more than \$5,000 for general capital assets and having an estimated useful life of four or more years. All capital assets are valued at historical cost, or estimated historical cost if actual costs are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 1, 2004, infrastructure assets of the Village's governmental funds were not required to be capitalized. Upon the implementation of GASB 34, the Village is required to account for all capital assets, including infrastructure, in the government-wide financial statements prospectively from the date of implementation. Retroactive reporting of all major infrastructure assets is encouraged but not required. The Village has chosen not to retroactively report infrastructure assets from prior to January 1, 2004. The Village intends to incorporate all infrastructure assets meeting the Village's definition into the government-wide financial statements in future years.

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

Asset Class	Estimated Useful lives
Land improvements	20
Buildings and improvements	40
Infrastructure (except traffic signals – 15)	25-80
Vehicles	5
Computer equipment	5
Equipment	7
Computer software	3

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.

Compensated Absences

The compensated absences consist of accumulated sick, vacation and merit pay earned but unused by Village employees. Under terms of employment, municipal employees are granted vacations and sick leave in varying amounts.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences (continued)

Accumulated Vacation Pay

Vacation pay is accrued when earned in the government-wide financial statements. A liability for vacation is reported in the governmental funds only if it has matured, for example, as a result of employee resignations and retirements, and is payable with expendable resources. Vacation pay vests on an employee's anniversary date after one year of continuous service. Vacation allowances are not cumulative except as approved in special circumstances.

Accumulated Sick Pay and Merit Pay

To the extent that sick leave and merit pay vests, such amounts are considered to be a long-term liability, and are recorded as long-term debt in the government-wide financial statements up to the maximum amount to be paid out upon termination.

Sick leave is earned at the rate of one day for each month of employment and may be accumulated to a maximum of 140 days. Merit days are earned at the end of each calendar year of service based on the actual number of sick days used during a year. If zero sick days are used, then six merit days are earned. If one sick day is used, then five merit days are earned, etc. If six or more sick days are used within the year, then zero merit days are earned. Due to the long-term nature of these liabilities, the governmental funds do not report these liabilities in the fund financial statements. The government-wide financial statements record this liability as it is incurred.

Long-term Obligations

The reporting of long-term obligations depends on whether the assets are reported in the government-wide or fund financial statements. The long-term debt consists primarily of general obligation notes and bonds.

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. Premiums and discounts on issuance are deferred and amortized over the life of the debt. Issuance costs are expensed in the statement of activities.

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. Premiums and discounts on issuance are reported as other financing sources and uses. Payments of principal and interest as well as costs of issuance are reported as expenditures.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances 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 positions that do 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 Statements

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be reported within one of the following fund balance categories:

- a. Nonspendable – amounts that cannot be spent because they are either in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Village Board. The Village Board is the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through the same type of action as employed to previously commit those funds.
- 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. Under the Village’s policy, the Village Board may assign amounts for specific purposes at the recommendation of the Village Administrator.
- e. Unassigned – all other spendable amounts.

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints approved by the Board of Trustees.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (continued)

E. Estimates

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

F. Subsequent Events

Management of the Village has evaluated subsequent events for possible inclusion or disclosure through the date the financial statements were available for distribution, June 2, 2015. The Village has no subsequent events that require disclosure in the notes to the financial statements.

G. Deferred Outflows and Deferred Inflows of Resources

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). Under GASB 65, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village has only one item that qualified for reporting in this category. It is the unavailable tax revenue reported in the government-wide statement of net position.

2. Stewardship, Compliance and Accountability

Deposits and Investment Laws and Regulations

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state if the time deposits mature in not more than three years.
2. Bonds or securities of any county, city, drainage district, technical college districts, village, town, local exposition district or school district of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. The State of Wisconsin Local Government Investment Pool ("LGIP").
5. Repurchase agreements collateralized securities referred to in 3 above.
6. Open-ended no load registered mutual funds that invest in securities referred to in 3 and 5 above.
7. Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category of a nationally recognized rating agency.
8. Bonds issued by a local exposition district.
9. Bonds issued by a local professional baseball park district.
10. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority.

Additional restrictions may arise from local charters, ordinances, resolutions and grant regulations.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2014, the Village held the following cash and investments which have certain associated risks. The Village's investment policies do not address these risks.

	<u>Custodial Balance</u>	<u>Carrying Amount</u>	<u>Risks</u>
Cash and Equivalents:			
Deposits with financial institutions	\$ 4,042,861	\$ 7,002,335	Custodial
Petty cash	---	300	
Investment - LGIP	521	521	Custodial
Total cash and investments	<u>\$ 4,043,382</u>	<u>\$ 7,003,156</u>	

Reconciliation to Financial Statements:

Per Statement of Net Position:

Cash and investments \$ 2,025,218

Per Statement of Net Position – Fiduciary

(Agency) Fund:

Cash and investments 4,977,938

Total cash and investments \$ 7,003,156

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

A. Cash and Investments (continued)

The Village had no significant type of investment during the year not included in the above schedule. For all investments shown, the fair value at the balance sheet date is substantially the same as the carrying value.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing and for noninterest bearing accounts. Deposits in the Wisconsin Local Government Investment Pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000.

Temporary balances during the year exceeded insured amounts due to fluctuating cash flows.

The LGIP does not have a credit quality rating. It is part of the State of Wisconsin Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operated under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Funds invested in the LGIP are due to the Village on demand. The Village has relied on data provided by the LGIP for the valuation of pooled investments.

