

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Basic Financial Statements
And Supplementary Information**
Year Ended December 31, 2019

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VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Audited Financial Statements
And Supplementary Information**
Year Ended December 31, 2019

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Independent Auditors' Report

The Village Board
Village of River Hills
Milwaukee County, Wisconsin

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, 2019, 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 as of December 31, 2019, 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.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, in 2019 the Village adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

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 the proportionate share of the net pension asset (liability) and employer contributions, and schedules of proportionate share of the net OPEB asset (liability) and employer contributions 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'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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Reilly, Penner & Benton LLP

April 1, 2020
Milwaukee, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2019

Our discussion and analysis of the Village of River Hills' financial performance provides an overview of the Village's financial activities for the fiscal year that ended on December 31, 2019. Please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The Village's total net position increased by \$990,807, or 85%, from December 31, 2018 to December 31, 2019. The Village's unrestricted portion of net position decreased by \$125,032 during 2019.
- Fund balance for total governmental funds increased by \$379,994 during 2019. The general fund's fund balance increased by \$38,211 during 2019.
- Capital asset balances increased by a net total of \$556,877, or 14%, while total long-term debt decreased by a net total of \$102,964, or 3% during 2019.

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, liabilities, deferred outflows of resources, and deferred inflows of resources. 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, 2019

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 – Custodial 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 Custodial 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 is presented below in Table 1.

Table 1
Condensed Statement of Net Position

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 5,012,570	\$ 4,804,305
Capital assets	4,514,703	3,957,826
Total assets	<u>9,527,273</u>	<u>8,762,131</u>
Deferred outflows of resources	1,264,626	1,109,950
Current and other liabilities	1,006,995	1,042,183
Long-term liabilities	3,511,252	3,135,356
Total liabilities	<u>4,518,247</u>	<u>4,177,539</u>
Deferred inflow of resources	4,116,459	4,528,156
Net investment in capital assets	1,820,474	859,984
Restricted	328,318	172,699
Unrestricted	8,401	133,703
Total net position	<u>\$ 2,157,193</u>	<u>\$ 1,166,386</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2019

Financial Analysis of the Village as a Whole (continued)

Statement of Net Position: During 2019, current and other assets increased by \$208,265 or 4.3% as a result of:

- Increase in cash and investments of \$313,454.
- Increase in taxes receivable of \$101,501.
- Increase in special assessments receivable of \$161,218.
- Decrease in net pension asset of \$368,018.

Capital assets increased by \$556,877, or 14%. Please refer to page 7 for further discussion about capital asset activity.

Deferred outflows related to the pension liability increased in the amount of \$156,387, mostly due to differences in actual and expected return on investments and changes in assumptions. Deferred outflows related to OPEB liability decreased \$1,711.

There was a decrease in total deferred inflows of \$411,697. Deferred inflows related to pension liability decreased in the amount of \$489,619, primarily due to the difference between actual and expected experience related to the pension liability.

Long-term debt decreased by \$102,964, during 2019, due mainly to the reduction of general obligation bonds of \$415,000, while direct borrowings increased by \$312,036. Compensated absences increased by \$47,687.

**Table 2
Condensed Statement of Activities**

	Governmental Activities	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program:		
Charges for services	\$ 1,035,125	\$ 770,606
Operating grants and contributions	390,366	402,238
Capital grants and contributions	570,496	147,040
General:		
Taxes	3,408,049	3,321,705
Other	195,437	124,568
Total Revenues	<u>5,599,473</u>	<u>4,766,157</u>
Expenses:		
General government	631,793	571,936
Public safety	2,276,833	2,162,546
Public works	1,159,916	1,089,494
Culture, recreation and education	60,315	57,525
Health, conservation and sanitation	366,400	328,947
Interest and fiscal charges	99,720	106,154
Unallocated depreciation	13,689	13,689
Total expenses	<u>4,608,666</u>	<u>4,330,291</u>
Change in net position	990,807	435,866
Net Position – beginning	1,166,386	811,159
Prior Period Adjustment	-	(80,639)
Net Position-beginning as adjusted	<u>1,166,386</u>	<u>730,520</u>
Net Position – ending	<u>\$ 2,157,193</u>	<u>\$ 1,166,386</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Village of River Hills, Wisconsin

December 31, 2019

Financial Analysis of the Village as a Whole (continued)

Charges for services increased by \$264,519, or 34%. The Village's operating grants and contributions decreased \$11,872; capital grants and contributions increased by \$423,456; and Property taxes increased by \$86,344 or 2.6% due to increases in the levy limit.

Overall, the Village's expenses increased by 6.4%. Increases in total are mostly driven by cost of living adjustments to salaries, materials and equipment.

Financial Analysis of Village's Funds

General fund: Revenues increased by \$142,849 or 4.1%. General government expenditures increased by \$62,311 due to a number of factors – an increase in Attorney fees related to negotiation of a cell tower lease agreement, charges from presidential visit which were not reimbursed, reduction of deficit fund balances, replacement of two furnaces, and an increase in insurance premiums. Public safety expenditures decreased by \$3,410. Public works expenditures increased by \$74,916 due mostly to the retirement of the Superintendent, an increase in fuel and supplies, an increase in contractual services, and expenses related to resident brush pickup and other services. Other expenditures remained fairly static during 2019. Overall general fund expenditures increased by \$191,368.

Debt Service fund: Scheduled debt service payments increased in 2019 by \$52,279.

Sewer fund: The sewer fund was reported as a major fund in 2019 and the sewer fund balance increased a total of \$79,831 to \$218,464. The Village plans to utilize the fund balance to offset future capital purchases. There was an increase of \$428,338 in intergovernmental revenue during 2019 from payments made by MMSD for a sewer project. There was an increase in capital outlay expenditures of \$242,591 from 2018, the majority of the costs were due to sewer projects that are funded by MMSD.

Non-major, Capital projects funds: During 2019, the capital projects funds fund balance increased by \$184,141 overall. This increase is due to efforts to reduce the deficit fund balance. Public safety expenditures consisted of Bayside capital for dispatch. Capital outlay expenditures included a new squad car and the purchase of a server for Village Hall.

General Fund Budgetary Highlights

Budgets are adopted at the departmental level. There were no budget adjustments approved by the Board during 2019.

Actual revenues collected in the General Fund were relatively consistent with budgeted amounts, with an overall positive variance of \$121,514. This variance is mostly due to unbudgeted revenue sources such as unanticipated grants received in the Police Department, and also higher than anticipated permit revenue and special service job orders.

Actual expenditures in the General Fund exceeded budget by \$61,477. The Village Attorney was over-budget by \$8,491 due to costs related to the negotiation of a cellular lease agreement, Public Safety was over-budget by \$55,172 due mostly to contractual services and overtime costs, and Public Works was over-budget by \$72,297 however a majority of the costs are due to services provided which were reimbursed.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2019

Capital Assets and Debt Administration

Capital projects taking place during the year include the Village Hall Parking Lot (\$127,732). The Village's Department of Public Works also purchased an Excavator (\$63,778), and a Tractor (\$82,394). Construction in progress includes the Green Bay Court sewer project which is being paid for by MMSD.

