

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Basic Financial Statements
And Supplementary Information**
Year Ended December 31, 2015

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VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Audited Financial Statements
And Supplementary Information**
Year Ended December 31, 2015

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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, 2015, 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.

Opinions

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, 2015, 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 and schedules of proportionate share of the net pension asset and employer contributions, 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 supplementary 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 supplementary 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.

Change in Accounting Principle

As discussed in Notes 1.G, 4 and 5.F to the financial statements, during the year ended December 31, 2015, the Village adopted new accounting guidance, GASB Statement 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Reilly, Penner & Benton LLP

May 17, 2016
Milwaukee, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2015

Our discussion and analysis of the Village of River Hill's financial performance provides an overview of the Village's financial activities for the fiscal year that ended on December 31, 2015. Please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The Village's total net position increased by \$932,094, or 112%, from December 31, 2014 to December 31, 2015. The Village's unrestricted portion of net position increased by \$146,290, or 10% during 2015.
- Fund balance for total governmental funds increased by \$48,156, or 12% during 2015. The general fund's fund balance decreased by \$82,695 during 2015.
- Capital asset balances increased by a net total of \$126,923, or 15%, while total long-term debt decreased by a net total of \$48,305, or 2% during 2015.

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, 2015

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.

	Governmental Activities	
	2015	2014
Current and other assets	\$ 4,486,250	\$ 3,632,506
Capital assets	3,206,139	3,079,216
Total assets	7,692,389	6,711,722
Deferred outflows of resources	342,667	-
Current and other liabilities	1,144,787	813,533
Long-term liabilities	3,590,742	3,647,576
Total liabilities	4,735,529	4,461,109
Deferred inflows of resources	3,202,906	3,086,086
Net investment in capital assets	152,438	354,673
Restricted	917,378	234,339
Unrestricted	(973,195)	(1,424,485)
Total net position	\$ 96,621	\$ (835,473)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2015

Statement of Net Position: During 2015, current and other assets increased by \$853,744 or 7% as a result of:

- Increase in cash and investments of \$415,700, mainly due to increases in franchise fees, police fines, sewer charges, and recycling grant revenue.
- Decrease in taxes receivable of \$106,782, due mainly to an increase tax collections prior to the year end.
- Addition of net pension asset of \$328,412 due to the implementation of the new pension accounting standard.

Capital assets increased by \$126,923 or 4%. Please refer to page 7 for further discussion about capital asset activity.

An addition of the category deferred outflows was made in the amount of \$342,667 due to the implementation of the new pension accounting standard.

There was an increase in deferred inflows of \$116,820 due to increases in property tax levy for 2016.

Long-term debt decreased by \$48,305 or 2% during 2015, due mainly to the following reasons:

- The Village issued \$483,000 of debt during 2015 and made scheduled debt service payments of \$531,306.

**Table 2
Condensed Statement of Activities**

	Governmental Activities	
	2015	2014
Revenues:		
Program:		
Charges for services	\$ 764,794	\$ 438,047
Operating grants and contributions	378,519	279,669
General:		
Taxes	3,143,180	3,206,895
Other	42,937	151,757
Total revenues	4,329,430	4,076,368
Expenses:		
General government	525,578	488,347
Public safety	1,947,225	1,894,104
Public works	1,002,740	983,008
Culture, recreation and education	1,343	51,048
Health, conservation and sanitation	307,510	307,397
Interest and fiscal charges	99,662	103,009
Unallocated depreciation	17,507	17,507
Total expenses	3,901,565	3,844,420
Change in net position	427,865	231,948
Net position - beginning	(835,473)	(1,067,421)
Prior period adjustments*	504,229	-
Net position - beginning, as restated	(331,244)	(1,067,421)
Net position - ending	\$ 96,621	\$ (835,473)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2015

Financial Analysis of the Village as a Whole (continued)

Charges for services increased by \$326,747, or 75% due mainly to increases in franchise fees of \$33,604, police fines of \$41,538, and sewer charges of \$227,735.

The Village's operating grants and contributions increased by \$98,850, mostly because of an increase in recycling grant revenue of \$108,429. Property taxes decreased by \$63,715 or 2% due to a reclassification of the sewer charges from tax revenue to charges for services (see above).

The Village's General Government expenses increased by \$37,231 or 8% mostly because of an increase in legal expenses during 2015.

The Village's Public Safety expenses increased by \$53,121 due mostly to increased depreciation costs and other costs associated with the implementation of the new pension standard.

Financial Analysis of Village's Funds

General fund revenues remained fairly consistent during 2015 with the exception of state shared revenue which decreased by \$43,528. The decrease was a result of not qualifying for the expenditure restraint program. Other noteworthy increases in revenues are an increase in police fines of \$41,538 due to enhanced law enforcement efforts. Public safety expenditures decreased by \$65,344 due mostly to decreases in wages and fuel costs. Other expenditures remained fairly static during 2015 for a total decrease from 2014 of \$44,083, or 1%.

Scheduled debt service payments increased in 2015 by \$5,086. Overall, there was a small decrease in long term debt, including related short term amounts coming due in 2016 of \$3,769.

Revenues and expenditures in non-major funds were consistent in total from 2014 to 2015.

General Fund Budgetary Highlights

Budgets are adopted at the departmental level of expenditures. There were no budget adjustments approved by the Board during 2015.

Actual revenues collected in the General Fund were relatively consistent with budgeted amounts, with an overall positive variance of \$91,556. The only significant variance was higher than expected collections related to police fines.

Actual expenditures in the General Fund exceeded budget by \$306,563. This was extraordinarily high due mainly to an unexpected invoice from the State of Wisconsin for road repairs.

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, 2015

Capital Assets and Debt Administration

**Table 3
Capital Assets**

Capital Assets:	January 1, 2015	Additions	Deletions	December 31, 2015
Land and easements	\$ 101,800	\$ -	\$ -	\$ 101,800
Construction in progress	164,112	-	-	164,112
Land improvements	1,413,828	364,839	-	1,778,667
Buildings	307,332	-	-	307,332
Building improvements	640,587	-	-	640,587
Equipment	967,908	73,100	-	1,041,008
Office equipment	33,523	-	-	33,523
Computer software	35,244	-	-	35,244
Vehicles	590,151	36,196	-	626,347
North Shore Fire investment	305,000	-	(305,000)	-
Infrastructure	536,387	184,090	-	720,477
Total capital assets	<u>5,095,872</u>	<u>658,225</u>	<u>(305,000)</u>	<u>5,449,097</u>
Less: Accumulated depreciation	<u>2,016,656</u>	<u>271,302</u>	<u>(45,000)</u>	<u>2,242,958</u>
Net capital assets	<u>\$ 3,079,216</u>	<u>\$ 386,923</u>	<u>\$ (260,000)</u>	<u>\$ 3,206,139</u>

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 backhoe (\$90,000), plow truck (\$150,000), skid steer loader (\$34,940), welder (\$4,000) and equipment trailer (\$8,000).

