

Village of River Hills

Financial Statements and
Supplementary Information

December 31, 2023

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, 2023, 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, 2023 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.

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 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2023
(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, 2023. Please read it in conjunction with the Village's financial statements following this section.

Financial Highlights

- The Village's total net position decreased \$390,983 or -16.7%, from December 31, 2022 to December 31, 2023.
- Fund balance for total governmental funds increased \$5,464,796 during 2023. The general fund's fund balance increased \$1,276,954 during 2023. In 2023, negative fund balances in the TID #1 fund and Capital Fund were eliminated.
- Capital asset balances increased by a net total of \$1,419,214, or 10.8%, and total long-term debt increased a net total of \$6,313,169 or 103.1% during 2023.

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, 2023
(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	
	2023	2022
Current and other assets	\$ 11,279,881	\$ 7,808,012
Capital assets	8,142,430	7,220,048
Total assets	19,422,311	15,028,060
Deferred outflows of resources	2,908,049	2,269,960
Current and other liabilities	1,918,072	966,299
Long-term liabilities	12,531,898	6,230,976
Total liabilities	14,449,970	7,197,275
Deferred inflow of resources	5,925,698	7,755,070
Net investment in capital assets	(1,864,978)	1,420,252
Restricted	2,600,223	1,643,346
Unrestricted	1,219,447	(697,923)
Total net position	\$ 1,954,692	\$ 2,345,675

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2023
(unaudited)

Financial Analysis of the Village as a Whole (continued)

Statement of Net Position: During 2023, total assets increased by \$4,394,251 or 29.24% as a result of:

- Increase in cash and investments of \$4,337,697.
- Increase in taxes receivable of \$1,296,544.
- Increase in construction in progress of \$2,925,867.
- GASB 87 reporting standard for leases receivable decreased \$1,084,852.
- Increase in unrestricted of \$1,917,370.

Capital assets increased \$1,419,214, or 11.99%. Please refer to page 20 for further discussion about capital asset activity.

Deferred outflows related to OPEB liability decreased \$17,905.

There was a decrease in deferred inflows of \$1,829,372 due to the difference between actual and expected experience related to the unearned lease revenue, pension, and OPEB liability.

Long-term debt increased \$6,769,424 in 2023 as the result of borrowings for capital improvements and TID No. 1. Long-term debt was reduced \$456,255 during 2023.

Table 2
Condensed Statement of Activities

	Governmental Activities	
	2023	2022
Revenues:		
Program:		
Charges for services	\$ 887,267	\$ 945,690
Operating grants and contributions	323,771	329,856
Capital grants and contributions	0	0
General:		
Taxes	3,395,420	3,130,352
Other	728,937	170,447
Total revenues	4,124,357	4,576,345
Expenses:		
General government	899,670	1,152,255
Public safety	2,646,284	2,069,862
Public works	1,246,313	1,266,637
Culture, recreation and education	96,217	75,230
Health, conservation and sanitation	414,306	394,090
Interest and fiscal charges	423,588	89,537
Unallocated depreciation	-	-
Total expenses	5,726,378	5,047,611
Change in net position	390,983	471,266
Net Position – beginning	2,345,675	2,816,941
Net Position – ending	\$ 1,954,692	\$ 2,345,675

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2023
(unaudited)

Financial Analysis of the Village as a Whole (continued)

The Village's charges for services decreased \$58,423; operating grants and contributions decreased \$6,085; and property taxes increased by \$265,068 or 8.46%.

Overall, the Village's revenues increased \$823,558 or 24.95% and expenses increased by \$743,275 or 19.7%.

Financial Analysis of Village's Funds

General fund: Revenues collected increased by \$395,807 or 10.66% compared to budget. General government expenditures increased by \$720,123 compared to budget. See below for a more detailed explanation of expenditures.

Debt Service fund: Debt service payments increased \$143,267 in 2023 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 decreased a total of \$66,179 in 2023 from \$266,058 to \$199,879. 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 and will add additional funds upon reimbursement for a Green Solutions project from the Milwaukee Metropolitan Sewerage District.

Non-major, Capital projects funds: During 2023, the capital projects fund balance decreased by \$1,314,405 overall. Public works purchased a new records management system, chipper; trailer, pickup truck, snow plow, the deposit for a cherry picker bucket truck and the relocation of an exterior drain at the DPW building. Public safety expenditures included purchase of a Chevy Tahoe, Bayside capital costs for the dispatch center, computers for squads, taser weapons, and additional items for the bodycam video system. The Village also made repairs to the roof at Village Hall, replaced an exterior door, painted Village Hall, upgrade of accounting software, and creation of a new Village website.