Table 3
Capital Assets

	January 1, 2019	Additions	Disposals	December 31, 2019
Capital Assets:				
Land and easements	\$ 101,800	\$ -	\$ -	\$ 101,800
Construction in progress	293,339	536,951	-	830,290
Land improvements	2,466,342	159,122	-	2,625,464
Buildings	307,332	-	-	307,332
Building improvements	645,587	-	-	645,587
Equipment	1,098,751	123,960	-	1,222,711
Office equipment	48,469	-	-	48,469
Computer software	44,794	-	-	44,794
Vehicles	893,577	118,012	39,269	972,320
Infrastructure	1,149,486	-	-	1,149,486
Total capital assets	<u>7,049,477</u>	<u>938,045</u>	<u>39,269</u>	<u>7,948,253</u>
Less: Accumulated depreciation	3,091,651	381,168	39,269	3,433,550
Net capital assets	<u>\$ 3,957,826</u>	<u>\$ 556,877</u>	<u>\$ -</u>	<u>\$ 4,514,703</u>

Table 4
Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance
Long-term debt:				
General obligation debt	\$ 3,307,584	\$ 658,269	\$ (761,233)	\$ 3,204,620
Other liabilities:				
Accumulated unpaid sick pay	411,290	78,255	(34,798)	454,747
Accumulated unpaid merit days	93,203	4,230	-	97,433
Total long-term obligations	<u>\$ 3,812,077</u>	<u>\$ 740,754</u>	<u>\$ (796,031)</u>	<u>\$ 3,756,800</u>

Long-term Debt: At year end the Village had general obligation promissory notes and State Trust Fund Loans that totaled \$3,204,620 and total long-term obligations of \$3,756,800. 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, 2019 was \$23,312,635 so the Village is currently at 13.75% of capacity. We have additional borrowing capacity of \$20,108,015.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2019

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 2019 Budget we see the continuation of borrowing for capital improvements. The 2019 budget explores opportunities to enhance revenues and cut expenditures with our 10-year capital expenditure plan. This plan helps to forecast annual operation and maintenance costs, including a long-range capital expenditure forecast so that the two can be better balanced. Our goal is to develop a sustainable plan for financing the ongoing maintenance of current services as well as creating a plan to address and eliminate deficit fund balances.

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, 2019

		Governmental Activities
Assets:		
Current assets		
Cash and investments	\$	2,555,628
Taxes receivable		2,088,087
Special assessments receivable		161,218
Accounts receivable		151,892
PILT receivable		15,917
Prepaid expenses		39,828
Total current assets		<u>5,012,570</u>
Capital assets		
Land, easements and construction in progress		932,090
Other capital assets, net of accumulated depreciation		3,582,613
Total capital assets		<u>4,514,703</u>
Total assets		9,527,273
Deferred outflows of resources:		
Deferred outflows related to pensions		1,255,004
Deferred outflows related to OPEB		9,622
Total deferred outflows		<u>1,264,626</u>
Liabilities:		
Current liabilities		
Accounts payable		86,722
Accrued payroll, payroll taxes and withholdings		61,645
Refundable deposits		15,150
Accrued interest		65,440
Current portion of long-term debt		778,038
Total current liabilities		<u>1,006,995</u>
Noncurrent liabilities		
Net pension liability		456,223
Net OPEB liability		76,267
Noncurrent portion of accrued sick and merit pay		552,180
Noncurrent portion of long-term debt		2,426,582
Total noncurrent liabilities		<u>3,511,252</u>
Total liabilities		4,518,247
Deferred Inflow of Resources:		
Unavailable tax revenue		3,401,156
Unavailable PILT revenue		57,613
Deferred inflows related to pensions		628,793
Deferred inflows related to OPEB		28,897
Total deferred inflow of resources		<u>4,116,459</u>
Net Position:		
Net investment in capital assets		1,820,474
Restricted for:		
Debt service		106,876
Police Expenditures		2,977
Sewer		218,465
Unrestricted		8,401
Total net position	\$	<u><u>2,157,193</u></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, 2019

	<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>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General government	\$ 631,793	\$ 297,391	\$ 839	\$ ---	\$ (333,563)
Public safety	2,276,833	232,150	76,703	---	(1,967,980)
Public works	1,159,916	505,584	299,058	570,496	215,222
Culture, recreation and education	60,315	---	---	---	(60,315)
Health, conservation and sanitation	366,400	---	13,766	---	(352,634)
Interest and fiscal charges	99,720	---	---	---	(99,720)
Unallocated depreciation*	13,689	---	---	---	(13,689)
Total governmental activities	<u>\$ 4,608,666</u>	<u>\$ 1,035,125</u>	<u>\$ 390,366</u>	<u>\$ 570,496</u>	<u>(2,612,679)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	2,487,529
Property taxes, levied for debt service	862,630
Payments in lieu of property taxes	57,890
Grants and contributions not restricted to specific programs	82,399
Earnings on investments	18,571
Interest on delinquent taxes and special assessments	23,719
Gain on sale of Village assets	13,100
Insurance recoveries	20,966
Miscellaneous	36,682

Total general revenues

3,603,486

Change in net position

990,807

Net position - beginning

1,166,386

Net position - ending

\$ 2,157,193

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

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, 2019

	General Fund	Debt Service Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 2,307,435	\$ 106,876	\$ 89,814	\$ 51,503	\$ 2,555,628
PILT receivable	15,917	---	---	---	15,917
Accounts receivable	74,133	---	77,759	---	151,892
Taxes receivable	1,227,432	860,655	---	---	2,088,087
Special assessments receivable	---	161,218	---	---	161,218
Due from other funds	357,446	---	142,079	---	499,525
Prepaid expenditures	39,828	---	---	---	39,828
Total assets	\$ 4,022,191	\$ 1,128,749	\$ 309,652	\$ 51,503	\$ 5,512,095
Liabilities, Deferred Inflows of Resources and Fund Balance (deficit):					
Liabilities:					
Accounts payable	\$ 73,294	\$ ---	\$ 13,428	\$ ---	\$ 86,722
Accrued payroll and taxes	61,645	---	---	---	61,645
Refundable deposits	15,150	---	---	---	15,150
Due to other funds	142,079	---	---	357,446	499,525
Total liabilities	292,168	---	13,428	357,446	663,042
Deferred Inflows of Resources:					
Unavailable tax revenue	2,540,501	860,655	---	---	3,401,156
Deferred special assessments	---	161,218	---	---	161,218
Unavailable project reimbursements	---	---	77,759	---	77,759
Unavailable PILT revenue	57,613	---	---	---	57,613
Total deferred inflows of resources	2,598,114	1,021,873	77,759	---	3,697,746
Fund Balance (Deficit):					
Nonspendable	39,828	---	---	---	39,828
Restricted	2,977	106,876	218,465	---	328,318
Committed	---	---	---	51,503	51,503
Unassigned	1,089,104	---	---	(357,446)	731,658
Total fund balance (deficit)	1,131,909	106,876	218,465	(305,943)	1,151,307
Total liabilities, deferred inflows and fund balance (deficit)	\$ 4,022,191	\$ 1,128,749	\$ 309,652	\$ 51,503	\$ 5,512,095

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, 2019

Total fund balances for governmental funds	\$	1,151,307
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
Easements		25,800
Construction in progress		830,290
Land improvements		2,625,464
Buildings		307,332
Building improvements		645,587
Equipment		1,222,711
Office equipment		48,469
Computer software		44,794
Vehicles		972,320
Infrastructure		1,149,486
Less: Accumulated depreciation		<u>(3,433,550)</u>
		4,514,703
The Village's proportionate share of the net pension liability at the WRS is reported on the statement of net position, but not in the governmental funds.		
		(456,223)
The Village's proportionate share of the net OPEB liability for the Local Retiree Life Insurance Fund ("LRLIF") administered by the Wisconsin Department of Employee Trust Funds ("ETF") is reported on the statement of net position, but not in the governmental funds.		
		(76,267)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods, and therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	1,255,004	
Deferred inflows related to pensions	(628,793)	
Deferred outflows related to OPEB	9,622	
Deferred inflows related to OPEB	<u>(28,897)</u>	
		606,936
Unavailable project reimbursements are not currently available, and therefore, are not reported in the governmental funds.		
		77,759
The Village's special assessments are completed but payment on them will not be available to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.		
		161,218
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 on the statement of net position.		
Balances at December 31, 2019 are:		
Accrued interest	(65,440)	
Accrued merit and sick	(552,180)	
Bonds and notes payable	<u>(3,204,620)</u>	
		<u>(3,822,240)</u>
Total net position of governmental activities	\$	<u><u>2,157,193</u></u>