The cash and investments include \$6,714,112 collected on 2014 property tax bills through December 31, 2014.

Custodial Risk - Deposits

Custodial risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to the Village. As of December 31, 2014, the Village's cash and equivalents bank balances were exposed to custodial risk in that \$2,740,856 of those balances were uninsured and uncollateralized. The Village does not have a policy on custodial risk.

Custodial Risk - Investment

Custodial risk on investment is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have a policy on custodial risk.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Village does not have a policy on credit risk.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

B. Interfund Balances and Transfers

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. The following is a schedule of interfund receivables and payables at December 31, 2014:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Other governmental funds	\$ 906,509
Debt Service Fund	General Fund	29,065
Other governmental funds	General Fund	397,995
		<u>\$ 1,333,569</u>

Transfers

There were no transfers made during the current year.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

C. Capital Assets

GASB Statement No. 34 requires the Village only to capitalize infrastructure prospectively from the date of implementation (January 1, 2004). All subsequent additions to infrastructure have been incorporated into the Village's financial statements and the following schedules.

Capital asset activity for the year ended December 31, 2014 is summarized as follows:

	Balance January 1, 2014	Additions	Disposals	Balance December 31, 2014
Non-depreciable capital assets:				
Land	\$ 76,000	\$ ---	\$ ---	\$ 76,000
Easements	---	25,800	---	25,800
Construction in progress	44,389	119,723	---	164,112
Total non-depreciable capital assets	120,389	145,523	---	265,912
Depreciable capital assets:				
Land improvements	1,227,748	186,080	---	1,413,828
Building - Village Hall	30,000	---	---	30,000
Building - D.P.W.	277,332	---	---	277,332
Building improvements	640,587	---	---	640,587
Equipment	780,338	218,070	(30,500)	967,908
Office equipment	33,523	---	---	33,523
Computer software	35,244	---	---	35,244
Vehicles	452,123	138,028	---	590,151
North Shore Fire investment	305,000	---	---	305,000
Infrastructure	536,367	---	---	536,387
Total depreciable capital assets	4,318,282	542,178	(30,500)	4,829,960
Less: Accumulated depreciation	1,794,623	252,533	(30,500)	2,016,656
Net depreciable capital assets	2,523,659	289,645	---	2,813,304
Net total capital assets	\$ 2,644,048	\$ 435,168	\$ ---	\$ 3,079,216

Depreciation expense for governmental activities was charged to governmental functions as follows:

General government	\$ 4,641
Health, Conservancy	641
Public safety	41,802
Public works	187,942
Unallocated	17,507
Total depreciation expense	\$ 252,533

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

D. Long-Term Debt

All general obligation debt is backed by the full faith and credit of the Village, and will be retired through future property tax levies accumulated by the debt service fund. General fund resources are used to liquidate the liability for accumulated sick and merit pay.

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-term debt:					
General obligation debt	\$ 4,343,417	\$ ---	\$ (516,199)	\$ 3,827,218	\$ 531,306
Other liabilities:					
Accumulated unpaid sick pay	353,968	16,074	(59,506)	310,536	16,500
Accumulated unpaid merit days	98,468	1,750	(40,790)	59,428	1,800
Total long-term obligations	<u>\$ 4,795,853</u>	<u>\$ 17,824</u>	<u>\$ (616,495)</u>	<u>\$ 4,197,182</u>	<u>\$ 549,606</u>

Details of general obligation debt are presented below:

State Trust Fund Loan, issued March 15, 2013, final payment due March 15, 2022, original issue of \$367,480, interest rates of 2.75%	\$ 330,934
State Trust Fund Loan, issued June 26, 2012, final payment due March 15, 2022, original issue of \$575,689, interest rate of 3.00%	510,890
State Trust Fund Loan, issued March 1, 2013, final payment due March 15, 2022, original issue of \$455,248, interest rate of 2.75%	410,394
General obligation notes, Series 2011A, issued February 1, 2011, final payment due August 1, 2020, original issue of \$3,475,000, interest rates of .80% - 3.10%	2,315,000
General obligation promissory notes, issued November 23, 2011, final payment due November 1, 2021, original issue of \$305,000, interest rates of 2.00% - 2.50%	260,000
Total general obligation debt	<u>\$ 3,827,218</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

D. Long-Term Debt (continued)

Debt service requirements to maturity for general obligation debt are as follows:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2015	\$ 531,306	\$	99,219	\$	630,525
2016	540,385		88,636		629,021
2017	554,740		76,210		630,950
2018	569,133		62,701		631,834
2019	583,647		47,283		630,930
2020 - 2024	<u>1,048,007</u>		<u>46,321</u>		<u>1,094,328</u>
Totals	\$ <u>3,827,218</u>	\$	<u>420,370</u>	\$	<u>4,247,588</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, 2014, the Village has used 16.63% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2014:

Equalized Value January 1, 2014	\$ <u>460,291,500</u>
Debt limit (5% of equalized value)	\$ <u>23,014,575</u>
General Obligation Debt by Funding Source:	
Tax levy	\$ <u>3,827,218</u>
Total General Obligation debt	\$ <u>3,827,218</u>
Ratio of applicable general obligation debt to debt limit	<u>16.63 %</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

E. Net Position and Fund Balances

Government-Wide Financial Statement Net Position

Governmental net position consists of the following:

Net Investment in Capital Assets:

Land and construction in progress	\$ 265,912	
Other capital assets net of accumulated depreciation	2,813,304	
Less related long-term debt	<u>(2,724,543)</u>	
Total net investment in capital assets		\$ 354,673

Restricted for:

Debt Service		29,065
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Other:

Sewer	\$ 62,181	
North Shore Fire Department	57,754	
Forestry, deer and weed control	62,895	
Gypsy moth spraying program	19,531	
Smart growth plan	<u>2,913</u>	
Total restricted for other		205,274

Unrestricted		<u>(1,424,485)</u>
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Total governmental net position		\$ <u>(835,473)</u>
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VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

E. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

General Fund:

Nonspendable:

Prepaid expenses		\$	41,474
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Committed:

Police equipment fund	\$	39,558	
Department of Public Works equipment fund		141,973	
Building fund		80,753	
Wisconsin EMS grant		275	
Library services		17,425	
Milwaukee Area Domestic Animal Control		1,946	
DPW – sick leave incentive		6,605	
		<u>288,535</u>	

Total committed

288,535

Unassigned

547,898

\$

Total General Fund

877,907

Debt Service Fund:

Restricted		\$	<u>29,065</u>
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Non-major Funds:

Restricted for:

Sewer	\$	62,181	
North Shore Fire Department		57,754	
Forestry, deer and weed control		62,895	
Gypsy moth spraying program		19,531	
Smart growth plan		2,913	
		<u>205,274</u>	

Total restricted

\$ 205,274

Committed:

Police		163,621	
Central Services		25,059	
River Road Bridge Rehab		4,041	
		<u>192,721</u>	

Total committed

192,721

Unassigned

(887,592)

Total non-major funds

\$ (489,597)

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

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

E. Net Position and Fund Balances (continued)

Fund Financial Statements (continued)

At December 31, 2014, the following funds had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Capital Projects:	
Capital fund	\$ 141,904
Annual road program	362,625
CDBG fund	1,916
Village Hall Remodeling	18
Range Line Road Bridge	196,797
Special Revenue:	
Recycling program	184,332

It is anticipated that the above fund deficits will be absorbed through future years' tax and general revenues and loan proceeds.

4. Other Notes

A. Employees' Retirement System

All eligible Village of River Hills' employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 hours for teachers and school district education 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. Note: Employees hired to work nine or ten months per year, (e.g. teacher contracts), but expected to return year after year are considered to have met the one-year requirement.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

4. Other Notes (continued)

A. Employees' Retirement System (continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for the General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>	<u>Duty Disability</u>
General (Including Teachers)	7.00%	7.00%	---
Executives & Elected Officials	7.75%	7.75%	---
Protective with Social Security	7.00%	10.10%	.46%
Protective without Social Security	7.00%	13.70%	.46%

The payroll for Village employees covered by the WRS for the year ended December 31, 2014 was \$1,360,513; the employer's total payroll was \$1,431,669. The total required contribution for the year ended December 31, 2014 was \$220,646, which consisted of \$125,410 or 9.2% of payroll from the employer and \$95,236 or 7.0% of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$223,500 and \$191,809, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65, (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55, (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

4. Other Notes (continued)

B. Joint Ventures

North Shore Fire Department

By agreement dated December 30, 1994, the North Shore Fire Department ("NSFD") was created. The NSFD, which provides a unified integrated fire and emergency medical service, began operations on January 1, 1996. The NSFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the City of Glendale, Village of Fox Point, Village of Shorewood, Village of Brown Deer, Village of River Hills, Village of Whitefish Bay and Village of Bayside. The NSFD is operated by a Board of Directors consisting of seven members, which includes the mayor and village presidents of each participating municipality. The affirmative vote of a majority of the members of the Board of Directors is required on most matters. Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc.

The powers of the Board of Directors include authorizing repair, maintenance, and renewal of physical assets and recommending adoptions of the department's budget. The capital and operating budget of the department must receive approval of at least five of seven participating municipalities.

Each participating municipality's annual financial contribution to the NSFD's operations and capital budget shall be based on its prorated share of population, equalized valuation and usage of all the municipalities. The Village accounts for its share of the operations of the NSFD in the General Fund and the Capital Fund (Capital Project Funds). The Village made payments totaling approximately \$356,544 to NSFD for 2014. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2014 financial information is available from NSFD at 4401 West River Lane, Brown Deer, WI 53223. The Village does not report an equity interest in this joint venture.

North Shore Library System

The City of Glendale and the Villages of Fox Point, River Hills, and Bayside operate the North Shore Library under a Joint Library Agreement dated January 1, 1985. Under the joint agreement, a Joint Library Board was created to operate the North Shore Library. The Joint Board is composed of ten members: five members from Glendale, two members each from Fox Point and Bayside, one member from River Hills, and the Superintendent of Schools for Nicolet School District. The Joint Library Board has the power to repair, maintain, and renew physical assets for the library and to prepare and adopt a budget for the library's operating expenses and a budget for the library's capital improvement expenses. The operating budget must be approved by at least three of the four municipalities. In addition, the Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary. Operating and capital expenses are shared proportionately based upon population estimates published in October.

