

Village of River Hills

Financial Statements and
Supplementary Information

December 31, 2022

Village of River Hills

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Village Board of
Village of River Hills

Opinions

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 (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of River Hills, Wisconsin, as of December 31, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

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, 2022. Please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The Village's total net position decreased by \$471,266 or -17%, from December 31, 2021 to December 31, 2022.
- Fund balance for total governmental funds decreased \$1,052,488 during 2022. The general fund's fund balance decreased by \$490,343 during 2022. The Village Board approved the use of fund balance for operations in the amount of \$121,084 and \$421,282 for capital projects planned for 2022 in the budget. The total governmental funds as of December 31, 2022 are offsetting a negative fund balance in the TID #1 fund balance (\$806,103) and a negative fund balance in the Capital Fund (\$90,006).
- Capital asset balances increased by a net total of \$112,415, or 2.09%, while total long-term debt decreased by a net total of \$433,443 or -5.98% during 2022.

Overview of the Financial Statements

This annual financial report consists of three parts:

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

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

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

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

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

The government-wide financial statements of the Village include:

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

Overview of the Financial Statements (continued)

The Village has two kinds of funds:

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

Financial Analysis of the Village as a Whole

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

Table 1
Condensed Statement of Net Position

	Governmental Activities	
	2022	2021
Current and other assets	\$ 7,808,012	\$ 6,502,384
Capital assets	7,220,048	7,332,463
Total assets	15,028,060	13,834,847
Deferred outflows of resources	2,269,960	1,499,428
Current and other liabilities	966,299	765,005
Long-term liabilities	6,230,976	6,648,073
Total liabilities	7,197,275	7,413,078
Deferred inflow of resources	7,755,070	5,104,256
Net investment in capital assets	1,420,252	1,467,105
Restricted	1,643,346	1,416,209
Unrestricted	(697,923)	(66,373)
Total net position	\$ 2,345,675	\$ 2,816,941

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

Financial Analysis of the Village as a Whole (continued)

Statement of Net Position: During 2022, total assets increased by \$1,193,213 or 8.62% as a result of:

- Decrease in cash and investments of \$156,036.
- Decrease in taxes receivable of \$588,730.
- Increase in construction in progress by \$244,031
- GASB 87 new lease standard to list leases receivable for \$1,681,413
- Increase in restricted net pension asset by \$265,122

Capital assets decreased by \$112,415, or 1.54%. Please refer to page 20 for further discussion about capital asset activity.

Deferred outflows related to OPEB liability increased \$770,532.

There was an increase in deferred inflows of \$2,722,781 due to the difference between actual and expected experience related to the unearned revenue, pension liability, the addition of unearned lease revenue, and OPEB liability.

Long-term debt decreased by \$472,967 during 2022.

Table 2
Condensed Statement of Activities

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Revenues:		
Program:		
Charges for services	\$ 945,690	\$ 921,100
Operating grants and contributions	329,856	334,020
Capital grants and contributions	-	111,038
General:		
Taxes	3,130,352	3,120,653
Other	170,447	313,841
Total Revenues	<u>4,576,345</u>	<u>4,800,652</u>
Expenses:		
General government	1,152,255	1,212,159
Public safety	2,069,862	1,855,195
Public works	1,266,637	981,261
Culture, recreation and education	75,230	73,065
Health, conservation and sanitation	394,090	359,640
Interest and fiscal charges	89,537	109,813
Unallocated depreciation	-	-
Total expenses	<u>5,047,611</u>	<u>4,591,133</u>
Change in net position	(471,266)	209,519
Net Position – beginning	<u>2,816,941</u>	<u>2,607,422</u>
Net Position – ending	<u>\$ 2,345,675</u>	<u>\$ 2,816,941</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

Financial Analysis of the Village as a Whole (continued)

The Village's charges for services increased \$24,590; operating grants and contributions decreased \$4,164; and Property taxes increased by \$9,699 or 0.3%.

Overall, the Village's revenues decreased 4.68% and expenses increased by 9.94%.

Financial Analysis of Village's Funds

General fund: Revenues collected increased by \$82,206 or 2.2% compared to budget. The Village Board approved the use of fund balance for operations in the amount of \$121,084 and \$421,282 for capital projects planned for 2022 in the budget. During 2022, the capital portion of fund balance decreased by \$336,558 overall. Public works purchased a new pickup truck. Public safety expenditures included setup for the two squads purchased in 2021, Bayside capital costs for the dispatch center, taser weapons, a bodycam video system. The Village also made repairs to the roof at Village hall, the concrete stairs and railings at Village hall, and repaired the Indian Creek bridge. The Village included the total \$542,365 in the budget for the use of fund balance; however, the auditors do not recognize that amount in the budget. General government expenditures increased by \$30,184. See below for a more detailed explanation of expenditures.

Debt Service fund: Debt service payments were \$405,281 in 2022 with \$45,373 offset by capitalized interest for the TID #1 interest payment. The Village continues to receive special assessment payments for the Lodgewood Lift Station and will for a total of ten years (2019 through 2029).

Sewer fund: The sewer fund balance increased a total of \$25,690 in 2022 from \$240,368 to \$266,058. The sewer fund expended \$36,680 to install liner and make repairs to the sewer lines. The Village plans to utilize the fund balance to offset future capital purchases.

General Fund Budgetary Highlights

Budgets are adopted at the departmental level. There were no amendments to the 2022 budget.

Actual revenues collected in the General Fund were relatively consistent with budgeted amounts, with an overall positive variance of \$82,206. This variance is mostly due to unbudgeted revenue sources such as higher than anticipated permit revenue, increase in citation revenue and special service job orders.