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, 2019

	General Fund	Debt Service Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes levied by Village	\$ 2,487,529	\$ 862,630	\$ ---	\$ ---	\$ 3,350,159
Special assessments	---	66,862	---	---	66,862
Operating grants and contributions:					
Intergovernmental revenues	470,926	---	550,824	---	1,021,750
Licenses, fees and permits	119,188	---	---	---	119,188
Fines and costs	135,350	---	---	---	135,350
Revenue from use of Village money and property	31,342	10,948	---	---	42,290
General revenues	371,414	---	---	---	371,414
Public charges for services	---	---	275,004	---	275,004
Other - lateral connection fees	---	---	2,500	---	2,500
Total revenue	<u>3,615,749</u>	<u>940,440</u>	<u>828,328</u>	<u>---</u>	<u>5,384,517</u>
Expenditures:					
Current:					
General government	604,561	---	---	---	604,561
Public safety	2,041,903	---	---	51,785	2,093,688
Public works	620,481	---	166,873	---	787,354
Culture, recreation and education	60,315	---	---	---	60,315
Health, conservation and sanitation	347,513	---	---	---	347,513
Other	2,753	---	---	---	2,753
Capital outlay	285,970	---	581,624	70,451	938,045
Debt Service:					
Principal	---	761,233	---	---	761,233
Interest and fiscal charges	---	101,396	---	---	101,396
Total expenditures	<u>3,963,496</u>	<u>862,629</u>	<u>748,497</u>	<u>122,236</u>	<u>5,696,858</u>
Excess (Deficiency) of revenues over (under) expenditures	(347,747)	77,811	79,831	(122,236)	(312,341)
Other Financing Sources:					
Face value of loans issued	534,980	---	---	123,289	658,269
Proceeds from sale of Village assets	13,100	---	---	---	13,100
Insurance recoveries	20,966	---	---	---	20,966
Operating transfers in	---	---	---	183,088	183,088
Operating transfers out	(183,088)	---	---	---	(183,088)
Total other financing sources	<u>385,958</u>	<u>---</u>	<u>---</u>	<u>306,377</u>	<u>692,335</u>
Net changes in fund balances	38,211	77,811	79,831	184,141	379,994
Fund Balance (Deficit), January 1	<u>1,093,698</u>	<u>29,065</u>	<u>138,634</u>	<u>(490,084)</u>	<u>771,313</u>
Fund Balance (Deficit), December 31	<u>\$ 1,131,909</u>	<u>\$ 106,876</u>	<u>\$ 218,465</u>	<u>\$ (305,943)</u>	<u>\$ 1,151,307</u>

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**
Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$	379,994
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts are as follows:		
Depreciation expense	\$ (381,168)	
Capital outlays	<u>938,045</u>	556,877
Capital assets are not reported in the funds, therefore governmental funds do not report gains or losses on their disposal like the statement of activities does.		
Gain on sale of Village assets	13,100	
Proceeds received	<u>(13,100)</u>	---
Repayment of principal is an expenditure in the governmental funds, but reduces liability in the statement of net position.		
Bonds, notes and state trust fund loans		761,233
Proceeds on new debt is an other financing source in the governmental funds, but increases liability in the statement of net position		
		(658,269)
In the Statement of Activities, revenues related to future reimbursements are reported as capital grants. In the governmental funds, however, revenues for these items are measured by the amount of financial resources available.		
Future reimbursements	77,759	
Available reimbursements	<u>(58,087)</u>	19,672
In the Statement of Activities, the cost of pension benefits and OPEB benefits earned net of employee contributions is reported as an expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		
Pension expense	(315,591)	
Village pension contributions	137,356	
OPEB expense	(6,239)	
Village OPEB contributions	<u>569</u>	(183,905)
Under the modified accrual basis of accounting used in the governmental funds, expenditures (revenues) are not recognized for transactions that are not normally paid (received) with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities, and revenues and receivables are reported regardless of when financial resources are available. The following adjustments are created by these differences in accounting methods:		
Special assessments		161,218
Sick and merit pay		(47,687)
Accrued interest		<u>1,674</u>
Net change in net position of governmental activities	\$	<u><u>990,807</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
December 31, 2019

		<u>Custodial Funds</u>
Assets:		
Cash and investments	\$	3,983,719
Taxes receivable		<u>5,323,197</u>
Total assets	\$	<u><u>9,306,916</u></u>
 Liabilities:		
Amounts due to other governmental units	\$	<u>9,306,916</u>

Statement of Changes in Fiduciary Net Position
December 31, 2019

		<u>Custodial Funds</u>
Additions:		
Collection of property taxes	\$	8,964,782
Deductions:		
Distributions to other governmental units		<u>8,964,782</u>
Net change in fiduciary net position		---
Net position, January 1		<u>---</u>
Net position, December 31	\$	<u><u>---</u></u>

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019

1. Summary of Significant Accounting Policies

The Village of River Hills' ("Village") complies 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 subsections of this note.

A. Financial Reporting Entity

This report includes all of the funds of the Village of River Hills. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the Village. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met. (1) the economic resources received or held by the separate organization are entirely, or almost entirely, for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or had the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

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, deferred outflows of resources, liabilities, deferred inflows of resources 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.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Government-Wide Financial Statements (continued)

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 for the acquisition of capital assets. Other revenues not attributable to individual functions and taxes are reported as general revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 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 fund are at least 5 percent of the corresponding total for all funds combined (not including fiduciary funds).
- In addition, any other 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.
- Special Revenue Sewer Fund – the Special Revenue Sewer Fund is used to account for revenues requiring separate accounting because of legal, regulatory or administrative provisions.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

Non-major Governmental Funds

- 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
Police Department	Range Line Road Bridge

Fiduciary Funds

- Custodial Funds - are used to account for assets held by the Village in a purely custodial capacity. The Village's custodial fund is used for recording assets collected for other taxing jurisdictions. 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

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets, deferred inflows of resources, deferred outflows of resources 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.

For the government-wide statements, the governmental activities utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets, deferred inflows of resources, deferred outflows of resources and liabilities (whether current or noncurrent) associated with their activities are reported. Governmental activity equity is classified as net position.

Custodial 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, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Basis of Accounting

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 fiduciary 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 Equivalents

The Village has defined cash and equivalents to include cash on hand, and all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased.

Investments

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

The Village's investments consist of the Local Government Investment Pool ("LGIP"), which is exempt from fair value disclosure due to investments being valued at amortized cost.

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. Management has determined that no allowance for uncollectible accounts is necessary since it is believed that such an allowance would not be material. 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, special assessments, and user charges.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Receivables (continued)

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

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.

The Property Tax Calendar for the 2019 Tax Roll is as follows:

Lien date and levy date	November 2019
Tax bills mailed	November 2019
Payment in full, or	January 31, 2020
First installment of 50% due	January 31, 2020
Second installment of 25% due	March 31, 2020
Third installment of 25% due	May 31, 2020
Special charges and personal property taxes in full	January 31, 2020
Tax sale of 2016 delinquent real estate taxes	October 2020

Special assessments receivable consists of charges to property owners for the installation of a new Sewer Pump Lift Station. Special assessments receivable not expected to be collected within one year after December 31, 2019 amounts to \$142,971.

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. Any balances not anticipated to be repaid within one year are classified as advances to and from other funds.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

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.

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 with an original cost of more than \$5,000 and having an estimated useful life of four or more years are defined by the Village as capital assets. 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:

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

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.

Accumulated Sick Pay and Merit Pay

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.

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, accrued sick and merit pay, the net pension liability, and the net OPEB liability.

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. 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, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications

Government-Wide Statements

The Village classifies net position in the government-wide financial statements as follows:

- 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

GASB 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 amounts.
- 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 Manager.
- e. *Unassigned* – all other spendable amounts.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

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

Equity Classifications (continued)

Village policy states that funds shall be committed through the adoption of a resolution and passed by the majority of the Village Board. The Village Manager may assign funds for specific purposes.