The Village made payments totaling approximately \$51,048 to the Library in 2014. The Village accounts for its share of the operations of the North Shore Library in the General Fund. The Village believes that the library will continue to provide services in the future at similar rates. Complete 2014 financial information is available from the Village of Fox Point. The Village does not report an equity interest in this joint venture.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

4. Other Notes (continued)

B. Joint Ventures (continued)

Dispatch Services

The Villages of Fox Point, River Hills and Bayside jointly operate a dispatch service under a joint service agreement. Under the joint agreement, the Village of Bayside provides dispatch services to the three municipalities. The cost of these services is shared between the communities as agreed upon in the individual agreements. A separate board has not been established to govern the dispatch service activities. Changes to the agreements and to the services provided require the approval of all three village boards. During 2014, the Village made payments totaling approximately \$159,016 to the Village of Bayside. The Village does not report an equity interest in this joint venture.

C. Franchise Fees

The Village has entered into an agreement with Cellular One - Eastern Wisconsin, which subsequently became U.S. Cellular. It was renewed for an additional five-year term on September 22, 2010. It is renewable for one more additional five-year term. Annual fees for the current five-year term are \$18,251. Fee income under this agreement for the year ended December 31, 2014 was \$18,251.

The Village also has a fifteen-year agreement with Time Warner Cable, Inc. allowing them to have a nonexclusive franchise for the Village's cable. Time Warner pays five percent of their gross income from cable revenue earned in the Village in exchange for this franchise. In 2014, the Village received approximately \$23,227 from Time Warner Cable, Inc.

The Village also has an agreement with Sprint Spectrum, L.P. It was renewed for an additional five-year term on May 31, 2011. It is renewable for one more additional five-year term. Annual fees for the current five-year term are \$49,760. Fee income under this agreement for the year ended December 31, 2014 was \$49,760.

The Village entered into an agreement with Verizon Wireless in 2007. The initial term was for five years, expiring October 5, 2012. It was renewed for an additional five year term on March 28, 2013. This agreement is renewable for three additional five-year terms. Fees for the renewal year are \$45,760 with fees increasing by 4% every year thereafter. Fee income under this agreement for the year ended December 31, 2014 was \$45,760.

The Village entered into an agreement with Cricket Communications in 2008. The initial term was for five years, expiring June 18, 2013. It was renewed for an additional five-year term during 2013. This agreement is renewable for three additional five-year terms. Fees for the initial year are \$46,432 with fees increasing by 5% every year thereafter. Fee income under this agreement for the year ended December 31, 2014 was \$46,432.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2014

4. Other Notes (continued)

C. Franchise Fees (continued)

The Village entered into an agreement with Voice Stream PCS II Corporation, which subsequently became T-Mobile USA, Inc. It was renewed for an additional five-year term on January 15, 2011. It is renewable for three more additional five-year terms. Annual fees for the current five-year term are \$20,000 and they will increase annually by the greater of three percent of the fee paid over the preceding year or the percentage increase in the Consumer Price Index for "All Item - All Urban Consumers (1982-84 = 100)" for the Milwaukee Metropolitan Area (in the event that the Milwaukee Metropolitan Area is not available, then the U.S. City Average), published by the United States Department of Labor, Bureau of Labor Statistics (the "Index") during the first and last month of the immediately preceding year. Fee income under this agreement for the year ended December 31, 2014 was \$30,940.

Future minimum lease payments receivable in conjunction with the leases noted above are as follows:

<u>Year:</u>	<u>Amount</u>
2015	\$ 208,620
2016	248,476
2017	105,224
2018	56,438
Total	\$ 618,758

D. 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. There were no significant claims or judgments at year end.

E. Risk Management

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

F. Prior period adjustment

A prior period adjustment in the amount of \$102,881 was made to remove a liability for accrued vacations in the governmental fund statements resulting in an increase in unassigned net assets. Accrued vacations will be shown in the governmental fund financial statements only to the extent that they have matured, as discussed in Note 1 D.

Required Supplementary Information

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes Levied by Village:				
General property tax	\$ 2,366,929	\$ 2,366,929	\$ 2,366,929	\$ ---
Operating grants and Contributions:				
Intergovernmental				
State shared revenue	62,956	62,956	64,146	1,190
Highway aid for local streets	242,160	242,160	242,108	(52)
State aid - Police	---	---	1,920	1,920
Fire insurance dues	---	---	14,896	14,896
Recycling grant revenue	10,000	10,000	10,850	850
Total intergovernmental	<u>315,116</u>	<u>315,116</u>	<u>333,920</u>	<u>18,804</u>
Licenses, Fees and Permits:				
Business licenses	1,300	1,300	1,354	54
Dog and cat licenses	1,000	1,000	760	(240)
Building permits	8,000	8,000	26,036	18,036
Admin fee - building permits	2,800	2,800	2,351	(449)
Electrical permits	3,500	3,500	3,736	236
Admin fee - electric permits	600	600	710	110
Plumbing permits	3,200	3,200	3,666	466
Admin fee - plumbing permits	500	500	650	150
Heating permits	3,000	3,000	3,673	673
Admin fee - heating permits	300	300	440	140
Sundry permits	6,000	6,000	9,123	3,123
Sundry fees	250	250	2,910	2,660
Alarm permits and fees	750	750	550	(200)
Alarm forfeitures	1,200	1,200	1,175	(25)
Fire alarm forfeitures	1,200	1,200	1,300	100
Special service job orders	---	---	1,010	1,010
Total licenses, fees and permits	<u>33,600</u>	<u>33,600</u>	<u>59,444</u>	<u>25,844</u>
Fines and Costs:				
Justice court fines and costs	100,000	100,000	91,669	(8,331)