**Table 4
Long-Term Obligations**

	January 1, 2015	Additions	Deletions	December 31, 2015
Long-term debt				
General obligation debt	\$ 3,827,218	\$ 483,000	\$ (531,305)	\$ 3,778,913
Other liabilities:				
Accumulated unpaid sick pay	310,536	35,359	(12,259)	333,636
Accumulated unpaid merit pay	59,428	23,186	(1,750)	80,864
Total long-term obligations	<u>\$ 4,197,182</u>	<u>\$ 541,545</u>	<u>\$ (545,314)</u>	<u>\$ 4,193,413</u>

Long-term Debt: At year end the Village had general obligation promissory notes and a State Trust Fund Loan that totaled \$3,778,912 and total long-term obligations of \$4,193,413. 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, 2015 was \$23,537,790 so the Village is currently at 16.05% of capacity. We have additional borrowing capacity of \$19,758,878.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2015

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.

With the 2015 Budget we see a return to borrowing for capital improvements. In 2015 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.

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, 2015

	Governmental Activities
Assets:	
Current assets	
Cash and investments	\$ 2,440,917
Taxes receivable	1,434,275
User charges receivable	227,735
Accounts receivable	31,632
Prepaid expenses	<u>23,279</u>
Total current assets	4,157,838
Noncurrent assets	
Net pension asset	328,412
Capital assets	
Land, easements and construction in progress	265,912
Other capital assets, net of accumulated depreciation	<u>2,940,227</u>
Total capital assets	3,206,139
Total assets	7,692,389
Deferred outflows of resources:	
Deferred outflows related to pensions	342,667
Liabilities:	
Current liabilities	
Accounts payable	39,215
Accrued expenses	370,482
Accrued payroll, payroll taxes and withholdings	53,905
Security deposits	25,800
Accrued interest	52,714
Current portion of accrued sick and merit pay	15,000
Current portion of long-term debt	<u>587,671</u>
Total current liabilities	1,144,787
Noncurrent liabilities	
Noncurrent portion of accrued sick and merit pay	399,500
Noncurrent portion of long-term debt	<u>3,191,242</u>
Total noncurrent liabilities	<u>3,590,742</u>
Total liabilities	4,735,529
Deferred Inflow of Resources:	
Unavailable tax revenue	3,202,906
Net Position:	
Net investment in capital assets	152,438
Restricted for:	
Debt service	29,065
WRS pension	671,079
Fire Department	57,754
Sewer	159,480
Unrestricted	<u>(973,195)</u>
Total net position	<u>\$ 96,621</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, 2015

	<u>Expenses</u>		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 525,578	\$	314,026	\$	5,177
Public safety	1,947,225	\$	197,632	\$	8,050
Public works	1,002,740		227,735		365,292
Culture, recreation and education	1,343		---		---
Health, conservation and sanitation	307,510		10,848		---
Interest and fiscal charges	99,662		14,553		---
Unallocated depreciation*	17,507		---		---
Total governmental activities	<u>\$ 3,901,565</u>	\$	<u>764,794</u>	\$	<u>378,519</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,337,676
Property taxes, levied for debt service					630,525
Property taxes, levied for capital projects					54,472
Property taxes, levied for special revenues					65,328
Payments in lieu of property taxes					55,179
Grants and contributions not restricted to specific programs					20,618
Earnings on investments					7,948
Gain on sale of capital assets					1,403
Miscellaneous					12,968
Total general revenues and transfers					<u>3,186,117</u>
Change in net position					427,865
Net position - beginning					(835,473)
Adjustment due to change in vacation policy					82,609
Adjustment due to correction of an error					(260,000)
Adjustment due to change in accounting principle					681,620
Net position - beginning, as adjusted					<u>(331,244)</u>
Net position - ending					<u>\$ 96,621</u>

* 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, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and investments	\$ 2,245,140	\$ 29,065	\$ 166,712	\$ 2,440,917
Accounts receivable	7,905	---	227,735	235,640
Taxes receivable	667,474	685,638	81,163	1,434,275
Other receivables	23,727	---	---	23,727
Due from other funds	752,521	---	---	752,521
Prepaid expenses	23,279	---	---	23,279
Total assets	\$ 3,720,046	\$ 714,703	\$ 475,610	\$ 4,910,359
Liabilities:				
Accounts payable	\$ 39,215	\$ ---	\$ ---	\$ 39,215
Accrued expenses	370,223	---	259	370,482
Accrued payroll and taxes	53,492	---	413	53,905
Refundable deposits	25,800	---	---	25,800
Due to other funds	---	---	752,521	752,521
Total liabilities	488,730	---	753,193	1,241,923
Deferred Inflows of Resources:				
Unavailable tax revenue	2,436,105	685,638	81,163	3,202,906
Fund Balance (Deficit):				
Nonspendable	23,279	---	---	23,279
Restricted	---	29,065	217,234	246,299
Committed	287,674	---	108,958	396,632
Unassigned	484,258	---	(684,938)	(200,680)
Total fund balance (deficit)	795,211	29,065	(358,746)	465,530
Total liabilities, deferred inflows and fund balance (deficit)	\$ 3,720,046	\$ 714,703	\$ 475,610	\$ 4,910,359

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, 2015

Total fund balances for governmental funds	\$	465,530
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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		1,778,667	
Buildings		307,332	
Building improvements		640,587	
Equipment		1,041,008	
Office equipment		33,523	
Computer software		35,244	
Vehicles		626,347	
Infrastructure		720,477	
Easements		25,800	
Accumulated depreciation		<u>(2,242,958)</u>	
			3,206,139

The Village's proportionate share of the net pension asset at the WRS exceeds its obligation. This is reported as an asset on the statement of net position, but is not reported in the governmental funds.			328,412
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Deferred outflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.			342,667
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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, 2015 are:

Accrued interest on bonds		(52,714)	
Accrued merit and sick		(414,500)	
Bonds and notes payable		<u>(3,778,913)</u>	
			<u>(4,246,127)</u>

Total net position of governmental activities	\$	<u><u>96,621</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, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes levied by Village	\$ 2,337,676	\$ 630,525	\$ 117,092	\$ 3,085,293
Operating grants and contributions:				
Intergovernmental revenues	296,545	---	108,429	404,974
General revenues	374,008	---	---	374,008
Licenses, fees and permits	76,648	---	---	76,648
Fines and costs	133,207	---	---	133,207
Public charges for services	2,708	---	227,735	230,443
Revenue from use of Village money and property	23,455	---	---	23,455
Total revenue	3,244,247	630,525	453,256	4,328,028
Expenditures:				
Current:				
General government	522,611	---	---	522,611
Public safety	1,777,420	---	56,551	1,833,971
Public works	529,653	---	237,395	767,048
Culture, recreation and education	52,087	---	---	52,087
Health, conservation and sanitation	298,675	---	---	298,675
Other	1,133	---	---	1,133
Capital outlay	437,939	---	220,286	658,225
Debt Service:				
Principal	---	531,306	---	531,306
Interest and fiscal charges	---	99,219	---	99,219
Total expenditures	3,619,518	630,525	514,232	4,764,275
Deficiency of revenues under expenditures	(375,271)	---	(60,976)	(436,247)
Other Financing Sources (uses):				
Face value of loans issued	363,000	---	120,000	483,000
Proceeds from sale of capital assets	1,403	---	---	1,403
Operating transfers in	114,439	---	186,266	300,705
Operating transfers out	(186,266)	---	(114,439)	(300,705)
Total net other financing sources (uses)	292,576	---	191,827	484,403
Net changes in fund balances	(82,695)	---	130,851	48,156
Fund Balance (Deficit), January 1	877,906	29,065	(489,597)	417,374
Fund Balance (Deficit), December 31	\$ 795,211	\$ 29,065	\$ (358,746)	\$ 465,530

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, 2015

Net change in fund balances - total governmental funds	\$	48,156
<p>The change in net position reported for governmental activities in the statement of activities is different because:</p>		
<p>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:</p>		
Depreciation expense	\$ (271,302)	
Capital outlays	<u>658,225</u>	386,923
<p>Repayment of principal is an expenditure in the governmental funds, but reduces liability in the statement of net position.</p>		
<p>Repayments of:</p>		
Bonds, notes and state trust fund loans		531,306
<p>Proceeds on new debt is a revenue in the governmental funds, but increases liability in the statement of net position</p>		
		(483,000)
<p>Village pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension asset is measured 12 months before the Village's report date. Pension expense, which is the change in net pension asset adjusted for changes in deferred outflows of resources related to pension, is reported in the statement of activities.</p>		
Pension expense	(131,977)	
Village pension contributions	<u>121,436</u>	(10,541)
<p>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. The following adjustments are created by these differences in accounting methods:</p>		
Sick and merit pay		(44,536)
Accrued interest on bonds		<u>(443)</u>
Net change in net position of governmental activities	\$	<u><u>427,865</u></u>

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, 2015

Assets:

Cash and investments	\$	4,775,251
Taxes receivable		<u>4,778,563</u>
Total assets	\$	<u><u>9,553,814</u></u>

Liabilities:

Amounts due taxing authorities	\$	<u><u>9,553,814</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, 2015

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, 2015
(Continued)

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, fund balance, revenues, and expenditures. 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 major 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, 2015
(Continued)

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, 2015
(Continued)

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, 2015
(Continued)

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 – 2015 Tax Roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment of 50% due	January 31, 2016
Second installment of 25% due	April 30, 2016
Third installment of 25% due	July 31, 2016
Special charges and personal property taxes in full	January 31, 2016
Tax sale of 2012 delinquent real estate taxes	October 2016

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, 2015
(Continued)

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 has incorporated all infrastructure assets meeting the Village's definition into the government-wide financial statements in subsequent 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:

<u>Asset Class</u>	<u>Estimated Useful lives</u>
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 and merit pay earned but unused by Village employees. Under terms of employment, municipal employees are granted merit and sick leave in varying amounts.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Compensated Absences (continued)

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 unless they have matured. 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, 2015
(Continued)

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.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications (continued)

Fund Statements (continued)

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints approved by the Board of Trustees. Since the Village has no formal policy they follow the standard spending order of restricted, committed, assigned and unassigned.

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. Deferred Outflows and Deferred Inflows of Resources

The separate financial statement elements, deferred inflows and outflows of resources, represent an increase or decrease in net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) or outflow of resources (expenditure) until then. The Village reports unavailable tax revenue as deferred inflows of resources. The Village also reports deferred outflows of resources related to the WRS pension, which is described in more detail in Note 4.

G. Adoption of New Accounting Guidance

The Village implemented GASB Statement 68, *Accounting and Financial Reporting for Pension*. See footnotes 4 and 5.F for additional information.

H. Pensions

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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.

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2015, the Village held the following cash and investments which have certain associated risks. The Village's investment policies do not address these risks.

	Custodial Balance	Carrying Amount	Risks
Cash and Equivalents:			
Deposits with financial institutions	\$ 5,887,878	\$ 7,005,357	Custodial
Petty cash	---	300	
Investment - LGIP	210,511	210,511	Credit
Total cash and investments	\$ 6,098,389	\$ 7,216,168	
Reconciliation to Financial Statements:			
Per Statement of Net Position:			
Cash and investments		\$ 2,440,917	
Per Statement of Net Position – Fiduciary (Agency) Fund:			
Cash and investments		4,775,251	
Total cash and investments		\$ 7,216,168	

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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. Due to the relatively small size of the guarantee fund in relation to the total deposits covered, this coverage has not been considered in computing custodial risk.

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 \$6,512,758 collected on 2015 property tax bills through December 31, 2015.