When multiple categories of funds are available for a particular purpose Village policy states that funds shall be spent in the following order: restricted, committed, assigned then unassigned.

The Village's current fund balance policy is to seek to maintain its unassigned fund balance at a minimum of 25% of total general fund annual revenues. The purpose of this unassigned fund balance is to provide adequate cash flow throughout the year and to allow the village the means to respond to unanticipated emergencies, contingencies, and opportunities that may not have been anticipated at the time of budget preparation. Use of the fund balance below the minimum balance required by this policy shall require the approval of the Village board.

E. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Deferred Outflows and Deferred Inflows of Resources

The separate financial statement elements, deferred inflow of resources and deferred 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 (expense) until then. The Village reports property taxes, unavailable project reimbursements, deferred special assessments and PILT revenue as deferred inflows of resources. The Village also reports deferred inflows and outflows of resources related to the WRS pension and the LRLIF, which are described in more detail in notes 4 and 5.

G. 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, 2019
(Continued)

1. Summary of Significant Accounting Policies (continued)

H. Other Post-Employment Benefits (OPEB)

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

I. Adoption of New Accounting Guidance

The Village implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. See Note 3D for additional information.

2. Stewardship, Compliance, and Accountability

A. Deposits and Investment Laws and Regulations

The Village invests its funds in accordance with the provisions of applicable Wisconsin Statutes. In accordance with the provisions, the Village may invest funds not immediately needed in the following:

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

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

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

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Petty Cash	\$ 300	\$ ---	\$ 300
Custodial Risk:			
Demand deposits	6,231,334	---	6,231,334
Local Government Investment Pool (LGIP)	---	307,713	307,713
Total	\$ 6,231,630	\$ 307,713	\$ 6,539,347

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

Statement of net position:

Cash and investments	\$ 2,555,628
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Statement of fiduciary net position:

Custodial Fund cash and investments	3,983,719
Total cash and investments	\$ 6,539,347

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. However, due to the relatively small size of the guarantee fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2019, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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

A. Cash and Investments (continued)

Custodial Risk

Custodial risk is the risk that, in the event of a bank failure, the Village's deposits and value of investments may not be returned to the Village. The Village's carrying value for demand deposits and local government investment pool was \$6,539,047 at December 31, 2019, and the bank's carrying value was \$6,674,889, of which \$1,607,713 was fully insured and \$5,067,176 was uninsured and uncollateralized. 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's investment policy limits the maturity of any security to no more than seven years from the date of purchase in accordance with state statutes.

Credit Risk

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

B. Interfund Balances and Transfers

Due to (from) other funds

Balances due to and from other funds are interfund balances that are anticipated to be repaid within the coming year and can 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 due to (from) other funds at December 31, 2019:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Sewer Fund	General Fund	\$ 142,079	Property tax collections
General Fund	Capital Fund	87,792	Project financing
General Fund	Annual Road Program	<u>269,654</u>	Project financing
		<u>\$ 499,525</u>	

All amounts are anticipated to be repaid within one year.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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

B. Interfund Balances and Transfers (continued)

Transfers

During the year ended December 31, 2019, the Village had the following interfund transfers:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital Fund	General Fund	\$ 39,647	Board approved transfer of funds
Annual Road Program	General Fund	56,246	Board approved transfer of funds
Range Line Road Bridge	General Fund	<u>87,195</u>	To reduce deficit fund balance
		<u>\$ 183,088</u>	

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(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, 2019, is summarized as follows:

	Balance January 1, 2019	Additions	Disposals	Transfers	Balance December 31, 2019
Non-depreciable capital assets:					
Land	\$ 76,000	\$ ---	\$ ---	\$ ---	\$ 76,000
Easements	25,800	---	---	---	25,800
Construction in progress	293,339	536,951	---	---	830,290
Total non-depreciable capital assets	395,139	536,951	---	---	932,090
Depreciable capital assets:					
Land improvements	2,466,342	159,122	---	---	2,625,464
Building - Village Hall	30,000	---	---	---	30,000
Building - D.P.W.	277,332	---	---	---	277,332
Building improvements	645,587	---	---	---	645,587
Equipment	1,098,751	123,960	---	---	1,222,711
Office equipment	48,469	---	---	---	48,469
Computer software	44,794	---	---	---	44,794
Vehicles	893,577	118,012	(39,269)	---	972,320
Infrastructure	1,149,486	---	---	---	1,149,486
Total depreciable capital assets	6,654,338	401,094	(39,269)	---	7,016,163
Less: Accumulated depreciation	3,091,651	381,168	(39,269)	---	3,433,550
Net depreciable capital assets	3,562,687	19,926	---	---	3,582,613
Net total capital assets	\$ 3,957,826	\$ 556,877	\$ ---	\$ ---	\$ 4,514,703

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

General government	\$ 8,798
Health, Conservancy	10,238
Public safety	33,098
Public works	315,345
Unallocated	13,689
Total depreciation expense	\$ 381,168

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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

D. Long-Term Obligations

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, 2019, was as follows:

	<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>		<u>Amounts Due Within One Year</u>
Long-term debt:									
General obligation notes	\$ 1,010,000	\$	---	\$	(415,000)	\$	595,000	\$	425,000
Direct borrowings:									
State trust fund loans	<u>2,297,584</u>		<u>658,269</u>		<u>(346,233)</u>		<u>2,609,620</u>		<u>353,038</u>
Total long-term debt	<u>3,307,584</u>		<u>658,269</u>		<u>(761,233)</u>		<u>3,204,620</u>		<u>778,038</u>
Other liabilities:									
Accumulated unpaid sick pay	411,290		78,255		(34,798)		454,747		---
Accumulated unpaid merit days	<u>93,203</u>		<u>4,230</u>		<u>---</u>		<u>97,433</u>		<u>---</u>
Total long-term obligations	<u>\$ 3,812,077</u>	\$	<u>740,754</u>	\$	<u>(796,031)</u>	\$	<u>3,756,800</u>	\$	<u>778,038</u>

Total interest paid and expensed (including accrual) for the year ended December 31, 2019, on long-term obligations was \$101,396 and \$99,720, respectively.

Details of general obligation debt are presented below:

	<u>Original Issue</u>	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Direct Borrowings:					
State Trust Fund Loan	\$ 367,480	3/15/13	3/15/22	2.75%	\$ 132,587
State Trust Fund Loan	575,689	3/1/13	3/15/21	2.75%	155,998
State Trust Fund Loan	455,248	3/1/13	3/15/22	2.75%	164,423
State Trust Fund Loan	483,000	8/11/15	3/15/25	3.25%	304,155
State Trust Fund Loan	519,293	4/28/16	3/15/26	3.00%	377,512
State Trust Fund Loan	514,354	6/20/17	3/15/27	3.5%	421,297
State Trust Fund Loan	434,886	6/1/18	3/15/28	4.00%	395,379
State Trust Fund Loan	658,269	9/3/19	3/15/28	3.75%	658,269
General Obligation Notes	3,475,000	2/10/11	8/10/20	.80 – 3.10%	410,000
General Obligation Notes	305,000	11/23/11	11/1/21	2.00 – 2.50%	<u>185,000</u>
Total General Obligation Debt					<u>\$ 3,204,620</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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

D. Long-Term Debt (continued)

Aggregate debt-service requirements for the retirement of long-term principal and interest are as follows:

	<u>G.O. Principal</u>	<u>G.O. Interest</u>	<u>Direct Borrowings Principal</u>	<u>Direct Borrowings Interest</u>	<u>Total</u>
2020	\$ 425,000	\$ 18,213	\$ 353,038	\$ 64,405	\$ 860,656
2021	170,000	5,127	415,505	91,153	681,785
2022	---	---	360,544	64,877	425,421
2023	---	---	267,877	53,039	320,916
2024	---	---	277,118	43,798	320,916
2025 - 2029	---	---	935,538	84,992	1,020,530
Totals	<u>\$ 595,000</u>	<u>\$ 23,340</u>	<u>\$ 2,609,620</u>	<u>\$ 402,264</u>	<u>\$ 3,630,224</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2019, the Village has used 13.75% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2019:

Equalized Value January 1, 2019 \$ 466,252,700

Debt limit (5% of equalized value) \$ 23,312,635

General Obligation Debt by Funding Source:

Tax levy \$ 3,204,620

Total General Obligation debt \$ 3,204,620

Ratio of applicable general obligation debt to debt limit 13.75 %

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(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	\$ 932,090	
Other capital assets net of accumulated depreciation	3,582,613	
Less long-term debt	(3,204,620)	
Add unspent proceeds	176,412	
Add non-capital related debt	<u>333,979</u>	
Total net investment in capital assets		\$ 1,820,474

Restricted for:

Debt Service		106,876
Police expenditures		2,977
Sewer		218,465

Unrestricted

8,401

Total governmental net position **\$ 2,157,193**

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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

E. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances (deficits) consist of the following:

General Fund:

Nonspendable:

Prepaid expenses	\$ 39,828
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Restricted	2,977
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Unassigned	<u>1,089,104</u>
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Total General Fund	<u>\$ 1,131,909</u>
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Debt Service Fund:

Restricted	<u>\$ 106,876</u>
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Sewer Fund:

Restricted	<u>\$ 218,465</u>
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Non-major Funds:

Committed:

Police Capital	51,503
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Unassigned	<u>(357,446)</u>
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Total non-major funds	<u>\$ (305,943)</u>
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At December 31, 2019, the following funds had deficit fund balances:

Fund	Amount
Capital Projects:	
Capital fund	\$ 87,792
Annual Road Program	269,654

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

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 after 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 employee’s date of hire are eligible to participate in the WRS.

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

Vesting

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

Benefits Provided

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

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

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

WRS also provides death and disability benefits for employees.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

4. Defined Benefit Pension Plan (Continued)

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>
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
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

Contributions

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

During the reporting period (calendar year 2018), the WRS recognized \$137,356 in contributions from the employer.

Contribution rates as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

4. Defined Benefit Pension Plan (Continued)

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

At December 31, 2019, the Village reported a liability of \$456,223 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. 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, 2018, the Village's proportion was 0.01282%, which was an increase of 0.0004% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$315,591.

At December 31, 2019, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 355,328	\$ 628,094
Net difference between projected and actual earnings on pension plan investments	666,284	---
Change in assumptions	76,902	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,439	699
Employer contributions subsequent to the measurement date	144,051	---
Total	\$ 1,255,004	\$ 628,793

The amount of \$144,051 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 652,827	\$ (474,698)
2021	429,301	(382,602)
2022	417,447	(342,518)
2023	302,974	(120,571)
Thereafter	---	---

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from the prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2018 are summarized in the following table:

Asset Allocation Targets and Expected Returns			
As of December 31, 2018			
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u> %	<u>Long-Term</u> <u>Expected Nominal</u> <u>Rate of Return %</u>	<u>Long-Term</u> <u>Expected Real</u> <u>Rate of Return %</u>
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4
New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.50%			
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations			

Single Discount rate. A single discount rate of 7.00% was used to measure the total pension liability, as opposed to a discount rate of 7.20% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
Village's proportionate share of the net pension (asset) liability	\$1,813,081	\$ 456,223	\$ (552,704)

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

Payables to the pension plan at December 31, 2019 were \$21,625. This represents contributions earned as of December 31, 2019, but for which payment was not remitted to the pension plan until subsequent to year-end.

5. Other Post-Employment Benefits

Plan Description

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

OPEB Plan Fiduciary Net Position

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

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

Contributions.

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

5. Other Post-Employment Benefits

Contributions (Continued)

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

Contribution rates as of December 31, 2018 are:

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

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2018 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2018		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$569 in contributions from the employer

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

At December 31, the Village reported a liability of \$76,267 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was .0296%, which was a decrease of .0035% from its proportion measured as of December 31, 2017.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

5. Other Post-Employment Benefits (Continued)

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

For the year ended December 31, 2019, the Village recognized OPEB expense of \$6,239.

At December 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ 3,869
Net difference between projected and actual earnings on OPEB plan investments	1,823	---
Changes in assumptions	7,277	16,532
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	8,496
Employer contributions subsequent to the measurement date	522	---
Total	\$ 9,622	\$ 28,897

The amount of \$522 reported as deferred outflows related to OPEB resulting from the employers contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		Deferred Outflows of Resources		Deferred Inflows of Resources
2020	\$	1,836	\$	4,722
2021		1,836		4,722
2022		1,836		4,722
2023		1,580		4,722
2024		1,316		4,722
2025		696		4,614
2026		---		673

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

5. Other Post-Employment Benefits (Continued)

Actuarial assumptions. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2018
Measurement Date of Net OPEB Liability (Asset)	December 31, 2018
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	4.10%
Long-Term Expected Rate of Return:	5.00%
Discount Rate:	4.22%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from prior year, including the discount rate, wage inflation rate, mortality and separation rates. The Total OPEB Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

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

**Local OPEB Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2018**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Government Bonds	Barclays Government	1%	1.44%
US Credit Bonds	Barclays Credit	40%	2.69%
US Long Credit Bonds	Barclays Long Credit	4%	3.01%
US Mortgages	Barclays MBS	54%	2.25%
US Municipal Bonds	Bloomberg Barclays Muni	1%	1.68%
Inflation			2.30%
Long-Term Expected Rate of Return			5.00%

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

5. Other Post-Employment Benefits (Continued)

Single Discount rate. A single discount rate of 4.22% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 3.63% for the prior year. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

Sensitivity of the Village's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 4.22 percent, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.22 percent) or 1-percentage-point higher (5.22 percent) than the current rate:

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase To Discount Rate (5.22%)
Village's proportionate share of the net OPEB liability	\$ 108,495	\$ 76,267	\$ 51,411

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

6. 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, or appointed trustees 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.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

6. Other Notes (continued)

A. Joint Ventures (continued)

North Shore Fire Department (continued)

Each participating municipality's annual financial contribution to the NSFD's operations and capital budget shall be based on its prorated share of the 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. The Village made payments totaling \$410,529 to NSFD for 2019. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2019 financial information is available from NSFD at 4401 West River Lane, Brown Deer, WI 53223. The Village does not report an equity interest in this joint venture.

North Shore Library System

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

The Village made payments totaling \$60,315 to the Library in 2019. 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 2019 financial information is available from the Village of Fox Point, who is the fiscal agent for the North Shore Library. 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 2019, the Village made payments totaling \$148,575 to the Village of Bayside. The Village does not report an equity interest in this joint venture.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

6. Other Notes (Continued)

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, 2014. The contract is in the final renewal phase in 2019. Annual fees for the current five-year term are \$20,988. Fee income under this agreement for the year ended December 31, 2019, was \$20,988. On December 11, 2019, both parties agreed to a lease extension for up to 25 years, with 5-year interim renewal periods. Annual fees beginning in 2020 will be \$54,000, increasing 4% each year thereafter.

The Village also receives revenue from Charter Communications. Charter Communications pays five percent of its gross income from cable revenue earned in the Village. In 2019, the Village received approximately \$22,556 from Charter Communication.

The Village also has an agreement with Sprint Spectrum, L.P. which subsequently became Sprint/Nextel. It was renewed for an additional five-year term on May 31, 2016. The contract is in the final renewal phase. Annual fees for the current five-year term are \$51,474 for 2017 plus an additional 4% increase per year. Fee income under this agreement for the year ended December 31, 2019, was \$55,674.