See Independent Auditors' Report

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenue From Use of Village Money and Property:				
Interest on investments	12,000	12,000	7,852	(4,148)
Insurance dividends	---	---	3,097	3,097
Interest on delinquent taxes	<u>12,000</u>	<u>12,000</u>	<u>7,885</u>	<u>(4,115)</u>
Total revenue from use of Village money and property	24,000	24,000	18,834	(5,166)
General Revenues:				
Fees in lieu of taxes	53,039	53,039	49,149	(3,890)
Franchise fees	275,000	275,000	268,200	(6,800)
Donations	---	---	800	800
Other general revenue	<u>5,000</u>	<u>5,000</u>	<u>5,716</u>	<u>716</u>
Total general revenues	<u>333,039</u>	<u>333,039</u>	<u>323,865</u>	<u>(9,174)</u>
 Total general fund revenues	 \$ <u>3,172,684</u>	 \$ <u>3,172,684</u>	 \$ <u>3,194,661</u>	 \$ <u>21,977</u>

See Independent Auditors' Report

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Village Board:				
Publishing and supplies	\$ 750	\$ 750	\$ 779	\$ (29)
Dues	2,000	2,000	1,870	130
Public education	1,400	1,400	230	1,170
Total Village Board	<u>4,150</u>	<u>4,150</u>	<u>2,879</u>	<u>1,271</u>
Administration:				
Salaries and wages	82,822	82,822	82,192	630
Group life insurance	102	102	104	(2)
Retirement benefits	5,797	5,797	5,760	37
Social Security	6,336	6,336	6,118	218
Health insurance	16,001	16,001	17,623	(1,622)
Income continuation insurance	162	162	---	162
Publications	200	200	---	200
Dues	700	700	739	(39)
Donations	---	---	630	(630)
Travel and training expense	2,000	2,000	1,943	57
Total administration	<u>114,120</u>	<u>114,120</u>	<u>115,109</u>	<u>(989)</u>
Clerk-Treasurer:				
Salaries and wages	65,658	65,658	43,389	22,269
Part-time wages	2,030	2,030	748	1,282
Group life insurance	40	40	3	37
Retirement benefits	4,596	4,596	2,111	2,485
Social Security	5,022	5,022	2,696	2,326
Health insurance	6,223	6,223	2,687	3,536
Income continuation insurance	99	99	---	99
Contractual services	11,230	11,230	10,099	1,131
Dues	640	640	110	530
Travel and training expense	1,500	1,500	891	609
Total clerk-treasurer	<u>97,038</u>	<u>97,038</u>	<u>62,734</u>	<u>34,304</u>
Assessments:				
Contractual services	25,000	25,000	27,000	(2,000)
Total assessments	<u>25,000</u>	<u>25,000</u>	<u>27,000</u>	<u>(2,000)</u>
Elections:				
Salaries and wages	3,553	3,553	2,390	1,163
Part-time wages	2,200	2,200	1,566	634
Life insurance	20	20	1	19
Retirement	236	236	167	69
Social Security	272	272	176	96
Health insurance	888	888	589	299
Income continuation insurance	8	8	---	8
Equipment maintenance	750	750	400	350
Other supplies	1,000	1,000	461	539
Total elections	<u>8,927</u>	<u>8,927</u>	<u>5,750</u>	<u>3,177</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government: (continued)				
Central Services:				
Telephone	\$ 2,000	\$ 2,000	\$ 4,848	\$ (2,848)
Office equipment maintenance	500	500	---	500
Contractual services	6,000	6,000	7,476	(1,476)
Office supplies	8,000	8,000	5,653	2,347
Other supplies	1,500	1,500	731	769
Total central services	<u>18,000</u>	<u>18,000</u>	<u>18,708</u>	<u>(708)</u>
Village Attorney:				
Professional services	30,600	30,600	31,859	(1,259)
Engineering and Planning:				
Professional services	22,504	22,504	25,272	(2,768)
Audit:				
Professional services	10,100	10,100	15,900	(5,800)
Buildings - Village Hall:				
Salaries and wages	11,673	11,673	8,472	3,201
Part-time wages	9,000	9,000	9,201	(201)
Life insurance	65	65	2	63
Retirement	776	776	582	194
Social Security	1,581	1,581	1,331	250
Health insurance	2,918	2,918	2,059	859
Income continuation insurance	28	28	---	28
Utilities - heat	7,500	7,500	7,389	111
Utilities - other	15,000	15,000	16,134	(1,134)
Building maintenance	5,500	5,500	7,187	(1,687)
Grounds maintenance materials	3,000	3,000	2,690	310
Contractual services	8,500	8,500	12,258	(3,758)
Total building - Village Hall	<u>65,541</u>	<u>65,541</u>	<u>67,305</u>	<u>(1,764)</u>
Bonds and Insurance:				
General liability insurance	25,281	25,281	28,024	(2,743)
Fire and extended coverage	3,000	3,000	---	3,000
Workers' compensation insurance	48,660	48,660	62,245	(13,585)
Employee bonds	156	156	120	36
Public official liability insurance	2,261	2,261	2,486	(225)
Total bonds and insurance	<u>79,358</u>	<u>79,358</u>	<u>92,875</u>	<u>(13,517)</u>
Wisconsin Humane Society	1,303	1,303	1,668	(365)
Illegal taxes	---	---	11,261	(11,261)
Total general government	<u>476,641</u>	<u>476,641</u>	<u>478,320</u>	<u>(1,679)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Safety:				
Police Department:				
Salaries and wages - officers	\$ 858,020	\$ 858,020	\$ 810,889	\$ 47,131
Salaries - vehicle maintenance	9,540	9,540	6,532	3,008
Vacation, holiday and sick pay	29,715	29,715	27,675	2,040
Salaries - dispatchers	34,005	34,005	34,262	(257)
Group life insurance	300	300	250	50
Retirement benefits	97,690	97,690	90,535	7,155
Social Security	73,185	73,185	70,949	2,236
Health insurance	148,494	148,494	132,852	15,642
Income continuation insurance	1,900	1,900	---	1,900
Overtime pay	25,375	25,375	36,727	(11,352)
Professional services	1,100	1,100	1,057	43
Telephone	7,500	7,500	11,177	(3,677)
Vehicle maintenance	10,500	10,500	3,974	6,526
Radio and alarm maintenance	1,000	1,000	662	338
Other equipment maintenance	1,000	1,000	528	472
Contractual services	147,828	147,828	167,547	(19,719)
Office supplies	2,500	2,500	2,632	(132)
Publications	750	750	750	---
Dues	235	235	235	---
Uniforms and special clothing	7,250	7,250	6,730	520
Travel and training expense	1,500	1,500	2,105	(605)
Fuel and supplies	36,000	36,000	36,423	(423)
Other supplies	3,000	3,000	2,870	130
Capital outlay	---	---	3,480	(3,480)
Total police department	<u>1,498,387</u>	<u>1,498,387</u>	<u>1,450,841</u>	<u>47,546</u>
Fire Department:				
Contractual services	360,968	360,968	356,544	4,424
Total fire department	<u>360,968</u>	<u>360,968</u>	<u>356,544</u>	<u>4,424</u>
Building Inspections:				
Salaries and wages	25,000	25,000	13,366	11,634
Social Security	1,920	1,920	1,023	897
Total building inspections	<u>26,920</u>	<u>26,920</u>	<u>14,389</u>	<u>12,531</u>