Actual expenditures in the General Fund exceeded budget by \$30,184. General govt was \$27,028 over-budget due to property tax corrections in the amount of \$16,000, publications over-budget by \$1,100, engineering over-budget by \$26,007 but offset by increased revenue, and insurance over-budget by \$15,906; Public Safety was \$27,195 over-budget due to increased fuel costs of \$9,346 and the payment of fire dues offset by increased revenue; Public Works was \$34,463 over-budget due to increased fuel costs of \$13,470 and street signs over-budget by \$4,408, and expenses related to the retirement of the former superintendent; Health, Conservation & Sanitation was \$34,852 over-budget due to an increase in the time the public works department spent on refuse; and the Capital Outlay was under-budget by \$84,724 as we did not include the repair of a road due to the cost exceeding what we had for the road paving project budget for 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

Capital Assets and Debt Administration

Pheasant Lane from County Line Road south to Fairy Chasm Road and Dean Circle from Range Line Road west to its end were paved in 2022 for \$289,725.

Table 3
Capital Assets

	January 1, 2022	Additions	Disposals	December 31, 2022
Capital Assets:				
Land and easements	\$ 2,601,800	\$ -	\$ -	\$ 2,601,800
Construction in progress	32,804	244,031	-	276,835
Land improvements	4,002,736	-	-	4,002,736
Buildings	307,332	-	-	307,332
Building improvements	645,587	-	-	645,587
Equipment	1,357,803	48,203	-	1,406,006
Office equipment	48,469	-	-	48,469
Computer software	49,994	-	-	49,994
Vehicles	1,218,816	47,161	96,929	1,169,048
Infrastructure	1,326,800	-	-	1,326,800
Total capital assets	<u>11,592,141</u>	<u>339,395</u>	<u>96,929</u>	<u>11,834,607</u>
Less: Accumulated depreciation	4,259,678	442,906	88,025	4,614,559
Net capital assets	<u>\$ 7,332,463</u>	<u>\$ (103,511)</u>	<u>\$ 8,904</u>	<u>\$ 7,220,048</u>

Table 4
Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance
Long-term debt:				
General obligation debt	\$ 5,905,000	\$ -	\$ (245,000)	\$ 5,660,000
Direct borrowings: State Trust	588,421	-	(203,802)	384,619
(Discounts) / Premiums	91,953	-	(13,136)	78,817
Other liabilities:				
Accumulated unpaid sick pay	432,851	8,388	(11,029)	430,210
Accumulated unpaid merit days	78,650	3,961	-	82,611
Net OPEB liability	148,877	27,175	-	176,052
Total long-term obligations	<u>\$ 7,245,752</u>	<u>\$ 39,524</u>	<u>\$ (472,967)</u>	<u>\$ 6,812,309</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2022
(unaudited)

Capital Assets and Debt Administration (continued)

Long-term Debt: At year end the Village had general obligation promissory notes and State Trust Fund Loans that totaled \$6,044,619 and other obligations of \$767,690 for total long-term obligations of \$6,812,309. 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, 2022 was \$25,471,020; the Village is currently at 23.7% of capacity. We have additional borrowing capacity of \$19,426,401.

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. In 2021, the Village purchased 53.4 acres of property along Brown Deer Road and created a tax-incremental district (TID #1). The Village has created a plan for the development of 51 single-family homes with Cornerstone Development on 25 acres and a storm water retention system on the remaining 28 acres with the Milwaukee Metropolitan Sewerage District.

Currently the State of Wisconsin limits the annual increase in a municipality's budget to the greater of the percentage change in the Village's equalized value due to net new construction or zero percent; River Hills has little to no construction. On November 8, 2022, the residents of River Hills passed a referendum per the Village Board of Trustees Resolution No. 2022-10 to increase the Village levy for operations up to \$300,000 per year in 2023, 2024, 2025, 2026, and 2027.

With the 2022 Budget, the Village sees the continuation of borrowing for capital improvements. In 2020, the Village took advantage of low interest rates and borrowed funds for a three-year period for capital improvements. The 2022 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.

BASIC FINANCIAL STATEMENTS

Village of River Hills

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 3,533,414
Taxes receivable	1,291,792
Special assessments receivable	92,794
Accounts receivable, net	24,478
PILOT receivable	15,703
Prepaid items	46,177
Leases receivable	1,681,413
Restricted net pension asset	1,122,241
Capital assets:	
Land	2,601,800
Construction progress	276,835
Other capital assets	8,955,972
Less accumulated depreciation/amortization	<u>(4,614,559)</u>
Total assets	<u>15,028,060</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	2,203,700
Deferred outflows related to OPEB	<u>66,260</u>
Total deferred outflows of resources	<u>2,269,960</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable and accrued liabilities	225,469
Accrued interest	33,484
Unearned revenue	126,013
Noncurrent liabilities:	
Net OPEB liability	176,052
Due within one year	405,281
Due in more than one year	<u>6,230,976</u>
Total liabilities	<u>7,197,275</u>
Deferred Inflows of Resources	
Unearned tax revenue	3,345,735
PILOT revenue	57,263
Unearned lease revenue	1,681,413
Deferred inflows related to pension	2,643,778
Deferred inflows related to OPEB	<u>26,881</u>
Total deferred inflows of resources	<u>7,755,070</u>
Net Position	
Net investment in capital assets	1,420,252
Restricted:	
Pension	1,122,241
Debt service	235,047
Sewer	266,058
Unrestricted (deficit)	<u>(697,923)</u>
Total net position	<u>\$ 2,345,675</u>