General Fund Budgetary Highlights

Budgets are adopted at the departmental level. There were no amendments to the 2023 budget.

Actual revenues collected in the General Fund increased \$395,807 mostly due to an approved referendum passed by residents in November 2022 to increase the levy for property taxes \$300,000 for five years (2023 through 2027).

Actual expenditures in the General Fund were under budget by \$90,211. General govt was \$13,647 under-budget; Public Safety was \$344 over-budget due to an increase in building inspection costs which is offset by increased revenue and the payment of fire dues offset by increased revenue; Public Works was \$98,798 under-budget due to savings in the street maintenance capital costs; and Health, Conservation & Sanitation was \$8,151 over-budget due to an increase in the time the public works department spent on brush collection and ash tree removal.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2023
(unaudited)

Capital Assets and Debt Administration

Dean Road from Range Line Road east to Pheasant Lane was paved in 2023 for \$488,041.

Table 3
Capital Assets

	January 1, 2023	Additions	Disposals	December 31, 2023
Capital Assets:				
Land and easements	\$ 2,601,800	\$ -	\$ 2,500,000	\$ 101,800
Construction in progress	276,835	2,925,867	-	3,202,702
Land improvements	4,002,736	455,324	-	4,458,060
Buildings	307,332	-	-	307,332
Building improvements	645,587	166,778	-	812,365
Equipment	1,406,006	-	-	1,406,006
Office equipment	48,469	-	-	48,469
Computer software	49,994	-	-	49,994
Vehicles	1,169,048	371,245	-	1,540,293
Infrastructure	1,326,800	-	-	1,326,800
Total capital assets	<u>11,834,607</u>	<u>3,919,214</u>	<u>2,500,000</u>	<u>13,253,821</u>
Less: Accumulated depreciation	4,614,559	496,832	-	5,111,391
Net capital assets	<u>\$ 7,220,048</u>	<u>\$ 3,422,382</u>	<u>\$ 2,500,000</u>	<u>\$ 8,142,430</u>

Table 4
Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance
Long-Term Debt:				
General obligation debt	\$ 5,660,000	\$ 6,240,000	\$ (300,000)	\$ 11,600,000
Direct borrowings: State Trust	384,619	0	(105,282)	279,337
(Discounts) / Premiums	78,817	529,424	(50,973)	557,268
Other Liabilities:				
Accumulated unpaid sick pay	430,210	100,601	(68,707)	462,104
Accumulated unpaid merit days	82,611	34,123	0	116,734
Net OPEB liability	176,052	0	(72,093)	103,959
Net Pension liability	0	763,882	0	763,882
Total long-term obligations	<u>\$ 6,812,309</u>	<u>\$ 7,668,030</u>	<u>\$ (597,055)</u>	<u>\$ 13,883,284</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Village of River Hills, Wisconsin
December 31, 2023
(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 \$11,879,337 and other obligations of \$2,003,947 for total long-term obligations of \$13,883,284. 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, 2023 was \$27,992,765; the Village is currently at 42.4% of capacity. We have additional borrowing capacity of \$16,113,428.

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). In 2023, Cornerstone Development purchased the land for \$2.5 million from the Village for the development of 51 single-family homes on 25 acres. A storm water retention system was constructed 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 2023 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 and in 2023, the Village borrowed funds for a two-year period for capital improvements. The 2023 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, 2023

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 7,871,111
Taxes receivable	2,588,336
Special assessments receivable	76,828
Accounts receivable, net	60,281
PILOT receivable	13,659
Prepaid items	73,105
Leases receivable	596,561
Capital assets:	
Land	101,800
Construction progress	3,202,702
Other capital assets	9,949,319
Less accumulated depreciation/amortization	<u>(5,111,391)</u>
Total assets	<u>19,422,311</u>
Deferred Outflows of Resources	
Deferred outflows related to pension	2,859,694
Deferred outflows related to OPEB	<u>48,355</u>
Total deferred outflows of resources	<u>2,908,049</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable and accrued liabilities	353,724
Accrued interest	212,962
Noncurrent liabilities:	
Net OPEB liability	103,959
Net pension liability	763,882
Due within one year	483,545
Due in more than one year	<u>12,531,898</u>
Total liabilities	<u>14,449,970</u>
Deferred Inflows of Resources	
Unearned tax revenue	3,577,446
PILOT revenue	53,442
Unearned lease revenue	596,561
Deferred inflows related to pension	1,610,024
Deferred inflows related to OPEB	<u>88,225</u>
Total deferred inflows of resources	<u>5,925,698</u>
Net Position	
Net investment in capital assets	(1,864,978)
Restricted:	
Debt service	611,634
TID activity	1,788,710
Sewer	199,879
Unrestricted	<u>1,219,447</u>
Total net position	<u>\$ 1,954,692</u>