Municipal Justice Court:				
Professional services - judge	3,600	3,600	3,600	---
Professional services - other	15,000	15,000	15,000	---
Dues	100	100	100	---
Training and travel	625	625	625	---
Total municipal justice court	<u>19,325</u>	<u>19,325</u>	<u>19,325</u>	<u>---</u>
Committed funds:				
MADAC	---	---	1,665	(1,665)
Total Committed funds	<u>---</u>	<u>---</u>	<u>1,665</u>	<u>(1,665)</u>
Total public safety	<u>1,905,600</u>	<u>1,905,600</u>	<u>1,842,764</u>	<u>62,836</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Works:				
Machinery and Equipment:				
Salaries and wages	\$ 62,930	\$ 62,930	\$ 46,760	\$ 16,170
Vacation, holiday and sick pay	54,201	54,201	85,868	(31,667)
Superintendent salary	65,468	65,468	66,956	(1,488)
Life insurance	1,023	1,023	181	842
Retirement benefits	12,143	12,143	13,880	(1,737)
Social Security	13,969	13,969	14,802	(833)
Health insurance	45,650	45,650	35,784	9,866
Income continuation insurance	436	436	---	436
Contractual services	7,500	7,500	12,697	(5,197)
Dues	175	175	189	(14)
Uniforms and special clothing	5,000	5,000	2,794	2,206
Training and travel expense	250	250	329	(79)
Tools	4,000	4,000	4,531	(531)
Fuel and supplies	39,000	39,000	36,253	2,747
Other supplies	32,500	32,500	41,007	(8,507)
Total machinery and equipment	<u>344,245</u>	<u>344,245</u>	<u>362,031</u>	<u>(17,786)</u>
Public Works Building:				
Salaries and wages	8,222	8,222	4,987	3,235
Salaries and wages DPW maintenance	---	---	52	(52)
Life insurance	46	46	2	44
Retirement benefits	547	547	361	186
Social Security	629	629	375	254
Health insurance	2,056	2,056	1,147	909
Income continuation insurance	20	20	---	20
Utilities - heat	11,500	11,500	12,624	(1,124)
Utilities - other	7,500	7,500	7,340	160
Building maintenance	4,000	4,000	5,368	(1,368)
Contractual services	2,000	2,000	5,887	(3,887)
Other supplies	---	---	118	(118)
Total public works building	<u>36,520</u>	<u>36,520</u>	<u>38,261</u>	<u>(1,741)</u>
Public Works Recycling:				
Salaries and wages	---	---	808	(808)
Retirement benefits	---	---	57	(57)
Social Security	---	---	59	(59)
Health insurance	---	---	259	(259)
Total public works recycling	<u>---</u>	<u>---</u>	<u>1,183</u>	<u>(1,183)</u>
Foundation Tree Project:				
Salaries and wages	---	---	1,830	(1,830)
Retirement benefits	---	---	124	(124)
Social Security	---	---	135	(135)
Health insurance	---	---	470	(470)
Contractual services	---	---	123	(123)
Other supplies	---	---	5,125	(5,125)
Total foundation tree project	<u>---</u>	<u>---</u>	<u>7,807</u>	<u>(7,807)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Public Works: (continued)				
Street Maintenance:				
Salaries and wages - streets	\$ 22,330	\$ 22,330	\$ 24,176	\$ (1,846)
Salaries and wages - snow and ice	25,375	25,375	23,580	1,795
Salaries and wages - bridges and drainage	20,000	20,000	18,634	1,366
Life insurance	379	379	16	363
Retirement benefits	2,502	4,502	5,010	(508)
Social Security	5,179	5,179	4,894	285
Health insurance	16,926	16,926	19,909	(2,983)
Income continuation insurance	162	162	---	162
Contractual services	10,000	10,000	13,022	(3,022)
Supplies - road repair	7,500	7,500	7,626	(126)
Supplies - street signs	2,000	2,000	1,352	648
Supplies - street protection	1,500	1,500	1,166	334
Supplies - snow and ice control	26,000	26,000	28,571	(2,571)
Supplies - bridges and drainage	7,000	7,000	6,665	335
Total street maintenance	<u>146,853</u>	<u>148,853</u>	<u>154,621</u>	<u>(5,768)</u>
Resident Maintenance				
Salaries and wages	---	---	(288)	288
Retirement benefits	---	---	25	(25)
Social Security	---	---	(39)	39
Health insurance	---	---	74	(74)
Total residence maintenance	<u>---</u>	<u>---</u>	<u>(228)</u>	<u>228</u>
Committed funds:				
DPW equipment	---	---	370	(370)
DPW Building Fund	---	---	20,949	(20,949)
Street improvement	---	---	239	(239)
Capital outlay	361,520	361,520	424,680	(63,160)
Total Committed funds	<u>361,520</u>	<u>361,520</u>	<u>446,238</u>	<u>(84,718)</u>
Total public works	889,138	891,138	1,009,913	(118,775)
Culture, recreation and education				
Contracted services	51,065	51,065	51,048	17
Total culture, recreation and education	<u>51,065</u>	<u>51,065</u>	<u>51,048</u>	<u>17</u>
Health, Conservation and Sanitation:				
Board of Health:				
Other contracted services	10,100	10,100	9,238	862
Refuse - Solid Waste:				
Salaries and wages - yard refuse	28,420	28,420	28,813	(393)
Life insurance	159	159	7	152
Retirement	1,890	1,890	1,955	(65)
Social Security	2,174	2,174	2,135	39
Health insurance	7,105	7,105	5,604	1,501
Income continuation insurance	68	68	---	68
Contracted services - landfill (house)	195,000	195,000	202,818	(7,818)
Contracted services - landfill (yard)	700	700	592	108
Other supplies	500	500	260	240
Total refuse - Solid waste	<u>236,016</u>	<u>236,016</u>	<u>242,184</u>	<u>(6,168)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Forestry, Deer and Weed Control:				
Salaries and wages - Deer	\$ ---	\$ ---	\$ 1,276	\$ (1,276)
Salaries and wages - forestry	17,255	17,255	12,998	4,257
Salaries and wages - weed control	20,300	20,300	4,828	15,472
Part time wages - weed control	3,000	3,000	3,963	(963)
Life insurance	210	210	6	204
Retirement	2,497	2,497	1,359	1,138
Social Security	3,102	3,102	1,717	1,385
Health insurance	9,389	9,389	3,599	5,790
Income continuation insurance	90	90	---	90
Supplies - weed control	500	500	212	288
Total forestry, deer and weed control	<u>56,343</u>	<u>56,343</u>	<u>29,958</u>	<u>26,385</u>
Committed funds				
Foundation tree project	---	---	175	(175)
Total health, conservation and sanitation	<u>302,459</u>	<u>302,459</u>	<u>281,555</u>	<u>20,904</u>
Other Expenditures				
Other expenditures	6,000	6,000	---	6,000
Total other expenditures	<u>6,000</u>	<u>6,000</u>	<u>---</u>	<u>6,000</u>
Total general fund expenditures	<u>\$ 3,630,903</u>	<u>\$ 3,632,903</u>	<u>\$ 3,663,600</u>	<u>\$ (30,697)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Required Supplementary Information
December 31, 2014