See notes to financial statements

Village of River Hills

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Governmental Activities				
General government	\$ 1,152,255	\$ 364,644	\$ -	\$ (787,611)
Public safety	2,069,862	261,797	52,301	(1,755,764)
Public works	1,266,637	319,249	277,555	(669,833)
Health, conservation and sanitation	394,090	-	-	(394,090)
Culture, recreation and education	75,230	-	-	(75,230)
Interest and fiscal charges	89,537	-	-	(89,537)
Total governmental activities	<u>\$ 5,047,611</u>	<u>\$ 945,690</u>	<u>\$ 329,856</u>	<u>(3,772,065)</u>
General Revenues				
Taxes:				
				2,560,771
				511,724
				4,114
				53,743
				26,240
				15,760
				10,698
				117,749
				<u>3,300,799</u>
				(471,266)
				<u>2,816,941</u>
				<u>\$ 2,345,675</u>

See notes to financial statements

Village of River Hills

 Balance Sheet
 Governmental Funds
 December 31, 2022

	<u>Special Revenue Fund</u>				Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service Fund	Sewer Fund	TID #1 Fund		
Assets						
Cash and investments	\$ 2,765,485	\$ 268,531	\$ 269,513	\$ 33,708	\$ 196,177	\$ 3,533,414
Taxes receivable	835,023	456,769	-	-	-	1,291,792
PILOT receivable	15,703	-	-	-	-	15,703
Accounts receivable (net)	24,478	-	-	-	-	24,478
Special assessments receivable	-	92,794	-	-	-	92,794
Due from other funds	886,635	-	-	-	-	886,635
Prepaid items	46,177	-	-	-	-	46,177
Leases receivable	1,681,413	-	-	-	-	1,681,413
Total assets	\$ 6,254,914	\$ 818,094	\$ 269,513	\$ 33,708	\$ 196,177	\$ 7,572,406
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)						
Liabilities						
Accounts payable	\$ 99,554	\$ -	\$ 3,455	\$ 43,182	\$ 22,182	\$ 168,373
Accrued payroll and taxes	57,096	-	-	-	-	57,096
Unearned revenue	-	-	-	-	126,013	126,013
Due to other funds	-	-	-	796,629	90,006	886,635
Total liabilities	156,650	-	3,455	839,811	238,201	1,238,117
Deferred Inflows of Resources						
Unearned tax revenue	2,888,966	456,769	-	-	-	3,345,735
Deferred special assessments	-	92,794	-	-	-	92,794
Unearned PILOT revenue	57,263	-	-	-	-	57,263
Unearned lease revenue	1,681,413	-	-	-	-	1,681,413
Total deferred inflows of resources	4,627,642	549,563	-	-	-	5,177,205
Fund Balances (Deficits)						
Nonspendable	932,812	-	-	-	-	932,812
Restricted	-	268,531	266,058	-	-	534,589
Committed	-	-	-	-	47,982	47,982
Assigned	323,640	-	-	-	-	323,640
Unassigned (deficits)	214,170	-	-	(806,103)	(90,006)	(681,939)
Total fund balances (deficits)	1,470,622	268,531	266,058	(806,103)	(42,024)	1,157,084
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 6,254,914	\$ 818,094	\$ 269,513	\$ 33,708	\$ 196,177	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	7,220,048
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,122,241
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	2,203,700
Deferred outflows of resources related to OPEB do not relate to current financial resources reported in the governmental funds.	66,260
Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	(2,643,778)
Deferred inflows of resources related to OPEB do not relate to current financial resources reported in the governmental funds.	(26,881)
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.	92,794
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds - includes accrued interest on long-term debt.	(6,845,793)
Net position of governmental activities	\$ 2,345,675

See notes to financial statements

Village of River Hills

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2022

	General Fund	Debt Service Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
			Sewer Fund	TID #1 Fund		
Revenues						
Taxes levied by Village	\$ 2,560,771	\$ 511,724	\$ -	\$ -	\$ -	\$ 3,072,495
Special assessments	-	21,714	-	-	-	21,714
Intergovernmental revenues	359,516	-	-	-	28,381	387,897
Licenses, fees and permits	468,302	-	-	-	-	468,302
Fines and costs	153,101	-	-	-	-	153,101
Miscellaneous revenues	157,640	-	-	4,114	-	161,754
Public charges for service	13,383	-	289,791	-	13,537	316,711
Total revenues	3,712,713	533,438	289,791	4,114	41,918	4,581,974
Expenditures						
Current:						
General government	619,478	-	-	4,276	28,381	652,135
Public safety	2,182,058	-	-	-	-	2,182,058
Public works	616,634	-	91,659	49,812	-	758,105
Health, conservation and sanitation	386,787	-	-	-	-	386,787
Culture, recreation and education	61,541	-	-	-	-	61,541
Capital outlay	336,558	-	172,442	378,835	168,653	1,056,488
Debt service:						
Principal	-	448,802	-	-	-	448,802
Interest and fiscal charges	-	108,296	-	-	-	108,296
Total expenditures	4,203,056	557,098	264,101	432,923	197,034	5,654,212
Excess (deficiency) of revenues over expenditures	(490,343)	(23,660)	25,690	(428,809)	(155,116)	(1,072,238)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	19,750	19,750
Transfers in	-	45,373	-	-	111,011	156,384
Transfers out	-	(111,011)	-	(45,373)	-	(156,384)
Total other financing sources (uses)	-	(65,638)	-	(45,373)	130,761	19,750
Net change in fund balances	(490,343)	(89,298)	25,690	(474,182)	(24,355)	(1,052,488)
Fund Balance (Deficit), Beginning	1,960,965	357,829	240,368	(331,921)	(17,669)	2,209,572
Fund Balance (Deficit), Ending	\$ 1,470,622	\$ 268,531	\$ 266,058	\$ (806,103)	\$ (42,024)	\$ 1,157,084

See notes to financial statements

Village of River Hills

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ (1,052,488)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	1,056,488
Some items reported as capital outlay were not capitalized.	(717,093)
Depreciation is recorded in the government-wide statements.	(442,906)
Net book value of assets disposed of	(8,904)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments and interest	(15,965)
----------------------------------	----------

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid	448,802
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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.