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 the second five-year term ending in 2021. This agreement is renewable for two additional five-year terms. Fees for the renewal year were \$40,000 with fees increasing by 4% every year thereafter. Fee income under this agreement for the year ended December 31, 2019, was \$57,042.

The Village entered into an agreement with Cingular (AT&T) in 2001. It was renewed for an additional five-year term during 2016. This agreement is renewable for one additional five-year term. Fees for the renewal year were \$52,739 increasing by 4% every year thereafter. Fee income under this agreement for the year ended December 31, 2019, was \$59,324.

The Village entered into an agreement with T-Mobile in 2001. It was renewed for an additional five-year term during 2016. This agreement is renewable for one additional five-year term. Fees for the renewal year were \$44,310 increasing by 4% every year thereafter. Fee income under this agreement for the year ended December 31, 2019, was \$49,843.

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

Year:	Amount
2020	\$ 284,758
2021	117,857
2022	58,406
2023	60,743
2024	<u>63,172</u>
Total	\$ <u>584,936</u>

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

6. Other Notes (continued)

C. Claims and Judgments

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

D. 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.

E. Commitments

The Village entered into an intergovernmental agreement with the Milwaukee Metropolitan Sewerage District for purposes related to reconstructing a sewer line on Green Bay Court. The Village has agreed to pay engineering fees for this project. The Milwaukee Metropolitan Sewerage District will reimburse the Village for all expenses paid for the project. During the year ended December 31, 2019, the Village incurred additional expenses of \$536,951 in relation to this project, for a total cost to date of \$666,179. As of December 31, 2019, the Village has not completed the final payment to the contractor, which has a remaining estimated cost of \$77,759.

F. Subsequent Events

Management of the Village has evaluated subsequent events for possible inclusion or disclosure through the date the financial statements were available for distribution, April 1, 2020. There were no events that required recognition or disclosure.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Financial Statements
December 31, 2019
(Continued)

7. Effect of New Accounting Standards on Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for interest-cost incurred before the end of a construction period*
- Statement No. 90, *Majority Equity Interest – An amendment of GASB Statements No. 14 and No. 61*
- Statement No. 91, *Conduit debt obligations*