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, 2015, the Village's cash and equivalents bank balances were exposed to custodial risk in that \$4,985,873 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, 2015
(Continued)

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, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Range Line Road	\$ 196,797
General Fund	Capital Fund	125,516
General Fund	Annual Road Program	362,625
General Fund	Sewer Fund	67,583
		<u>\$ 752,521</u>

Transfers

During the year ended December 31, 2015 the Village analyzed specific special revenue and capital projects funds to determine if these funds should remain active. It was determined that some funds were no longer necessary and these funds were closed out by transferring funds as detailed below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Range Line Road	To close out fund	\$ 25,059
General Fund	Forestry, Deer & Weed	To close out fund	62,895
General Fund	Gypsy Moth Spraying	To close out fund	19,531
General Fund	Smart Growth	To close out fund	2,913
General Fund	River Road Bridge	To close out fund	4,041
CDBG	General Fund	To close out fund	1,916
Village Hall	General Fund	To close out fund	18
Recycling Fund	General Fund	To close out fund	184,332
			<u>\$ 300,705</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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, 2015 is summarized as follows:

	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
Non-depreciable capital assets:				
Land	\$ 76,000	\$ ---	\$ ---	\$ 76,000
Easements	25,800	---	---	25,800
Construction in progress	164,112	---	---	164,112
Total non-depreciable capital assets	265,912	---	---	265,912
Depreciable capital assets:				
Land improvements	1,413,828	364,839	---	1,778,667
Building - Village Hall	30,000	---	---	30,000
Building - D.P.W.	277,332	---	---	277,332
Building improvements	640,587	---	---	640,587
Equipment	967,908	73,100	---	1,041,008
Office equipment	33,523	---	---	33,523
Computer software	35,244	---	---	35,244
Vehicles	590,151	36,196	---	626,347
North Shore Fire investment	305,000	---	305,000	---
Infrastructure	536,367	184,090	---	720,477
Total depreciable capital assets	4,829,960	658,225	305,000	5,183,185
Less: Accumulated depreciation	2,016,656	271,302	45,000	2,242,958
Net depreciable capital assets	2,813,304	386,923	260,000	2,940,227
Net total capital assets	\$ 3,079,216	\$ 386,923	\$ 260,000	\$ 3,206,139

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

General government	\$ 4,641
Health, Conservancy	641
Public safety	34,042
Public works	214,471
Unallocated	17,507
Total depreciation expense	\$ 271,302

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Long-term debt:					
General obligation debt	\$ 3,827,218	\$ 483,000	\$ (531,305)	\$ 3,778,913	\$ 587,671
Other liabilities:					
Accumulated unpaid sick pay	310,536	35,359	(12,259)	333,636	13,000
Accumulated unpaid merit days	59,428	23,186	(1,750)	80,864	2,000
Total long-term obligations	\$ 4,197,182	\$ 541,545	\$ (545,314)	\$ 4,193,413	\$ 602,671

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%	\$ 293,382
State Trust Fund Loan, issued June 26, 2012, final payment due March 15, 2022, original issue of \$575,689, interest rate of 3.00%	443,703
State Trust Fund Loan, issued March 1, 2013, final payment due March 15, 2022, original issue of \$455,248, interest rate of 2.75%	363,828
State Trust Fund Loan, issued August 11, 2015, final payment due March 15, 2025, original issue of \$483,000, interest rate of 3.25%	483,000
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%	1,950,000
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%	245,000
Total general obligation debt	\$ 3,778,913

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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>
2016	\$ 587,671	\$	97,968	\$	685,639
2017	597,198		90,370		687,568
2018	612,971		75,483		688,454
2019	628,910		58,639		687,549
2020	644,957		40,617		685,574
2021 - 2025	<u>707,206</u>		<u>41,264</u>		<u>748,470</u>
Totals	<u>\$ 3,778,913</u>	\$	<u>404,341</u>	\$	<u>4,183,254</u>

Subsequent to year end, the Village passed a resolution to issue a \$519,293 State Trust Fund Loan to finance 2016 capital projects.

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, 2015, the Village has used 16.05% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2015:

Equalized Value January 1, 2015	\$ <u>470,755,800</u>
Debt limit (5% of equalized value)	\$ <u>23,537,790</u>
General Obligation Debt by Funding Source:	
Tax levy	\$ <u>3,778,913</u>
Total General Obligation debt	<u>\$ 3,778,913</u>
Ratio of applicable general obligation debt to debt limit	<u>16.05 %</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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	2,940,227	
Less related long-term debt	<u>(3,053,701)</u>	
Total net investment in capital assets		\$ 152,438

Restricted for:

Debt Service		29,065
WRS Pension		671,079
Sewer		159,480
North Shore Fire Department		57,754
Unrestricted		<u>(973,195)</u>
Total governmental net position		<u>\$ 96,621</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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		\$ 23,279
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Committed:

Police equipment fund	\$ 39,558	
Department of Public Works equipment fund	148,873	
Building fund	80,753	
Wisconsin EMS grant	275	
Village Hall and Police building fund	5,000	
Library services	6,329	
Milwaukee Area Domestic Animal Control	281	
DPW – sick leave incentive	<u>6,605</u>	

Total committed		287,674
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Unassigned		<u>484,258</u>
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Total General Fund		<u>\$ 795,211</u>
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Debt Service Fund:

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

Restricted for:

Sewer	\$ 159,480	
North Shore Fire Department	<u>57,754</u>	
Total restricted		\$ 217,234

Committed:

Police	<u>108,958</u>	
Total committed		108,958

Unassigned		<u>(684,938)</u>
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Total non-major funds		<u>\$ (358,746)</u>
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VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

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

E. Net Position and Fund Balances (continued)

Fund Financial Statements (continued)

At December 31, 2015, the following funds had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
Capital Projects:	
Capital fund	\$ 125,516
Annual Road Program	362,625
Range Line Road Bridge	196,797

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

4. Defined Benefit Pension Plan

Plan Description

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

Vesting

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

Benefits Provided

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

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Defined Benefit Pension Plan (Continued)

Benefits Provided (continued)

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

WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

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

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

Contributions

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

During the reporting period, the WRS recognized \$121,436 in contributions from the employer.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Defined Benefit Pension Plan (Continued)

Contributions (continued)

Contribution rates as of December 31, 2015 are:

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

Pension Liabilities, Pension Expense and Deferred Outflows of Resources

At December 31, 2015, the Village reported an asset of \$328,412 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was 0.01337035%, which was a decrease of 0.00073771% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$131,977.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 47,610
Changes in assumptions	---
Net difference between projected and actual earnings on pension plan investments	159,033
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,191
Employer contributions subsequent to the measurement date	119,833
Total	\$ 342,667

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows of Resources (continued)

The amount of \$119,833 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 43,652
2017	43,652
2018	43,652
2019	43,652
2020	43,652
Thereafter	4,574

Actuarial Assumptions

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

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

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

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

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

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

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

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

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase To Discount Rate (8.20%)</u>
Village's proportionate share of the net pension asset	\$926,508	\$ (328,412)	\$ (1,319,498)

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

4. Defined Benefit Pension Plan (Continued)

Payables to the Pension Plan

Payables to the pension plan at December 31, 2015 were \$16,162. This represents contributions earned as of December 31, 2015, but for which payment was not remitted to the pension plan until subsequent to year-end.