See notes to financial statements

Village of River Hills

Statement of Activities

Year Ended December 31, 2023

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	\$ 899,670	\$ 317,213	\$ -	\$ (582,457)
Public safety	2,646,284	231,299	42,423	(2,372,562)
Public works	1,246,313	338,755	281,348	(626,210)
Health, conservation and sanitation	414,306	-	-	(414,306)
Culture, recreation and education	96,217	-	-	(96,217)
Interest and fiscal charges	423,588	-	-	(423,588)
Total governmental activities	<u>\$ 5,726,378</u>	<u>\$ 887,267</u>	<u>\$ 323,771</u>	<u>(4,515,340)</u>
General Revenues				
Taxes:				
				2,881,388
				456,769
				57,263
				212,291
				324,728
				65,757
				126,161
				<u>4,124,357</u>
				(390,983)
				<u>2,345,675</u>
				<u>\$ 1,954,692</u>

See notes to financial statements

Village of River Hills

Balance Sheet
 Governmental Funds
 December 31, 2023

	Special Revenue Fund				Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service Fund	Sewer Fund	TID #1 Fund		
Assets						
Cash and investments	\$ 3,761,435	\$ 824,596	\$ 264,565	\$ 2,826,382	\$ 194,133	\$ 7,871,111
Taxes receivable	1,924,006	664,330	-	-	-	2,588,336
PILOT receivable	13,659	-	-	-	-	13,659
Accounts receivable (net)	60,281	-	-	-	-	60,281
Special assessments receivable	-	76,828	-	-	-	76,828
Prepaid items	73,105	-	-	-	-	73,105
Leases receivable	596,561	-	-	-	-	596,561
Total assets	\$ 6,429,047	\$ 1,565,754	\$ 264,565	\$ 2,826,382	\$ 194,133	\$ 11,279,881
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 64,339	\$ -	\$ 64,686	\$ 170,686	\$ -	\$ 299,711
Accrued payroll and taxes	54,013	-	-	-	-	54,013
Total liabilities	118,352	-	64,686	170,686	-	353,724
Deferred Inflows of Resources						
Unearned tax revenue	2,913,116	664,330	-	-	-	3,577,446
Deferred special assessments	-	76,828	-	-	-	76,828
Unearned PILOT revenue	53,442	-	-	-	-	53,442
Unearned lease revenue	596,561	-	-	-	-	596,561
Total deferred inflows of resources	3,563,119	741,158	-	-	-	4,304,277
Fund Balances						
Nonspendable	73,105	-	-	-	-	73,105
Restricted	-	824,596	199,879	2,655,696	-	3,680,171
Committed	-	-	-	-	194,133	194,133
Assigned	1,010,880	-	-	-	-	1,010,880
Unassigned	1,663,591	-	-	-	-	1,663,591
Total fund balances	2,747,576	824,596	199,879	2,655,696	194,133	6,621,880
Total liabilities, deferred inflows of resources and fund balances	\$ 6,429,047	\$ 1,565,754	\$ 264,565	\$ 2,826,382	\$ 194,133	

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.	8,142,430
Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	2,859,694
Deferred outflows of resources related to OPEB do not relate to current financial resources reported in the governmental funds.	48,355
Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	(1,610,024)
Deferred inflows of resources related to OPEB do not relate to current financial resources reported in the governmental funds.	(88,225)
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.	76,828
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.	(14,096,246)