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

Required Supplementary Information

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2019

	<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	\$ 2,487,529	\$ 2,487,529	\$ 2,487,529	\$ ---
Operating grants and Contributions:				
Intergovernmental:				
State shared revenue	76,776	76,776	76,776	---
Highway aid for local streets	299,194	299,194	299,058	(136)
State aid - Police	---	---	1,760	1,760
State aid - OWI grant	---	---	39,089	39,089
Personal property aid	5,500	5,500	5,500	---
Computer aid	---	---	123	123
Fire insurance dues	---	---	15,251	15,251
Recycling grant revenue	10,811	10,811	10,826	15
Tree grant	---	---	2,940	2,940
Contract revenue	21,162	21,162	19,603	(1,559)
Total intergovernmental	<u>413,443</u>	<u>413,443</u>	<u>470,926</u>	<u>57,483</u>
Licenses, Fees and Permits:				
Business licenses	1,400	1,400	1,489	89
Dog and cat licenses	500	500	714	214
Building permits	39,125	39,125	38,504	(621)
Admin fee - building permits	5,000	5,000	8,291	3,291
Electrical permits	6,500	6,500	5,678	(822)
Admin fee - electric permits	1,350	1,350	1,425	75
Plumbing permits	5,310	5,310	4,973	(337)
Admin fee - plumbing permits	1,000	1,000	1,305	305
Heating permits	5,259	5,259	6,330	1,071
Admin fee - heating permits	645	645	720	75
Miscellaneous permits	12,000	12,000	24,754	12,754
Board of appeals fees	1,000	1,000	1,100	100
Alarm permits and fees	600	600	1,345	745
Alarm forfeitures	1,224	1,224	1,200	(24)
Fire alarm forfeitures	1,224	1,224	1,175	(49)
Special service job orders	---	---	20,185	20,185
Total licenses, fees and permits	<u>82,137</u>	<u>82,137</u>	<u>119,188</u>	<u>37,051</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Revenues
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fines and Costs:				
Justice court fines and costs	\$ 130,000	\$ 130,000	\$ 135,350	\$ 5,350
Revenue From Use of Village Money and Property:				
Interest on investments	20,000	20,000	18,570	(1,430)
Interest on delinquent taxes	<u>10,000</u>	<u>10,000</u>	<u>12,772</u>	<u>2,772</u>
Total revenue from use of Village money and property	30,000	30,000	31,342	1,342
General Revenues:				
Payment in lieu of taxes	58,302	58,302	57,890	(412)
Franchise fees	272,824	272,824	273,573	749
Donations	---	---	1,000	1,000
Other general revenue	<u>20,000</u>	<u>20,000</u>	<u>38,951</u>	<u>18,951</u>
Total general revenues	<u>351,126</u>	<u>351,126</u>	<u>371,414</u>	<u>20,288</u>
Total general fund revenues	<u>\$ 3,494,235</u>	<u>\$ 3,494,235</u>	<u>\$ 3,615,749</u>	<u>\$ 121,514</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	<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	\$ 701	\$ 49
Dues	2,045	2,045	1,905	140
Public education	1,400	1,400	1,288	112
Total Village Board	<u>4,195</u>	<u>4,195</u>	<u>3,894</u>	<u>301</u>
Administration:				
Salaries and wages	96,827	96,827	96,750	77
Group life insurance	119	119	36	83
Retirement benefits	6,343	6,343	6,334	9
Social Security	7,408	7,408	7,222	186
Health insurance	7,843	7,843	7,239	604
Income continuation insurance	160	160	---	160
Contractual services	3,030	3,030	1,604	1,426
Dues	1,080	1,080	1,197	(117)
Travel and training expense	2,550	2,550	2,860	(310)
Property tax corrections	---	---	9,007	(9,007)
Total administration	<u>125,360</u>	<u>125,360</u>	<u>132,249</u>	<u>(6,889)</u>
Clerk-Treasurer:				
Salaries and wages	109,113	109,113	111,748	(2,635)
Part-time wages	4,708	4,708	---	4,708
Group life insurance	53	53	10	43
Retirement benefits	7,147	7,147	7,051	96
Social Security	8,348	8,348	9,148	(800)
Health insurance	29,760	29,760	18,809	10,951
Income continuation insurance	98	98	---	98
Contractual services	20,400	20,400	12,131	8,269
Dues	200	200	95	105
Travel and training expense	2,550	2,550	2,439	111
Total clerk-treasurer	<u>182,377</u>	<u>182,377</u>	<u>161,431</u>	<u>20,946</u>
Assessments:				
Contractual services	12,500	12,500	13,400	(900)
Elections:				
Salaries and wages	2,118	2,118	481	1,637
Part-time wages	2,650	2,650	2,404	246
Life insurance	1,002	1,002	---	1,002
Retirement	---	---	20	(20)
Social Security	---	---	22	(22)
Health insurance	---	---	67	(67)
Equipment maintenance	925	925	763	162
Other supplies	1,250	1,250	219	1,031
Total elections	<u>7,945</u>	<u>7,945</u>	<u>3,976</u>	<u>3,969</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government: (continued)				
Village Attorney:				
Professional services	\$ 32,236	\$ 32,236	\$ 40,727	\$ (8,491)
Central Services:				
Telephone	6,000	6,000	4,205	1,795
Office equipment maintenance	800	800	1,707	(907)
Contractual services	8,620	8,620	7,745	875
Office supplies	8,160	8,160	8,366	(206)
Publications	---	---	199	(199)
Other supplies	30,784	30,784	35,788	(5,004)
Total central services	<u>54,364</u>	<u>54,364</u>	<u>58,010</u>	<u>(3,646)</u>
Engineering and Planning:				
Professional services	27,500	27,500	27,208	292
Audit:				
Professional services	15,500	15,500	14,450	1,050
Buildings - Village Hall:				
Salaries and wages	12,708	12,708	10,773	1,935
Part-time wages	7,500	7,500	4,060	3,440
Life insurance	9	9	3	6
Retirement	832	832	1,061	(229)
Social Security	1,579	1,579	1,581	(2)
Health insurance	2,951	2,951	3,126	(175)
Income continuation insurance	18	18	---	18
Utilities - heat	6,500	6,500	4,990	1,510
Utilities - other	15,500	15,500	16,621	(1,121)
Building maintenance	5,000	5,000	4,281	719
Grounds maintenance materials	4,000	4,000	1,335	2,665
Contractual services	11,000	11,000	14,362	(3,362)
Cleaning supplies	---	---	392	(392)
Total building - Village Hall	<u>67,597</u>	<u>67,597</u>	<u>62,585</u>	<u>5,012</u>
Bonds and Insurance:				
General liability insurance	29,704	29,704	32,809	(3,105)
Fire and extended coverage	3,516	3,516	6,621	(3,105)
Workers' compensation insurance	37,916	37,916	41,204	(3,288)
Employee bonds	200	200	100	100
Public official liability insurance	2,951	2,951	3,085	(134)
Total bonds and insurance	<u>74,287</u>	<u>74,287</u>	<u>83,819</u>	<u>(9,532)</u>
Wisconsin Humane Society	2,793	2,793	2,812	(19)
Total general government	<u>606,654</u>	<u>606,654</u>	<u>604,561</u>	<u>2,093</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	<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	\$ 838,248	\$ 838,248	\$ 848,951	\$ (10,703)
Salaries - vehicle maintenance	8,802	8,802	6,628	2,174
Vacation, holiday and sick pay	36,941	36,941	26,202	10,739
Salaries - dispatchers	39,032	39,032	27,058	11,974
Group life insurance	529	529	115	414
Retirement benefits	95,181	95,181	104,778	(9,597)
Social Security	71,152	71,152	77,022	(5,870)
Health insurance	139,293	139,293	131,715	7,578
Overtime pay	60,000	60,000	89,168	(29,168)
Professional services	2,750	2,750	2,008	742
Telephone	10,700	10,700	9,714	986
Vehicle maintenance	9,000	9,000	18,700	(9,700)
Radio and alarm maintenance	1,750	1,750	---	1,750
Other equipment maintenance	1,000	1,000	1,380	(380)
Contractual services	145,181	145,181	160,289	(15,108)
Office supplies	3,000	3,000	2,019	981
Publications	500	500	---	500
Dues	265	265	265	---
Uniforms and special clothing	8,000	8,000	4,289	3,711
Travel and training expense	5,000	5,000	5,616	(616)
Fuel and supplies	27,168	27,168	28,855	(1,687)
Other supplies	9,000	9,000	12,408	(3,408)
Total police department	<u>1,512,492</u>	<u>1,512,492</u>	<u>1,557,180</u>	<u>(44,688)</u>
Fire Department:				
Contractual services	397,215	397,215	410,529	(13,314)
Total fire department	<u>397,215</u>	<u>397,215</u>	<u>410,529</u>	<u>(13,314)</u>
Building Inspections:				
Contractual services	46,000	46,000	44,563	1,437
Municipal Justice Court:				
Professional services - judge	4,284	4,284	3,900	384
Professional services - other	24,600	24,600	24,600	---
Dues	140	140	145	(5)
Training and travel	2,000	2,000	986	1,014
Total municipal justice court	<u>31,024</u>	<u>31,024</u>	<u>29,631</u>	<u>1,393</u>
Total public safety	<u>1,986,731</u>	<u>1,986,731</u>	<u>2,041,903</u>	<u>(55,172)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	<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	\$ 50,471	\$ 50,471	\$ 45,494	\$ 4,977
Vacation, holiday and sick pay	54,552	54,552	103,882	(49,330)
Superintendent salary	68,672	68,672	71,023	(2,351)
Life insurance	113	113	92	21
Retirement benefits	11,093	11,093	10,729	364
Social Security	13,363	13,363	16,926	(3,563)
Health insurance	39,625	39,625	34,265	5,360
Income continuation insurance	260	260	---	260
Contractual services	7,000	7,000	14,624	(7,624)
Dues	175	175	---	175
Uniforms and special clothing	4,500	4,500	3,826	674
Training and travel expense	150	150	390	(240)
Tools	4,000	4,000	4,279	(279)
Fuel and supplies	29,668	29,668	39,174	(9,506)
Other supplies	35,115	35,115	40,910	(5,795)
Total machinery and equipment	<u>318,757</u>	<u>318,757</u>	<u>385,614</u>	<u>(66,857)</u>
Public Works Building:				
Salaries and wages	8,472	8,472	8,977	(505)
Life insurance	6	6	5	1
Retirement benefits	555	555	589	(34)
Social Security	668	668	717	(49)
Health insurance	1,967	1,967	1,884	83
Income continuation insurance	13	13	---	13
Utilities - heat	7,500	7,500	7,051	449
Utilities - other	6,500	6,500	6,442	58
Building maintenance	4,000	4,000	4,603	(603)
Contractual services	2,500	2,500	2,720	(220)
Cleaning supplies	---	---	131	(131)
Other supplies	---	---	1,682	(1,682)
Total public works building	<u>32,181</u>	<u>32,181</u>	<u>34,801</u>	<u>(2,620)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	<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	25,344	25,344	20,020	5,324
Salaries and wages - snow and ice	32,887	32,887	34,940	(2,053)
Salaries and wages - bridges and drainage	32,688	32,688	33,813	(1,125)
Life insurance	57	57	32	25
Retirement benefits	5,549	5,549	6,141	(592)
Social Security	6,680	6,680	7,536	(856)
Health insurance	19,670	19,670	22,760	(3,090)
Income continuation insurance	127	127	---	127
Contractual services	7,000	7,000	6,697	303
Supplies - road repair	26,244	26,244	24,706	1,538
Supplies - street signs	1,500	1,500	1,245	255
Supplies - street protection	1,500	1,500	962	538
Supplies - snow and ice control	29,000	29,000	21,777	7,223
Supplies - bridges and drainage	9,000	9,000	19,170	(10,170)
Total street maintenance	<u>197,246</u>	<u>197,246</u>	<u>199,799</u>	<u>(2,553)</u>
Resident Maintenance				
Salaries and wages	---	---	53	(53)
Retirement benefits	---	---	4	(4)
Social Security	---	---	4	(4)
Health insurance	---	---	19	(19)
Other supplies	---	---	187	(187)
Total residence maintenance	<u>---</u>	<u>---</u>	<u>267</u>	<u>(267)</u>
Total public works	548,184	548,184	620,481	(72,297)
Culture, recreation and education				
Library services	58,414	58,414	60,315	(1,901)
Health, Conservation and Sanitation:				
Refuse - Solid Waste:				
Salaries and wages - yard refuse	33,887	33,887	35,768	(1,881)
Life insurance	23	23	18	5
Retirement	2,220	2,220	2,344	(124)
Social Security	2,672	2,672	2,767	(95)
Health insurance	7,868	7,868	6,440	1,428
Income continuation insurance	52	52	---	52
Contracted services - landfill (house)	170,000	170,000	170,370	(370)
Contracted services - landfill (yard)	2,000	2,000	3,977	(1,977)
Other supplies	500	500	---	500
Total refuse - Solid waste	<u>219,222</u>	<u>219,222</u>	<u>221,684</u>	<u>(2,462)</u>

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - General Fund Expenditures
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Health, Conservation and Sanitation: (continued)				
Board of Health:				
Other contracted services	\$ 10,128	\$ 10,128	\$ 10,128	\$ ---
Forestry, Deer and Weed Control:				
Salaries and wages - Deer	15,791	15,791	12,790	3,001
Salaries and wages - forestry	37,542	37,542	47,512	(9,970)
Salaries and wages - weed control	14,442	14,442	11,525	2,917
Part time wages - weed control	5,500	5,500	6,772	(1,272)
Life insurance	46	46	---	46
Retirement	4,439	4,439	4,572	(133)
Social Security	5,762	5,762	6,147	(385)
Health insurance	15,736	15,736	16,152	(416)
Income continuation insurance	100	100	---	100
Contracted services - deer	5,000	5,000	9,360	(4,360)
Supplies - deer	600	600	505	95
Supplies - forestry	---	---	366	(366)
Supplies - weed control	500	500	---	500
Total forestry, deer and weed control	105,458	105,458	115,701	(10,243)
Total health, conservation and sanitation	334,808	334,808	347,513	(12,705)
Other Expenditures				
Other expenditures	10,000	10,000	2,753	7,247
Capital Outlay				
General Government	6,830	6,830	---	6,830
Public Works Machinery & Eqpt	197,885	197,885	158,238	39,647
Public Works Streets	152,513	152,513	127,732	24,781
Total capital outlay	357,228	357,228	285,970	71,258
Total general fund expenditures	\$ 3,902,019	\$ 3,902,019	\$ 3,963,496	\$ (61,477)

See Independent Auditors' Report.