Available reimbursements	(510)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accumulated unpaid sick and merit pay	(1,320)
Net pension asset	265,122
Deferred outflows of resources related to pension and OPEB	770,532
Deferred inflows of resources related to pension and OPEB	(764,608)
Total other postemployment benefit liability	(27,175)
Amortization of premium on long-term debt	13,136
Accrued interest on debt	5,623

Change in Net Position of Governmental Activities \$ (471,266)

Village of River Hills

Statement of Fiduciary Net Position
December 31, 2022

	<u>Custodial Fund</u> <u>Tax Roll</u> <u>Fund</u>
Assets	
Cash and cash equivalents	\$ 3,814,401
Taxes receivable	<u>5,873,916</u>
Total assets	<u>9,688,317</u>
Liabilities	
Due to other taxing units	<u>9,688,317</u>
Total liabilities	<u>9,688,317</u>
Net position	<u>\$ -</u>

See notes to financial statements

Village of River Hills

Statement of Change in Fiduciary Net Position
Year Ended December 31, 2022

	<u>Custodial Fund</u> <u>Tax Roll</u> <u>Fund</u>
Additions	
Collection of property tax	\$ 7,892,975
Deductions	
Distributions to other governmental units	7,892,975
Net change in net position	-
Net Position, Beginning	-
Net Position, Ending	<u>\$ -</u>

See notes to financial statements

Village of River Hills

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December 31, 2022

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Village of River Hills

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

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

Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The Village has not identified any organizations that meet this criteria.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

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 nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the Village 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, net position/fund balance, revenues and expenditures/expenses.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Funds are organized as major funds or nonmajor funds within the governmental statements. 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:

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

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

The Village reports the following major governmental funds:

General Fund

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Fund - Sewer Fund is used to account for revenues requiring separate accounting because of legal, regulatory or administrative provisions.

Special Revenue Fund - TID #1 is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

Debt Service Fund

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

The Village reports the following nonmajor governmental funds:

Special Revenue Fund

Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

ARPA Grant

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Fund
Central Services

Police Department

Village of River Hills

Notes to Financial Statements
December 31, 2022

In addition, the Village reports the following fund type:

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Fiduciary Funds

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Village of River Hills

Notes to Financial Statements
December 31, 2022

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF 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. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the county government as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Prepaid Items

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. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Capital Assets

Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 4 years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Land Improvements	20 Years
Building and Improvements	40 Years
Infrastructure (except traffic signals - 15)	25-80 Years
Vehicles	5 Years
Computer Equipment	5 Years
Equipment	7 Years
Computer Software	3 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

Compensated Absences

Under terms of employment, employees are granted sick leave and merit pay in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All merit pay and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

Sick leave, for all employee's except police department, 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, which are for police department employees only, 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.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

For the government-wide statements, bond premiums and discounts are amortized over the life of the issue using the straight-line or effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) 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 their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board may assign amounts for specific purposes at the recommendation of the Village Manager. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village's current fund balance policy is to seek to maintain its unassigned fund balance at a minimum of 15% of next year's budgeted general fund revenues with a 25% targeted maximum. 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.

See Note 3 for further information.

Pension

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

Village of River Hills

Notes to Financial Statements
December 31, 2022

Postemployment Benefits Other Than Pensions (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 LRLIFs 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.

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the General Fund, Sewer Fund, TID #1 Fund, Debt Service Fund, Capital Fund, Police Department Fund and the Central Services Fund. A budget has not been formally adopted for ARPA Grant Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Capital Projects Fund, Capital Fund	\$ (90,006)	Expenditures in excess of revenues
Special Revenue Fund, TID #1 Fund	(806,103)	Expenditures in excess of revenues

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. Other fund deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Political subdivisions may also increase their tax levy for operations if approved by the voters via referendum. On November 8, 2022, the residents of River Hills passed a referendum per the Village Board of Trustees Resolution No. 2022-10 to increase the Village levy for operations up to \$300,000 per year in 2023, 2024, 2025, 2026, and 2027.

3. Detailed Notes on All Funds

Deposits and Investments

The Village's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 7,227,862	\$ 6,472,070	Custodial credit risk
LGIP	119,653	119,653	Credit risk
Petty cash	<u>300</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 7,347,815</u>	<u>\$ 6,591,723</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 3,533,414		
Per statement of net position, fiduciary fund:			
Custodial Fund cash and investments	<u>3,814,401</u>		
Total deposits and investments	<u>\$ 7,347,815</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2022, \$5,972,070 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 5,972,070</u>
Total	<u>\$ 5,972,070</u>

Village of River Hills

Notes to Financial Statements
December 31, 2022

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 3,345,735	\$ -
Unearned grant revenue	126,013	-
Special assessments not yet due	-	92,794
Lease revenue	1,681,413	-
PILOT revenue	<u>57,263</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 5,210,424</u>	<u>\$ 92,794</u>
Unearned revenue included in liabilities	\$ 126,013	
Unearned revenue included in deferred inflows	<u>5,084,411</u>	
Total unearned revenue for governmental funds	<u>\$ 5,210,424</u>	

Restricted Assets

The following represent the balances of the restricted assets:

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land and easements	\$ 2,601,800	\$ -	\$ -	\$ 2,601,800
Construction in progress	<u>32,804</u>	<u>244,031</u>	<u>-</u>	<u>276,835</u>
Total capital assets not being depreciated / amortized	<u>2,634,604</u>	<u>244,031</u>	<u>-</u>	<u>2,878,635</u>
Capital assets being depreciated / amortized:				
Land improvements	4,002,736	-	-	4,002,736
Buildings	307,332	-	-	307,332
Building improvements	645,587	-	-	645,587
Equipment	1,357,803	48,203	-	1,406,006
Office equipment	48,469	-	-	48,469
Computer software	49,994	-	-	49,994
Vehicles	1,218,816	47,161	96,929	1,169,048
Infrastructure	<u>1,326,800</u>	<u>-</u>	<u>-</u>	<u>1,326,800</u>
Total capital assets being depreciated / amortized	<u>8,957,537</u>	<u>95,364</u>	<u>96,929</u>	<u>8,955,972</u>
Total capital assets	<u>11,592,141</u>	<u>339,395</u>	<u>96,929</u>	<u>11,834,607</u>
Less accumulated depreciation / amortization for:				
Land improvements	(1,298,042)	(228,377)	-	(1,526,419)
Buildings	(268,528)	(1,349)	-	(269,877)
Building improvements	(378,474)	(18,591)	-	(397,065)
Equipment	(1,064,203)	(68,432)	-	(1,132,635)
Office equipment	(48,469)	-	-	(48,469)
Computer software	(47,394)	(1,733)	-	(49,127)
Vehicles	(903,104)	(87,415)	88,025	(902,494)
Infrastructure	<u>(251,464)</u>	<u>(37,009)</u>	<u>-</u>	<u>(288,473)</u>
Total accumulated depreciation / amortization	<u>(4,259,678)</u>	<u>(442,906)</u>	<u>88,025</u>	<u>(4,614,559)</u>
Net capital assets being depreciated / amortized	<u>4,697,859</u>	<u>(347,542)</u>	<u>8,904</u>	<u>4,341,413</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 7,332,463</u>	<u>\$ (103,511)</u>	<u>\$ 8,904</u>	<u>\$ 7,220,048</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 17,947
Public safety	30,684
Public works	370,348
Health, conservation and sanitation	10,238
Culture, recreation and education	<u>13,689</u>
Total governmental activities depreciation / amortization expense	<u>\$ 442,906</u>

Village of River Hills

Notes to Financial Statements
December 31, 2022

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General Fund	Capital Projects, Capital Fund	\$ 90,006	\$ 90,006
General Fund	Special Revenue, TID #1 Fund	<u>796,629</u>	796,629
Total, fund financial statements		886,635	
Less fund eliminations		<u>(886,635)</u>	
Total internal balances, government-wide statement of net position		<u>\$ -</u>	

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Projects-Capital Fund	Debt Service Fund	\$ 36,978	Board approved transfer
Debt Service Fund	Special Revenue, TID #1 Fund	45,373	Cover debt service costs
Capital Projects-Central Services Fund	Debt Service Fund	<u>74,033</u>	Board approved transfer
Total, fund financial statements		156,384	
Less fund eliminations		<u>(156,384)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 5,905,000	\$ -	\$ 245,000	\$ 5,660,000	\$ 300,000
Direct borrowings, State Trust Fund Loan	588,421	-	203,802	384,619	105,281
(Discounts)/Premiums	91,953	-	13,136	78,817	-
Total bonds and notes payable	<u>6,585,374</u>	<u>-</u>	<u>461,938</u>	<u>6,123,436</u>	<u>405,281</u>
Other liabilities:					
Accumulated unpaid sick pay	432,851	8,388	11,029	430,210	-
Accumulated unpaid merit pay	78,650	3,961	-	82,611	-
Net OPEB liability	148,877	27,175	-	176,052	-
Total other liabilities	<u>660,378</u>	<u>39,524</u>	<u>11,029</u>	<u>688,873</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 7,245,752</u>	<u>\$ 39,524</u>	<u>\$ 472,967</u>	<u>\$ 6,812,309</u>	<u>\$ 405,281</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$25,471,020. Total general obligation debt outstanding at year end was \$6,044,619. The ratio of applicable general obligation debt to debt limit is 23.7%.

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the Village. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund.

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General Obligation Debt					
State Trust Fund Loan, Direct	08/11/15	03/15/25	3.25%	\$ 483,000	\$ 159,377
State Trust Fund Loan, Direct	04/28/16	03/15/26	3.00	519,293	225,242
General Obligation Note	07/07/20	03/01/30	1.00-2.00	3,180,000	2,780,000
Taxable Promissory Note	10/22/20	04/01/30	.90-3.00	2,880,000	<u>2,880,000</u>
Total governmental activities, general obligation debt					<u>\$ 6,044,619</u>

Village of River Hills

Notes to Financial Statements
December 31, 2022

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 300,000	\$ 84,923
2024	315,000	78,773
2025	520,000	69,423
2026	480,000	57,573
2027	590,000	49,078
2028-2030	<u>3,455,000</u>	<u>94,641</u>
Total	<u>\$ 5,660,000</u>	<u>\$ 434,411</u>

<u>Years</u>	Governmental Activities Direct Borrowings, State Trust Fund Loan	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 105,281	\$ 11,937
2024	108,545	8,674
2025	111,958	5,261
2026	<u>58,835</u>	<u>1,765</u>
Total	<u>\$ 384,619</u>	<u>\$ 27,637</u>

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2022</u>
<u>Lease Receivables Description</u>				
AT&T Cellular Tower	01/01/22	05/22/26	4%	\$ 348,830
T-Mobile Cellular Tower	01/01/22	11/14/26	4	315,822
T-Mobile Cellular Tower (formerly Sprint Cellular Tower)	01/01/22	12/31/27	4	352,769
US Cellular Tower	01/01/22	09/22/47	4	329,002
Verizon Wireless Tower	01/01/22	10/05/32	4	<u>334,990</u>
Total governmental activities				<u>\$ 1,681,413</u>

The Village recognized \$256,946 of lease revenue during the fiscal year.

The Village recognized \$51,048 of interest revenue during the fiscal year.