1. Budgetary Information

The Village adopts annual budgets for the General, Special Revenue, Debt Service and Capital Projects Funds on an annual basis consistent with accounting principles generally accepted in the United States of America. The budgets were adopted in compliance with all material State Statutes.

The Village had the following expenditures in excess of appropriations as presented in the "Budgetary Comparison Schedule":

General Government	\$ 1,679
Public Works	118,775

The excess expenditures were absorbed by available fund balances and unspent debt proceeds.

The Village uses the following procedures in establishing the budgetary data reflected in the financial statements:

- The Village Manager requests proposed details of expenditures from the various departments for the following fiscal year. Proposed department expenditures are submitted to the Village Manager who determines the details of required revenues and, in turn, submits the proposed revenues and expenditures to the Village Board.
- Upon receipt of the proposed budget, public notice is given that the proposed budget is open for inspection.
- The budget for Governmental Funds is legally enacted by the Village Board resolution early in December.
- Formal budgetary integration is employed as a management control device during the year for the General Funds.
- The operating budgets for the General, Debt Service, Capital Projects and Special Revenue Funds are adopted on a basis consistent with GAAP.
- Budgetary information as presented in the financial statements is derived from:
 1. The annual operating budget as originally adopted by the Village Board.
 2. Individual amendments to the original budget as approved by Village Board resolutions.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Nonmajor Governmental Funds - Balance Sheet
Capital Project Funds
December 31, 2014