Net Position of Governmental Activities \$ 1,954,692

See notes to financial statements

Village of River Hills

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2023

	General Fund	Debt Service Fund	Special Revenue Fund		Nonmajor Governmental Funds	Total Governmental Funds
			Sewer Fund	TID #1 Fund		
Revenues						
Taxes levied by Village	\$ 2,881,388	\$ 456,769	\$ -	\$ -	\$ -	\$ 3,338,157
Special assessments	-	15,966	-	-	-	15,966
Intergovernmental revenues	417,247	-	-	-	135,777	553,024
Licenses, fees and permits	417,739	-	-	-	-	417,739
Fines and costs	113,991	-	-	-	-	113,991
Investment income	78,829	6,557	-	175,500	70,400	331,286
Miscellaneous revenues	170,084	-	-	24,000	-	194,084
Public charges for service	29,242	-	292,115	-	-	321,357
Total revenues	4,108,520	479,292	292,115	199,500	206,177	5,285,604
Expenditures						
Current:						
General government	640,414	-	-	4,923	159,516	804,853
Public safety	2,295,889	-	-	-	-	2,295,889
Public works	550,682	-	90,343	48,769	-	689,794
Health, conservation and sanitation	404,068	-	-	-	-	404,068
Culture, recreation and education	69,680	-	-	-	-	69,680
Capital outlay	962,446	-	267,951	2,851,295	109,648	4,191,340
Debt service:						
Principal	-	405,282	-	-	-	405,282
Interest and fiscal charges	-	295,083	-	-	-	295,083
Total expenditures	4,923,179	700,365	358,294	2,904,987	269,164	9,155,989
Excess (deficiency) of revenues over expenditures	(814,659)	(221,073)	(66,179)	(2,705,487)	(62,987)	(3,870,385)
Other Financing Sources (Uses)						
Debt issued	2,049,595	202,341	-	3,712,659	275,405	6,240,000
Premium on debt issued	-	529,424	-	-	-	529,424
Sale of capital assets	65,757	-	-	2,500,000	-	2,565,757
Transfers in	-	45,373	-	-	23,739	69,112
Transfers out	(23,739)	-	-	(45,373)	-	(69,112)
Total other financing sources (uses)	2,091,613	777,138	-	6,167,286	299,144	9,335,181
Net change in fund balances	1,276,954	556,065	(66,179)	3,461,799	236,157	5,464,796
Fund Balance (Deficit), Beginning	1,470,622	268,531	266,058	(806,103)	(42,024)	1,157,084
Fund Balance, Ending	\$ 2,747,576	\$ 824,596	\$ 199,879	\$ 2,655,696	\$ 194,133	\$ 6,621,880

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, 2023

Net Change in Fund Balances, Total Governmental Funds \$ 5,464,796

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.	4,191,340
Some items reported as capital outlay were not capitalized.	(425,588)
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide financial statements.	153,462
Depreciation is recorded in the government-wide statements.	(496,832)
Net book value of assets disposed of	(2,500,000)

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	(15,966)
----------------------------------	----------

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.

Debt issued	(6,240,000)
Principal repaid	405,282
Premium on debt issued	(529,424)

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	(66,017)
Net pension asset/liability	(1,886,123)
Deferred outflows of resources related to pension and OPEB	638,089
Deferred inflows of resources related to pension and OPEB	972,410
Total other postemployment benefit liability	72,093
Amortization of premium on long-term debt	50,973
Accrued interest on debt	(179,478)

Change in Net Position of Governmental Activities \$ (390,983)

Village of River Hills

Statement of Fiduciary Net Position
December 31, 2023

	<u>Custodial Fund</u> <u>Tax Roll</u> <u>Fund</u>
Assets	
Cash and cash equivalents	\$ 3,206,232
Taxes receivable	<u>6,470,166</u>
Total assets	<u>9,676,398</u>
Liabilities	
Due to other taxing units	<u>9,676,398</u>
Total liabilities	<u>9,676,398</u>
Net Position	
Total net position	<u><u>\$ -</u></u>

See notes to financial statements

Village of River Hills

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2023

	<u>Custodial Fund</u> <u>Tax Roll</u> <u>Fund</u>
Additions	
Collection of property tax	<u>\$ 8,562,596</u>
Deductions	
Distributions to other governmental units	<u>8,562,596</u>
Net change in net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of River Hills

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December 31, 2023

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Village of River Hills

Notes to Financial Statements
December 31, 2023

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

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.

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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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

Police Department

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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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.

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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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, 2023

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, 2023, 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 4 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 - 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	March 31, 2024
Third installment due	May 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale - 2023 delinquent real estate taxes	October 2026

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.

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 one year. 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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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

Lease assets are typically amortized over the lease term.

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 assets 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.

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, 2023, 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, net pension and OPEB liabilities, and accrued compensated absences.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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 assets 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.

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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

- 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 4 for further information.