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Budgetary Comparison Schedule - Sewer Fund
Year Ended December 31, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Operating grants and Contributions:				
Intergovernmental:				
Reimbursements	\$ ---	\$ ---	\$ 550,824	\$ 550,824
Other				
Lateral connection fees	---	---	2,500	2,500
Public charges for services:				
Sewer service charges	275,438	275,438	275,004	(434)
Total revenues	275,438	275,438	828,328	550,390
Expenditures:				
Public Works:				
Sanitary Sewer:				
Salaries and wages	40,737	40,737	34,609	6,128
Life insurance	23	23	5	18
Retirement benefits	2,668	2,668	2,255	413
Social Security	3,197	3,197	2,583	614
Health insurance	8,795	8,795	7,821	974
Income continuation insurance	52	52	---	52
Contractual services	107,000	107,000	118,197	(11,197)
Other supplies	20,000	20,000	1,403	18,597
Total sanitary sewer	182,472	182,472	166,873	15,599
Capital Outlay				
Public Works sanitary sewer	75,000	75,000	581,624	(506,624)
Total expenditures	257,472	257,472	748,497	(491,025)
Deficiency of revenues under expenditures	17,966	17,966	79,831	(61,865)
Other Financing Sources				
Face value of loans issued	75,000	75,000	---	75,000
Net changes in fund balance	92,966	92,966	79,831	13,135
Fund Balance, January 1	138,634	138,634	138,634	---
Fund Balance, December 31	\$ 231,600	\$ 231,600	\$ 218,465	\$ 13,135

See Independent Auditors' Report

VILLAGE OF RIVER HILLS

River Hills, Wisconsin

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

Year Ended December 31, 2018

Wisconsin Retirement System

Last 10 Fiscal Years*

	Village's proportion of the net pension asset (liability)	Village's proportionate share of the net pension asset (liability)	Village's covered payroll	Net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension asset (liability)
2019	0.012824%	\$ (456,223)	\$ 1,499,280	30.43%	96.45%
2018	0.012395%	368,018	1,421,710	25.89%	102.93%
2017	0.012230%	(100,805)	1,401,698	7.19%	99.12%
2016	0.012782%	(207,703)	1,375,966	15.10%	98.20%
2015	0.013000%	328,412	1,359,770	24.15%	102.74%

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

GASB 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, 2018

Wisconsin Retirement System

Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered payroll	Contributions as a percentage of covered payroll
2019	\$ 137,356	\$ 137,356	\$ ---	\$ 1,499,280	9.16%
2018	129,944	129,944	---	1,421,710	9.14%
2017	116,633	116,633	---	1,401,698	8.32%
2016	116,592	116,592	---	1,375,966	8.47%
2015	121,436	121,436	---	1,359,770	8.93%

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

GASB 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.

See Independent Auditors' Report and Notes to Required Supplementary Information

VILLAGE OF RIVER HILLS

River Hills, Wisconsin

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

Year Ended December 31, 2018

Local Retiree Life Insurance

Last 10 Fiscal Years*

	Village's proportion of the net OPEB asset (liability)	Village's proportionate share of the net OPEB asset (liability)	Village's covered- employee payroll	Net OPEB asset (liability) as a percentage of covered-employee payroll	Plan fiduciary net position as a percentage of total OPEB asset (liability)
2019	0.029557%	\$ (76,267)	\$ 1,296,000	5.88%	48.69%
2018	0.033076%	(99,512)	1,390,940	7.15%	44.81%

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

GASB 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, 2018

Local Retiree Life Insurance

Last 10 Fiscal Years*

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Village's covered- employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 569	\$ 569	\$ ---	\$ 1,296,000	0.04%
2018	628	628	---	1,390,940	0.05%

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

GASB 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.

See Independent Auditors' Report and Notes to Required Supplementary Information

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Required Supplementary Information
December 31, 2019

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 Funds, 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":

Public safety	\$	55,172
Public works		72,297
Culture, recreation and education		1,901
Health, conservation and sanitation		12,705

The excess expenditures were absorbed by revenues in excess of budget and available fund balances.

The Village had the following expenditures in excess of appropriations as presented in the "Budgetary Comparison Schedule – Special Revenue/Sewer Fund":

Contractual Services	\$	11,197
Capital outlay		506,624

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

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Notes to Required Supplementary Information
December 31, 2019
(Continued)

3. Budgetary Process

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

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

4. WRS Information

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.

5. OPEB Information

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

Changes of assumptions. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

Supplementary Financial Information

VILLAGE OF RIVER HILLS
Milwaukee County, Wisconsin

Balance Sheet - Nonmajor Governmental Funds
Capital Project Funds
December 31, 2019

	<u>Capital Fund</u>	<u>Annual Road Program</u>	<u>Police Department</u>	<u>Range Line Road Bridge</u>	<u>Total Capital Project Funds</u>
Assets:					
Cash and investments	\$ ---	\$ ---	\$ 51,503	\$ ---	\$ 51,503
Liabilities, deferred inflows of resources and fund balance (deficit):					
Liabilities:					
Due to general fund	\$ 87,792	\$ 269,654	\$ ---	\$ ---	\$ 357,446
Fund Balance (deficit):					
Committed	---	---	51,503	---	51,503
Unassigned	<u>(87,792)</u>	<u>(269,654)</u>	<u>---</u>	<u>---</u>	<u>(357,446)</u>
Total fund balance (deficit)	<u>(87,792)</u>	<u>(269,654)</u>	<u>51,503</u>	<u>---</u>	<u>(305,943)</u>
Total liabilities, deferred inflows of resources and fund balance (deficit)	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 51,503</u>	<u>\$ ---</u>	<u>\$ 51,503</u>

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, 2019

	Capital Fund	Annual Road Program	Police Department	Range Line Road Bridge	Total Capital Project Funds
Revenues:					
Taxes levied by Village	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Total revenues	---	---	---	---	---
Expenditures:					
Current:					
Public safety	35,881	---	15,904	---	51,785
Capital Outlay	---	---	70,451	---	70,451
Total expenditures	35,881	---	86,355	---	122,236
Deficiency of revenues under expenditures	(35,881)	---	(86,355)	---	(122,236)
Other Financing Sources (Uses):					
Face value of loans issued	28,744	---	94,545	---	123,289
Operating transfers in	39,647	56,246	---	87,195	183,088
Total other financing sources	68,391	56,246	94,545	87,195	306,377
Net change in fund balance (deficit)	32,510	56,246	8,190	87,195	184,141
Fund Balance (deficit), January 1	(120,302)	(325,900)	43,313	(87,195)	(490,084)
Fund Balance (deficit), December 31	\$ (87,792)	\$ (269,654)	\$ 51,503	\$ ---	\$ (305,943)

See Independent Auditors' Report.