	Capital Fund	Annual Road Program	CDBG Fund	Village Hall Remodeling	Police Department	Central Services	Range Line Road Bridge	River Road Bridge Rehab	Total Capital Project Funds
Assets:									
Due from other funds	\$ ---	\$ ---	\$ ---	\$ ---	\$ 163,621	\$ 25,059	\$ ---	\$ 4,041	\$ 192,721
Total assets	\$ ---	\$ ---	\$ ---	\$ ---	\$ 163,621	\$ 25,059	\$ ---	\$ 4,041	\$ 192,721
Liabilities:									
Due to other funds	\$ 141,904	\$ 362,625	\$ 1,916	\$ 18	\$ ---	\$ ---	\$ 196,797	\$ ---	\$ 703,260
Total liabilities	141,904	362,625	1,916	18	---	---	196,797	---	703,260
Fund Balance:									
Committed	---	---	---	---	---	---	---	---	---
Unassigned	(141,904)	(362,625)	(1,916)	(18)	163,621	25,059	(196,797)	4,041	192,721
Total fund balance	(141,904)	(362,625)	(1,916)	(18)	163,621	25,059	(196,797)	4,041	(510,539)
Total liabilities and fund balance	\$ ---	\$ ---	\$ ---	\$ ---	\$ 163,621	\$ 25,059	\$ ---	\$ 4,041	\$ 192,721

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Capital Project Funds
Year Ended December 31, 2014

	Capital Fund	Annual Road Program	CDBG Fund	Village Hall Remodeling	Police Department	Central Services	Range Line Road Bridge	River Road Bridge Rehab	Total Capital Project Funds
Revenues:									
Operating grants and contributions:									
Intergovernmental									
Total revenues	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Expenditures:									
Current:									
General government									
Public safety	32,248			3,086	13,892	620			3,706
Public works		67,270					13,050		46,140
Capital Outlay							145,522		80,320
Total expenditures	32,248	67,270		3,086	13,892	620	158,572		145,522
Deficiency of revenues under expenditures	(32,248)	(67,270)		(3,086)	(13,892)	(620)	(158,572)		(275,688)
Net change in fund balances	(32,248)	(67,270)		(3,086)	(13,892)	(620)	(158,572)		(275,688)
Fund Balance, January 1	(109,656)	(295,355)	(1,916)	3,068	177,513	25,679	(38,225)	4,041	(234,851)
Fund Balance, December 31	(141,904)	(362,625)	(1,916)	(18)	163,621	25,059	(196,797)	4,041	(510,539)

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Nonmajor Governmental Funds - Balance Sheet
Special Revenue Funds
December 31, 2014

	Recycling Program	Sewer	North Shore Fire Department	Forestry, Deer and Weed Control	PPI&I Lateral Lining	Gypsy Moth Spraying Program	Smart Growth Plan	Total Special Revenue Funds
Assets:								
Taxes receivable	\$ ---	\$ 62,620	\$ 54,472	\$ ---	\$ ---	\$ ---	\$ ---	\$ 117,092
Accounts receivable	---	---	---	---	18,917	---	---	18,917
Due from other funds	---	62,181	57,754	62,895	---	19,531	2,913	205,274
Total assets	\$ ---	\$ 124,801	\$ 112,226	\$ 62,895	\$ 18,917	\$ 19,531	\$ 2,913	\$ 341,283
Liabilities:								
Due to other funds	\$ 184,332	---	---	---	18,917	---	---	203,249
Unavailable tax revenue	---	62,620	54,472	---	---	---	---	117,092
Total liabilities	184,332	62,620	54,472	---	18,917	---	---	320,341
Fund Balance:								
Restricted	---	62,181	57,754	62,895	---	19,531	2,913	205,274
Unassigned	(184,332)	---	---	---	---	---	---	(184,332)
Total Fund Balance	(184,332)	62,181	57,754	62,895	---	19,531	2,913	20,942
Total liabilities and fund balance	\$ ---	\$ 124,801	\$ 112,226	\$ 62,895	\$ 18,917	\$ 19,531	\$ 2,913	\$ 341,283

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
Year Ended December 31, 2014

	Recycling Program	Sewer	North Shore Fire Department	Forestry, Deer and Weed Control	PPI&I Lateral Lining	Gypsy Moth Spraying Program	Smart Growth Plan	Total Special Revenue Funds
Revenues:								
Taxes levied by Village	\$ ---	\$ 190,129	\$ ---	\$ 24,398	\$ ---	\$ ---	\$ ---	\$ 214,527
Operating grants and contributions:								
Intergovernmental	---	---	---	---	19,945	---	---	19,945
Total revenue	---	190,129	---	24,398	19,945	---	---	234,472
Expenditures:								
Current:								
Public works	970	176,421	---	---	19,945	---	---	197,336
Health, conservation and sanitation	---	---	---	25,201	---	---	---	25,201
Capital Outlay	---	117,500	---	---	---	---	---	117,500
Total expenditures	970	293,921	---	25,201	19,945	---	---	340,037
Net changes in fund balances	(970)	(103,792)	---	(803)	---	---	---	(105,565)
Fund Balance, January 1	(183,362)	165,973	57,754	63,698	---	19,531	2,913	126,507
Fund Balance, December 31	\$ (184,332)	\$ 62,181	\$ 57,754	\$ 62,895	\$ ---	\$ 19,531	\$ 2,913	\$ 20,942

See Independent Auditors' Report.