Village of River Hills

Notes to Financial Statements
December 31, 2022

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 2,601,800
Construction in progress	276,835
Other capital assets, net of accumulated depreciation	4,341,413
Less long-term debt outstanding	(6,044,619)
Plus unspent capital related debt proceeds	323,640
Less unamortized debt premium	<u>(78,817)</u>

Total net investment in capital assets \$ 1,420,252

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Fund - Sewer Fund</u>	<u>Special Revenue Fund - TID #1 Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund Balances						
Nonspendable:						
Prepaid items	\$ 46,177	\$ -	\$ -	\$ -	\$ -	\$ 46,177
Noncurrent amounts due from other funds	<u>886,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>886,635</u>
Subtotal	<u>932,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>932,812</u>
Restricted for:						
Debt service	-	268,531	-	-	-	268,531
Sewer operations	<u>-</u>	<u>-</u>	<u>266,058</u>	<u>-</u>	<u>-</u>	<u>266,058</u>
Subtotal	<u>-</u>	<u>268,531</u>	<u>266,058</u>	<u>-</u>	<u>-</u>	<u>534,589</u>
Committed to:						
Police capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,982</u>	<u>47,982</u>
Assigned to:						
Capital outlay	<u>323,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,640</u>
Subtotal	<u>323,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,640</u>
Unassigned (deficit):	<u>214,170</u>	<u>-</u>	<u>-</u>	<u>(806,103)</u>	<u>(90,006)</u>	<u>(681,939)</u>
Total fund balances (deficit)	<u><u>\$ 1,470,622</u></u>	<u><u>\$ 268,531</u></u>	<u><u>\$ 266,058</u></u>	<u><u>\$ (806,103)</u></u>	<u><u>\$ (42,024)</u></u>	<u><u>\$ 1,157,084</u></u>

4. Other Information

Employees' Retirement System

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. 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 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.

The WRS also provides death and disability benefits for employees.

Village of River Hills

Notes to Financial Statements

December 31, 2022

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>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Village of River Hills

Notes to Financial Statements
December 31, 2022

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, 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 general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$162,330 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 are:

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

Pension Asset, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Village reported an asset of \$1,122,241 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the Village's proportion was 0.01392327%, which was an increase of 0.00019429% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of \$(94,640).

At December 31, 2022, the Village reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 1,812,923	\$ 130,731
Changes in assumptions	209,371	-
Net differences between projected and actual earnings on pension plan investments	-	2,510,547
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,316	2,500
Employer contributions subsequent to the measurement date	<u>176,090</u>	<u>-</u>
Total	<u>\$ 2,203,700</u>	<u>\$ 2,643,778</u>

Village of River Hills

Notes to Financial Statements
December 31, 2022

\$176,090 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, 2023. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2023	\$ (51,072)
2024	(302,971)
2025	(133,327)
2026	(128,798)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Village of River Hills

Notes to Financial Statements

December 31, 2022

Long-Term Expected Return on Plan Assets

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

Asset Allocation Targets and Expected Returns* As of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*

** *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

*** *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

Village of River Hills

Notes to Financial Statements
December 31, 2022

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 796,309	\$ (1,122,241)	\$ (2,503,240)

Pension Plan Fiduciary Net Position

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

At December 31, 2022, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

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

Village of River Hills

Notes to Financial Statements
December 31, 2022

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The Village has active construction projects as of December 31, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

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.

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 \$439,487 to NSFD for 2022. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2022 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.

Village of River Hills

Notes to Financial Statements
December 31, 2022

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 nine members: four members from Glendale, two members each from Fox Point and Bayside and one member from River Hills. 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 Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary.

On June 27, 2022, the Village Board conditionally approved an amended and re-stated Joint Library agreement where each of the four communities would pay a fixed allocation of 5% of the annual library budget and the remaining 95% contribution of each member agency is proportional to the population of each member as determined by the most recent decennial US census for operating expenses and capital expenditures. A new North Shore Library has been proposed to be constructed in the Village of Bayside. The Village made payments totaling \$59,818 to the Library in 2022. 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 2022 financial information is available from the Village of Bayside, 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 Village of Bayside operates the Bayside Communication Center for the North Shore communities of Bayside, Brown Deer, Fox Point, Glendale, River Hills, Shorewood, Whitefish Bay and North Shore Fire/Rescue Department. The cost of these services is shared between the communities as agreed upon in the individual agreements. An Operations Advisory Committee (OAC) shall be composed of the Police Chief of Bayside, the Police or Fire Chief of each member agency and the Communications Director. The OAC is advisory in nature and shall discuss and provide input and recommendations on operational and procedural matters. During 2022, the Village made payments totaling \$157,900 to the Village of Bayside. The Village does not report an equity interest in this joint venture.

Village of River Hills

Notes to Financial Statements
December 31, 2022

North Shore Health Department

By agreement dated January 1, 2012, the North Shore Health Department (NSHD) was created. The NSHD protects the public health and safety of the communities. The NSHD was created under Wis. Stat Sec. 66.0301. The NSHD meets the requirements of Section 251.05(3). Participants are the City of Glendale and the Villages of Brown Deer, Fox Point, River Hills, Shorewood, and Whitefish Bay. The NSHD is operated by a Board of Health and assures a maintenance level of at least a "Level II", as defined in Section 251.05 (2)(b) of the Wisconsin Statutes. The NSHD is operated by a Board of Health that discharges the powers, duties, and statutory obligations in accordance with Chapter 251 of the Wisconsin Statutes and DHS 140 of the Wisconsin Administrative Code for at least a Level II health department. Such services include, but are not limited to, public health nursing services, prevention, and control of communicable disease and other disease, promotion of health and abatement or removal of human health hazards and selected objectives consistent with the current state health plan and DHS 140.05 and 140.06 of the Wisconsin Administrative Code. The North Shore Board of Health shall be composed of a representative appointed by each municipality for a two-year term, and members of the Board of Health will be authorized to carry out the duties and functions as specified in Section 251.04 of the Wisconsin Statutes.