5. Other Notes

A. 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 \$355,699 to NSFD for 2015. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2015 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.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

5. Other Notes (Continued)

A. Joint Ventures (continued)

North Shore Library System (continued)

The Village made payments totaling approximately \$40,991 to the Library in 2015. 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 2015 financial information is available from the Village of Fox Point. The Village does not report an equity interest in this joint venture.

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 2015, the Village made payments totaling approximately \$165,096 to the Village of Bayside. The Village does not report an equity interest in this joint venture.

B. 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 \$20,988. Fee income under this agreement for the year ended December 31, 2015 was \$20,988.

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 2015, the Village received approximately \$22,912 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 \$47,590. Fee income under this agreement for the year ended December 31, 2015 was \$47,590.

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 \$48,760 with fees increasing by 4% every year thereafter. Fee income under this agreement for the year ended December 31, 2015 was \$48,760.

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 \$48,753 with fees increasing by 5% every year thereafter. Fee income under this agreement for the year ended December 31, 2015 was \$48,753. Cancellation of the Cricket Communications lease is effective August 22, 2016.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

5. 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. An amendment was created during 2014. Fee income under this agreement for the year ended December 31, 2015 was \$43,041.

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

Year:	Amount
2016	\$ 251,307
2017	<u>106,192</u>
Total	\$ <u>357,499</u>

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

Adjustment due to Change in Accounting Principle

As a result of implementing GASB Statement No. 68, the Village has restated the beginning net position in the government-wide statement of net position, effectively increasing net position as of January 1, 2015 by \$681,620. The increase results from recording the January 1, 2015 balance of the Village's WRS net asset and deferred outflows related to pensions.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2015
(Continued)

F. Prior period adjustment (Continued)

Adjustment due to Change in Vacation Policy

As a result of a change in the Village vacation policy, the beginning net position in the government-wide statement of net position increased by \$82,609 as of January 1, 2015. The increase results from the removal of the vacation liability due to employees no longer being allowed to carry-over vacation into subsequent years.

Adjustment due to Correction of an Error

As a result of the correction of an error in the capital assets of the Village, the beginning net position in the government-wide statement of net position decreased by \$260,000 as of January 1, 2015. The decrease results from the removal of an investment in the North Shore Fire Department, and the related amortization, for the Village's share of the cost of construction and equipping of a dispatch center for police, fire and medical services used jointly by the North Shore Communities as authorized by resolution of the Village Board duly adopted by said governing body at a meeting held on October 19, 2011. Capitalization of the Village investment did not follow GAAP and therefore has been removed.

G. 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, May 17, 2016. There is one subsequent event that requires disclosure. In March of 2016 the Village passed a resolution to borrow funds from the State Trust Fund. See Note 3.D for additional information.

Required Supplementary Information

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2015

	<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	\$ 2,337,676	\$ 2,337,676	\$ 2,337,676	\$ ---
Operating grants and Contributions:				
Intergovernmental				
State shared revenue	20,000	20,000	20,618	618
Highway aid for local streets	257,360	257,360	256,863	(497)
State aid - Police	---	---	1,600	1,600
State aid - OWI grant	---	---	6,450	6,450
Computer aid	---	---	166	166
Recycling grant revenue	10,862	10,862	10,848	(14)
Total intergovernmental	<u>288,222</u>	<u>288,222</u>	<u>296,545</u>	<u>8,323</u>
Licenses, Fees and Permits:				
Business licenses	1,400	1,400	1,489	89
Dog and cat licenses	1,000	1,000	880	(120)
Building permits	22,500	22,500	32,486	9,986
Admin fee - building permits	2,000	2,000	3,355	1,355
Electrical permits	3,500	3,500	4,065	565
Admin fee - electric permits	600	600	730	130
Plumbing permits	3,200	3,200	4,922	1,722
Admin fee - plumbing permits	500	500	720	220
Heating permits	3,000	3,000	3,348	348
Admin fee - heating permits	300	300	460	160
Sundry permits	6,000	6,000	5,863	(137)
Sundry fees	250	250	1,200	950
Alarm permits and fees	750	750	1,550	800
Alarm forfeitures	1,200	1,200	4,701	3,501
Fire alarm forfeitures	1,200	1,200	1,025	(175)
Special service job orders	---	---	9,854	9,854
Total licenses, fees and permits	<u>47,400</u>	<u>47,400</u>	<u>76,648</u>	<u>29,248</u>
Fines and Costs:				
Justice court fines and costs	100,000	100,000	133,206	33,206

See Independent Auditors' Report

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2015

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Public charges for services				
Sewer service charges	---	---	2,708	2,708
Total public charges for services	---	---	2,708	2,708
Revenue From Use of Village Money and Property:				
Interest on investments	11,000	11,000	7,948	(3,052)
Insurance dividends	---	---	953	953
Interest on delinquent taxes	17,000	17,000	14,553	(2,447)
Total revenue from use of Village money and property	28,000	28,000	23,454	(4,546)
General Revenues:				
Fees in lieu of taxes	55,073	55,073	55,179	106
Franchise fees	291,319	291,319	301,804	10,485
Donations	---	---	5,011	5,011
Other general revenue	5,000	5,000	12,015	7,015
Total general revenues	351,392	351,392	374,009	22,617
Total general fund revenues	\$ 3,152,690	\$ 3,152,690	\$ 3,244,246	\$ 91,556