Each participating municipality's annual financial contribution to the NSHD's operations shall be based on its prorated share of the population. The Village accounts for its share of the operations in the General Fund. The Village made payments totaling \$14,478 to NSHD for 2022. The Village believes that the health department will continue to provide services in the future at similar rates. Complete 2022 financial information is available from the Village of Brown Deer who serves as the fiscal agent for the NSHD at 4800 W. Green Brook Drive, Brown Deer, WI 53223. The Village does not report an equity interest in this joint venture.

Other Postemployment Benefits

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

The 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.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at the link above.

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

Notes to Financial Statements
December 31, 2022

Employers are required to pay the following contribution 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 member premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 are:

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

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

Life Insurance Member Contribution Rates *For the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
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 \$609 in contributions from the employer.

Village of River Hills

Notes to Financial Statements
December 31, 2022

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

At December 31, 2022, the Village reported a liability of \$176,052 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. 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, 2021, the Village's proportion was 0.02978700%, which was an increase of 0.00272200% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized OPEB expense (revenue) of \$20,453.

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 8,954
Net differences between projected and investment earnings on plan investments	2,291	-
Changes in actuarial assumptions	53,191	8,533
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,229	9,394
Employer contributions subsequent to the measurement date	<u>549</u>	<u>-</u>
Total	<u>\$ 66,260</u>	<u>\$ 26,881</u>

Village of River Hills

Notes to Financial Statements
December 31, 2022

\$549 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2023	\$ 7,757
2024	7,492
2025	6,706
2026	9,767
2027	5,620
Thereafter	1,488

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Village of River Hills

Notes to Financial Statements
December 31, 2022

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 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.

State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Intern Credit	45.00%	1.68%
US Long Credit Bonds	Bloomberg US Long Credit	5.00	1.82
US Mortgages	Bloomberg US MBS	50.00	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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.

Village of River Hills

Notes to Financial Statements
December 31, 2022

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

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
Village's proportionate share of the net OPEB liability	<u>\$ 238,839</u>	<u>\$ 176,052</u>	<u>\$ 128,807</u>

Subsequent Events

On April 20, 2023, the Village issued 2023A General Obligation Promissory Notes, dated May 8, 2023, in the amount of \$2,325,000 for the purpose of projects and equipment included in the Village's 2023-2024 capital improvement budget. The notes bear interest at an average coupon rate of 4.18% and are due and payable through April 1, 2033. The Village also issued 2023B General Obligation Community Development Bonds, dated May 8, 2023, in the amount of \$3,915,000 for the purpose of community development projects in Tax Incremental District No. 1. The bonds bear interest at an average coupon rate of 4.48% and are due and payable through April 1, 2043.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of River Hills

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

General Fund

Year Ended December 31, 2022

	Budgeted Amounts		
	Original and Final	Actual	Variance With Final Budget
Revenues			
Taxes levied by Village	\$ 2,560,771	\$ 2,560,771	\$ -
Intergovernmental revenues	353,549	359,516	5,967
Licenses, fees and permits	459,474	468,302	8,828
Fines and costs	137,448	153,101	15,653
Miscellaneous revenue	103,265	157,640	54,375
Public charges for service	16,000	13,383	(2,617)
	<u>3,630,507</u>	<u>3,712,713</u>	<u>82,206</u>
Expenditures			
Current:			
General government	592,450	619,478	(27,028)
Public safety	2,154,863	2,182,058	(27,195)
Public works	582,171	616,634	(34,463)
Health, conservation and sanitation	351,935	386,787	(34,852)
Culture, recreation and education	70,171	61,541	8,630
Capital outlay	421,282	336,558	84,724
	<u>4,172,872</u>	<u>4,203,056</u>	<u>(30,184)</u>
Total expenditures	<u>4,172,872</u>	<u>4,203,056</u>	<u>(30,184)</u>
Net change in fund balance	<u>\$ (542,365)</u>	<u>(490,343)</u>	<u>\$ 52,022</u>
Fund Balance, Beginning		<u>1,960,965</u>	
Fund Balance, Ending		<u>\$ 1,470,622</u>	

See notes to required supplementary information

Village of River Hills

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue - Sewer Fund

Year Ended December 31, 2022

	Budgeted Amounts Original and Final	Actual	Variance With Final Budget
Revenues			
Operating grants and contributions:			
Intergovernmental revenues	\$ 156,678	\$ -	\$ (156,678)
Public charges for service	275,386	289,791	14,405
Total revenues	<u>432,064</u>	<u>289,791</u>	<u>(142,273)</u>
Expenditures			
Current:			
Public works	79,906	91,659	(11,753)
Capital outlay	276,848	172,442	104,406
Total expenditures	<u>356,754</u>	<u>264,101</u>	<u>92,653</u>
Net change in fund balance	<u>\$ 75,310</u>	25,690	<u>\$ (49,620)</u>
Fund Balance, Beginning		<u>240,368</u>	
Fund Balance, Ending		<u>\$ 266,058</u>	

See notes to required supplementary information

Village of River Hills

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Special Revenue - TID #1 Fund