See Independent Auditors' Report

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<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	\$ 828	\$ (78)
Dues	2,000	2,000	1,831	169
Total Village Board	<u>2,750</u>	<u>2,750</u>	<u>2,659</u>	<u>91</u>
Administration:				
Salaries and wages	84,153	84,153	85,900	(1,747)
Group life insurance	100	100	114	(14)
Retirement benefits	5,722	5,722	5,975	(253)
Social Security	6,437	6,437	6,279	158
Health insurance	17,281	17,281	19,976	(2,695)
Income continuation insurance	160	160	---	160
Publications	200	200	---	200
Dues	800	800	1,060	(260)
Donations	---	---	1,326	(1,326)
Travel and training expense	1,900	1,900	960	940
Total administration	<u>116,753</u>	<u>116,753</u>	<u>121,590</u>	<u>(4,837)</u>
Clerk-Treasurer:				
Salaries and wages	52,403	52,403	40,019	12,384
Part-time wages	2,000	2,000	2,746	(746)
Group life insurance	39	39	52	(13)
Retirement benefits	4,469	4,469	2,834	1,635
Social Security	5,027	5,027	2,721	2,306
Health insurance	6,621	6,621	---	6,621
Income continuation insurance	98	98	---	98
Contractual services	19,550	19,550	15,670	3,880
Dues	200	200	215	(15)
Travel and training expense	1,500	1,500	2,036	(536)
Total clerk-treasurer	<u>91,907</u>	<u>91,907</u>	<u>66,293</u>	<u>25,614</u>
Assessments:				
Contractual services	25,000	25,000	25,000	---
Total assessments	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>---</u>
Elections:				
Salaries and wages	2,200	2,200	1,211	989
Part-time wages	900	900	493	407
Life insurance	5	5	1	4
Retirement	174	174	82	92
Social Security	230	230	90	140
Health insurance	700	700	248	452
Income continuation insurance	7	7	---	7
Equipment maintenance	600	600	---	600
Other supplies	1,000	1,000	1,538	(538)
Total elections	<u>5,816</u>	<u>5,816</u>	<u>3,663</u>	<u>2,153</u>
Village Attorney:				
Professional services	31,800	31,800	61,962	(30,162)

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<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	\$ 5,697	\$ (3,697)
Office equipment maintenance	500	500	787	(287)
Contractual services	6,000	6,000	6,875	(875)
Office supplies	8,000	8,000	9,597	(1,597)
Other supplies	1,500	1,500	683	817
Total central services	<u>18,000</u>	<u>18,000</u>	<u>23,639</u>	<u>(5,639)</u>
Engineering and Planning:				
Professional services	22,504	22,504	34,959	(12,455)
Audit:				
Professional services	10,601	10,601	10,650	(49)
Buildings - Village Hall:				
Salaries and wages	11,176	11,176	17,226	(6,050)
Part-time wages	9,000	9,000	7,255	1,745
Life insurance	66	66	6	60
Retirement	759	759	1,162	(403)
Social Security	1,250	1,250	1,815	(565)
Health insurance	3,090	3,090	3,753	(663)
Income continuation insurance	17	17	---	17
Utilities - heat	7,500	7,500	3,728	3,772
Utilities - other	15,000	15,000	18,167	(3,167)
Building maintenance	5,500	5,500	9,840	(4,340)
Grounds maintenance materials	3,000	3,000	3,784	(784)
Contractual services	8,500	8,500	11,399	(2,899)
Total building - Village Hall	<u>64,858</u>	<u>64,858</u>	<u>78,135</u>	<u>(13,277)</u>
Bonds and Insurance:				
General liability insurance	26,514	26,514	27,678	(1,164)
Fire and extended coverage	3,000	3,000	2,959	41
Workers' compensation insurance	62,985	62,985	58,994	3,991
Employee bonds	156	156	370	(214)
Public official liability insurance	2,710	2,710	2,627	83
Total bonds and insurance	<u>95,365</u>	<u>95,365</u>	<u>92,628</u>	<u>2,737</u>
Wisconsin Humane Society	1,800	1,800	1,434	366
Total general government	<u>487,154</u>	<u>487,154</u>	<u>522,612</u>	<u>(35,458)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<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	\$ 765,177	\$ 765,177	\$ 765,405	\$ (228)
Salaries - vehicle maintenance	9,540	9,540	5,380	4,160
Vacation, holiday and sick pay	30,762	30,762	28,786	1,976
Salaries - dispatchers	33,767	33,767	34,449	(682)
Group life insurance	300	300	243	57
Retirement benefits	78,853	78,853	83,579	(4,726)
Social Security	62,671	62,671	67,600	(4,929)
Health insurance	127,958	127,958	130,007	(2,049)
Income continuation insurance	1,900	1,900	---	1,900
Overtime pay	25,900	25,900	45,920	(20,020)
Professional services	1,100	1,100	1,270	(170)
Telephone	6,500	6,500	8,745	(2,245)
Vehicle maintenance	10,500	10,500	9,530	970
Radio and alarm maintenance	1,500	1,500	1,406	94
Other equipment maintenance	1,000	1,000	332	668
Contractual services	149,750	149,750	165,096	(15,346)
Office supplies	2,500	2,500	2,513	(13)
Publications	750	750	25	725
Dues	235	235	235	---
Uniforms and special clothing	7,400	7,400	8,092	(692)
Travel and training expense	4,500	4,500	4,725	(225)
Fuel and supplies	33,000	33,000	21,275	11,725
Other supplies	3,100	3,100	6,819	(3,719)
Capital outlay	1,664	1,664	---	1,664
Total police department	<u>1,360,327</u>	<u>1,360,327</u>	<u>1,391,432</u>	<u>(31,105)</u>
Fire Department:				
Contractual services	368,149	368,149	355,699	12,450
Total fire department	<u>368,149</u>	<u>368,149</u>	<u>355,699</u>	<u>12,450</u>
Building Inspections:				
Salaries and wages	25,000	25,000	9,238	15,762
Social Security	1,920	1,920	704	1,216
Total building inspections	<u>26,920</u>	<u>26,920</u>	<u>9,942</u>	<u>16,978</u>
Municipal Justice Court:				
Professional services - judge	3,600	3,600	3,600	---
Professional services - other	15,480	15,480	15,947	(467)
Dues	100	100	100	---
Training and travel	625	625	700	(75)
Total municipal justice court	<u>19,805</u>	<u>19,805</u>	<u>20,347</u>	<u>(542)</u>
Total public safety	<u>1,775,201</u>	<u>1,775,201</u>	<u>1,777,420</u>	<u>(2,219)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<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	\$ 60,000	\$ 60,000	\$ 53,919	\$ 6,081
Vacation, holiday and sick pay	47,752	47,752	46,976	776
Superintendent salary	66,548	66,548	70,469	(3,921)
Life insurance	1,033	1,033	148	885
Retirement benefits	11,852	11,852	12,163	(311)
Social Security	10,806	10,806	12,564	(1,758)
Health insurance	48,193	48,193	34,949	13,244
Income continuation insurance	256	256	---	256
Contractual services	7,500	7,500	9,471	(1,971)
Dues	175	175	194	(19)
Uniforms and special clothing	5,000	5,000	2,067	2,933
Training and travel expense	250	250	233	17
Tools	4,000	4,000	2,803	1,197
Fuel and supplies	39,000	39,000	34,910	4,090
Other supplies	32,500	32,500	40,695	(8,195)
Capital Outlay	80,000	80,000	364,839	(284,839)
Capital Outlay	80,000	80,000	73,100	6,900
Total machinery and equipment	<u>494,865</u>	<u>494,865</u>	<u>759,500</u>	<u>(264,635)</u>
Public Works Building:				
Salaries and wages	8,128	8,128	7,171	957
Life insurance	48	48	3	45
Retirement benefits	552	552	482	70
Social Security	503	503	529	(26)
Health insurance	2,247	2,247	745	1,502
Income continuation insurance	12	12	---	12
Utilities - heat	11,000	11,000	6,232	4,768
Utilities - other	7,500	7,500	6,701	799
Building maintenance	4,500	4,500	2,825	1,675
Contractual services	2,500	2,500	1,996	504
Other supplies	---	---	6,535	(6,535)
Total public works building	<u>36,990</u>	<u>36,990</u>	<u>33,219</u>	<u>3,771</u>
Public Works Recycling:				
Salaries and wages	---	---	1,079	(1,079)
Life insurance	---	---	1	(1)
Retirement benefits	---	---	73	(73)
Social Security	---	---	80	(80)
Health insurance	---	---	241	(241)
Contractual services	---	---	175	(175)
Other supplies	---	---	420	(420)
Total public works recycling	<u>---</u>	<u>---</u>	<u>2,069</u>	<u>(2,069)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<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	\$ 22,352	\$ 22,352	\$ 28,794	\$ (6,442)
Salaries and wages - snow and ice	26,416	26,416	21,235	5,181
Salaries and wages - bridges and drainage	20,320	20,320	28,406	(8,086)
Life insurance	409	409	70	339
Retirement benefits	4,697	4,697	5,120	(423)
Social Security	4,283	4,283	5,600	(1,317)
Health insurance	19,102	19,102	16,299	2,803
Income continuation insurance	103	103	---	103
Contractual services	10,000	10,000	6,861	3,139
Supplies - road repair	7,500	7,500	14,454	(6,954)
Supplies - street signs	1,500	1,500	1,130	370
Supplies - street protection	1,500	1,500	2,161	(661)
Supplies - snow and ice control	35,000	35,000	25,952	9,048
Supplies - bridges and drainage	7,000	7,000	16,722	(9,722)
Total street maintenance	<u>160,182</u>	<u>160,182</u>	<u>172,804</u>	<u>(12,622)</u>
Total public works	692,037	692,037	967,592	(275,555)
Culture, recreation and education				
Library services	<u>53,860</u>	<u>53,860</u>	<u>40,991</u>	<u>12,869</u>
Committed funds:				
Library services	<u>---</u>	<u>---</u>	<u>11,096</u>	<u>(11,096)</u>
Total culture, recreation and education	53,860	53,860	52,087	1,773
Health, Conservation and Sanitation:				
Board of Health:				
Other contracted services	10,100	10,100	9,238	862
Refuse - Solid Waste:				
Salaries and wages - Household refuse	---	---	---	---
Salaries and wages - yard refuse	29,464	29,464	32,294	(2,830)
Life insurance	175	175	15	160
Retirement	2,003	2,003	2,100	(97)
Social Security	1,826	1,826	2,417	(591)
Health insurance	8,146	8,146	2,950	5,196
Income continuation insurance	44	44	---	44
Contracted services - landfill (house)	169,000	169,000	168,250	750
Contracted services - landfill (yard)	700	700	1,041	(341)
Other supplies	500	500	869	(369)
Total refuse - Solid waste	<u>211,858</u>	<u>211,858</u>	<u>209,936</u>	<u>1,922</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Health, Conservation and Sanitation: (continued)				
Forestry, Deer and Weed Control:				
Salaries and wages - Deer	\$ 13,208	\$ 13,208	\$ 20,517	\$ (7,309)
Salaries and wages - forestry	18,288	18,288	20,477	(2,189)
Salaries and wages - weed control	20,320	20,320	12,135	8,185
Part time wages - weed control	3,000	3,000	3,794	(794)
Life insurance	306	306	16	290
Retirement	3,523	3,523	3,495	28
Social Security	3,397	3,397	3,996	(599)
Health insurance	14,327	14,327	8,027	6,300
Income continuation insurance	77	77	---	77
Contracted services - deer	5,000	5,000	6,180	(1,180)
Supplies - deer	800	800	620	180
Supplies - forestry	---	---	96	(96)
Supplies - weed control	500	500	148	352
Total forestry, deer and weed control	<u>82,746</u>	<u>82,746</u>	<u>79,501</u>	<u>3,245</u>
Total health, conservation and sanitation	<u>304,704</u>	<u>304,704</u>	<u>298,675</u>	<u>6,029</u>
Other Expenditures				
Other expenditures	---	---	1,133	(1,133)
Total other expenditures	<u>---</u>	<u>---</u>	<u>1,133</u>	<u>(1,133)</u>
Total general fund expenditures	<u>\$ 3,312,956</u>	<u>\$ 3,312,956</u>	<u>\$ 3,619,519</u>	<u>\$ (306,563)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS

River Hills, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset

Year Ended December 31, 2015

Wisconsin Retirement System

Last 10 Fiscal Years*

	<u>2015</u>
Village's proportionate of the net pension asset	0.0130%
Village's proportionate share of the net pension asset	328,412
Village's covered-employee payroll	1,359,770
Net pension asset as a percentage of covered payroll	24.15%
Plan fiduciary net position as a percentage of total pension asset	102.74%

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

GASB Pronouncement 68 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years prior to the enactment of this pronouncement are not required to be presented in this schedule.