Year Ended December 31, 2022

	Budgeted Amounts		Variance With Final Budget
	Original and Final	Actual	
Revenues			
Miscellaneous revenues	\$ -	\$ 4,114	\$ 4,114
Total revenues	<u>-</u>	<u>4,114</u>	<u>4,114</u>
Expenditures			
Current:			
General government	16,000	4,276	11,724
Public works	51,163	49,812	1,351
Capital outlay	<u>3,197,000</u>	<u>378,835</u>	<u>2,818,165</u>
Total expenditures	<u>3,264,163</u>	<u>432,923</u>	<u>2,831,240</u>
Excess of revenues over (under) expenditures	<u>(3,264,163)</u>	<u>(428,809)</u>	<u>2,835,354</u>
Other Financing Sources (Uses)			
Long-term debt issued	3,000,000	-	(3,000,000)
Transfers out	<u>(45,373)</u>	<u>(45,373)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,954,627</u>	<u>(45,373)</u>	<u>(3,000,000)</u>
Net change in fund balance	<u>\$ (309,536)</u>	<u>(474,182)</u>	<u>\$ (164,646)</u>
Fund Balance (Deficit), Beginning		<u>(331,921)</u>	
Fund Balance (Deficit), Ending		<u>\$ (806,103)</u>	

See notes to required supplementary information

Village of River Hills

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

Wisconsin Retirement System

Year Ended December 31, 2022

WRS Fiscal Year End Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)
12/31/14	0.013000000%	\$ 328,412	\$ 1,359,770	24.15%	102.74%
12/31/15	0.012782000%	(207,703)	1,375,966	(15.10)%	98.20%
12/31/16	0.012230000%	(100,805)	1,401,698	(7.19)%	99.12%
12/31/17	0.012395000%	368,018	1,421,710	25.89%	102.93%
12/31/18	0.012824000%	(456,223)	1,499,280	(30.43)%	96.45%
12/31/19	0.013163920%	424,646	1,590,649	26.68%	102.96%
12/31/20	0.013728980%	857,119	1,679,829	51.02%	105.26%
12/31/21	0.013923270%	1,122,241	1,667,915	67.28%	106.02%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

Village's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 121,436	\$ 121,436	\$ -	\$ 1,375,966	8.83%
12/31/16	116,592	116,592	-	1,410,698	8.26%
12/31/17	116,633	116,633	-	1,421,710	8.20%
12/31/18	129,944	129,944	-	1,499,280	8.67%
12/31/19	137,356	137,356	-	1,590,649	8.64%
12/31/20	138,898	138,898	-	1,679,829	8.27%
12/31/21	169,684	169,684	-	1,667,915	10.17%
12/31/22	176,090	176,090	-	1,609,768	10.94%

See notes to required supplementary information

Village of River Hills

Schedule of Proportionate Share of the Net OPEB Liability

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

LRLIF Year End Date	Proportion of the Net OPEB Asset	Proportionate Share of the Net OPEB Asset (Liability)	Covered Payroll	Proportionate Share of the Net OPEB Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Asset (Liability)
12/31/17	0.033076000%	\$ (99,512)	\$ 1,390,940	7.15%	44.81%
12/31/18	0.029557000%	(76,267)	1,296,000	5.88%	48.69%
12/31/19	0.026600000%	(113,268)	1,347,000	8.41%	37.58%
12/31/20	0.027065000%	(148,877)	1,679,829	10.48%	31.36%
12/31/21	0.029787000%	(176,052)	1,457,000	12.08%	29.57%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2022

Village's Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 628	\$ 628	\$ -	\$ 1,296,000	0.05%
12/31/19	569	569	-	1,347,000	0.04%
12/31/20	548	548	-	1,679,829	0.03%
12/31/21	602	602	-	1,667,915	0.04%
12/31/22	549	549	-	1,609,768	0.03%

See notes to required supplementary information

Village of River Hills

Notes to Required Supplementary Information
Year Ended December 31, 2022

1. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made. 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.

Appropriations lapse at year-end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

2. Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Village of River Hills

Notes to Required Supplementary Information
Year Ended December 31, 2022

3. Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.0% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Village of River Hills
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	ARPA Grant	Capital Fund	Police Department	Central Services	
Assets					
Cash and investments	\$ 126,013	\$ -	\$ 53,399	\$ 16,765	\$ 196,177
Total assets	\$ 126,013	\$ -	\$ 53,399	\$ 16,765	\$ 196,177
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 5,417	\$ 16,765	\$ 22,182
Due to other funds	-	90,006	-	-	90,006
Unearned revenues	126,013	-	-	-	126,013
Total liabilities	126,013	90,006	5,417	16,765	238,201
Fund Balances (Deficits)					
Committed	-	-	47,982	-	47,982
Unassigned (deficits)	-	(90,006)	-	-	(90,006)
Total fund balances (deficits)	-	(90,006)	47,982	-	(42,024)
Total liabilities and fund balances (deficits)	\$ 126,013	\$ -	\$ 53,399	\$ 16,765	\$ 196,177

Village of River Hills

 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2022

	Special Revenue Fund		Capital Projects Funds			Total Nonmajor Governmental Funds
	ARPA Grant	Capital Fund	Annual Road Program	Police Department	Central Services	
Revenues						
Intergovernmental revenues	\$ 28,381	\$ -	\$ -	\$ -	\$ -	\$ 28,381
Miscellaneous	-	-	-	13,537	-	13,537
Total revenues	28,381	-	-	13,537	-	41,918
Expenditures						
Current:						
General government	28,381	-	-	-	-	28,381
Capital outlay	-	36,978	-	57,798	73,877	168,653
Total expenditures	28,381	36,978	-	57,798	73,877	197,034
Excess (deficiency) of revenues over expenditures	-	(36,978)	-	(44,261)	(73,877)	(155,116)
Other Financing Sources						
Proceeds from sale of capital assets	-	-	-	19,750	-	19,750
Transfers in	-	36,978	-	-	74,033	111,011
Total other financing sources	-	36,978	-	19,750	74,033	130,761
Net changes in fund balance	-	-	-	(24,511)	156	(24,355)
Fund Balance (Deficit), Beginning	-	(90,006)	-	72,493	(156)	(17,669)
Fund Balance (Deficit), Ending	\$ -	\$ (90,006)	\$ -	\$ 47,982	\$ -	\$ (42,024)