Schedule of Employer Contributions

Year Ended December 31, 2015

Wisconsin Retirement System

Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contributions	121,436
Contributions in relation to the contractually required contributions	121,436
Contribution deficiency (excess)	---
Village's covered-employee payroll	1,359,770
Contributions as a percentage of covered-employee payroll	8.93%

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

GASB Pronouncement 68 requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years prior to the enactment of this pronouncement are not required to be presented in this schedule.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Required Supplementary Information
December 31, 2015

1. Budgetary Information

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

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

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

2. Excess Expenditures Over Appropriations

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

General Government	\$ 35,458
Public Safety	2,219
Public Works	275,555
Other	1,133

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

3. Budgetary Process

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

- The Village Clerk/Treasurer/Administrator requests proposed details of expenditures from the various departments for the following fiscal year. Proposed department expenditures are submitted to the Village Clerk/Treasurer/Administrator 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.

4. WRS Information

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Nonmajor Governmental Funds - Balance Sheet
Capital Project Funds
December 31, 2015

	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:									
Cash and investments	\$ ---	\$ ---	\$ ---	\$ ---	\$ 108,958	\$ ---	\$ ---	\$ ---	\$ 108,958
Taxes receivable	33,542	---	---	---	---	---	---	---	33,542
Total assets	\$ 33,542	\$ ---	\$ ---	\$ ---	\$ 108,958	\$ ---	\$ ---	\$ ---	\$ 142,500
Liabilities:									
Due to other funds	125,516	362,625	---	---	---	---	196,797	---	684,938
Total liabilities	125,516	362,625	---	---	---	---	196,797	---	684,938
Deferred Inflows of Resources:									
Unavailable tax revenue	33,542	---	---	---	---	---	---	---	33,542
Fund Balance:									
Committed	---	---	---	---	108,958	---	---	---	108,958
Unassigned	(125,516)	(362,625)	---	---	---	---	(196,797)	---	(684,938)
Total fund balance	(125,516)	(362,625)	---	---	108,958	---	(196,797)	---	(575,980)
Total liabilities, deferred inflows and fund balance	\$ 33,542	\$ ---	---	\$ ---	\$ 108,958	\$ ---	\$ ---	\$ ---	\$ 142,500

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, 2015

	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:									
Taxes levied by Village	\$ 54,472	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 54,472
Total revenues	<u>54,472</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>54,472</u>
Expenditures:									
Current:									
Public safety	38,084	---	---	---	18,467	---	---	---	56,551
Capital Outlay	---	---	---	---	36,196	---	---	---	36,196
Total expenditures	<u>38,084</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>54,663</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>92,747</u>
Excess (Deficiency) of revenues over (under) expenditures	16,388	---	---	---	(54,663)	---	---	---	(38,275)
Other Financing Sources (Uses):									
Operating transfers in	---	---	1,916	18	---	---	---	---	1,934
Operating transfers out	---	---	---	---	---	(25,059)	---	(4,041)	(29,100)
Total other financing sources (uses)	<u>---</u>	<u>---</u>	<u>1,916</u>	<u>18</u>	<u>---</u>	<u>(25,059)</u>	<u>---</u>	<u>(4,041)</u>	<u>(27,166)</u>
Net change in fund balances	16,388	---	1,916	18	(54,663)	(25,059)	---	(4,041)	(65,441)
Fund Balance, January 1	<u>(141,904)</u>	<u>(362,625)</u>	<u>(1,916)</u>	<u>(18)</u>	<u>163,621</u>	<u>25,059</u>	<u>(196,797)</u>	<u>4,041</u>	<u>(510,539)</u>
Fund Balance, December 31	<u>\$ (125,516)</u>	<u>\$ (362,625)</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 108,958</u>	<u>\$ ---</u>	<u>\$ (196,797)</u>	<u>\$ ---</u>	<u>\$ (575,980)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Nonmajor Governmental Funds - Balance Sheet
Special Revenue Funds
December 31, 2015

	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:								
Cash and investments	\$ ---	\$ ---	\$ 57,754	\$ ---	\$ ---	\$ ---	\$ ---	\$ 57,754
Taxes receivable	---	47,621	---	---	---	---	---	47,621
Accounts receivable	---	227,735	---	---	---	---	---	227,735
Total assets	---	275,356	57,754	---	---	---	---	333,110
Liabilities:								
Due to other funds	---	67,583	---	---	---	---	---	67,583
Accrued payroll and taxes	---	413	---	---	---	---	---	413
Accrued expenses	---	259	---	---	---	---	---	259
Total liabilities	---	68,255	---	---	---	---	---	68,255
Deferred Inflows of Resources:								
Unavailable tax revenue	---	47,621	---	---	---	---	---	47,621
Fund Balance:								
Restricted	---	159,480	57,754	---	---	---	---	217,234
Total liabilities, deferred inflows and fund balance	\$ ---	\$ 275,356	\$ 57,754	\$ ---	\$ ---	\$ ---	\$ ---	\$ 333,110

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, 2015

	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	\$ ---	\$ 62,620	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 62,620
Operating grants and contributions:								
Intergovernmental	---	---	---	---	108,429	---	---	108,429
Public charges for services	---	227,735	---	---	---	---	---	227,735
Total revenue	---	290,355	---	---	108,429	---	---	398,784
Expenditures:								
Current:								
Public works	---	217,809	---	---	19,586	---	---	237,395
Capital Outlay	---	95,247	---	---	88,843	---	---	184,090
Total expenditures	---	313,056	---	---	108,429	---	---	421,485
Deficiency of revenues under expenditures	---	(22,701)	---	---	---	---	---	(22,701)
Other Financing Sources (Uses):								
Face value of loans issued	---	120,000	---	---	---	---	---	120,000
Operating transfers in	184,332	---	---	---	---	---	---	184,332
Operating transfers out	---	---	---	(62,895)	---	(19,531)	(2,913)	(85,339)
Total other financing sources (uses)	184,332	120,000	---	(62,895)	---	(19,531)	(2,913)	218,993
Net changes in fund balances	184,332	97,299	---	(62,895)	---	(19,531)	(2,913)	196,292
Fund Balance , January 1	(184,332)	62,181	57,754	62,895	---	19,531	2,913	20,942
Fund Balance, December 31	\$ ---	\$ 159,480	\$ 57,754	\$ ---	\$ ---	\$ ---	\$ ---	\$ 217,234

See Independent Auditors' Report.