Pension

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the 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, 2023

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 following:

- Net OPEB Liability;
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; and
- OPEB Expense (Revenue).

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. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

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

Bonds and notes payable	\$ 11,879,337
Compensated absences	578,838
Accrued interest	212,962
Unamortized debt premium	557,268
Net OPEB liability	103,959
Net pension liability	<u>763,882</u>
Combined adjustment for long-term liabilities	<u>\$ 14,096,246</u>

3. 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.

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Special Revenue Fund, Sewer	\$ 289,851	\$ 358,294	\$ 68,443

Village of River Hills

Notes to Financial Statements
December 31, 2023

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.

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.

4. 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	\$ 1,707,693	\$ 1,234,886	Custodial credit risk
LGIP	9,369,350	9,369,350	Credit risk
Petty cash	<u>300</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 11,077,343</u>	<u>\$ 10,604,236</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 7,871,111		
Per statement of net position, fiduciary fund:			
Custodial Fund cash and investments	<u>3,206,232</u>		
Total deposits and investments	<u>\$ 11,077,343</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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

As of December 31, 2023, \$734,886 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	734,886
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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	\$ 3,577,446	\$ -
Special assessments not yet due	-	76,828
Lease revenue	596,561	-
PILOT revenue	<u>53,442</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 4,227,449</u>	<u>\$ 76,828</u>

Village of River Hills

Notes to Financial Statements
December 31, 2023

Capital Assets

Capital asset activity for the year ended December 31, 2023, 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	\$ -	\$ 2,500,000	\$ 101,800
Construction in progress	<u>276,835</u>	<u>2,925,867</u>	<u>-</u>	<u>3,202,702</u>
Total capital assets not being depreciated / amortized	<u>2,878,635</u>	<u>2,925,867</u>	<u>2,500,000</u>	<u>3,304,502</u>
Capital assets being depreciated / amortized:				
Land improvements	4,002,736	455,324	-	4,458,060
Buildings	307,332	-	-	307,332
Building improvements	645,587	166,778	-	812,365
Equipment	1,406,006	-	-	1,406,006
Office equipment	48,469	-	-	48,469
Computer software	49,994	-	-	49,994
Vehicles	1,169,048	371,245	-	1,540,293
Infrastructure	<u>1,326,800</u>	<u>-</u>	<u>-</u>	<u>1,326,800</u>
Total capital assets being depreciated / amortized	<u>8,955,972</u>	<u>993,347</u>	<u>-</u>	<u>9,949,319</u>
Total capital assets	<u>11,834,607</u>	<u>3,919,214</u>	<u>2,500,000</u>	<u>13,253,821</u>
Less accumulated depreciation / amortization for:				
Land improvements	(1,526,419)	(230,085)	-	(1,756,504)
Buildings	(269,877)	(1,348)	-	(271,225)
Building improvements	(397,065)	(22,759)	-	(419,824)
Equipment	(1,132,635)	(68,461)	-	(1,201,096)
Office equipment	(48,469)	-	-	(48,469)
Computer software	(49,127)	(867)	-	(49,994)
Vehicles	(902,494)	(136,302)	-	(1,038,796)
Infrastructure	<u>(288,473)</u>	<u>(37,010)</u>	<u>-</u>	<u>(325,483)</u>
Total accumulated depreciation / amortization	<u>(4,614,559)</u>	<u>(496,832)</u>	<u>-</u>	<u>(5,111,391)</u>
Net capital assets being depreciated / amortized	<u>4,341,413</u>	<u>496,515</u>	<u>-</u>	<u>4,837,928</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 7,220,048</u>	<u>\$ 3,422,382</u>	<u>\$ 2,500,000</u>	<u>\$ 8,142,430</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 18,883
Public safety	43,159
Public works	410,863
Health, conservation and sanitation	10,238
Culture, recreation and education	<u>13,689</u>
Total governmental activities depreciation / amortization expense	<u>\$ 496,832</u>

Village of River Hills

Notes to Financial Statements
December 31, 2023

Interfund 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>
Debt Service Fund	Special Revenue, TID #1 Fund	\$ 45,373	Cover debt service costs Finance deficit until future anticipated federal funding received
Special Revenue, ARPA Fund	General Fund	<u>23,739</u>	
Total, fund financial statements		69,112	
Less fund eliminations		<u>(69,112)</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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, 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	\$ 5,660,000	\$ 6,240,000	\$ 300,000	\$ 11,600,000	\$ 375,000
Direct borrowings, State Trust Fund Loan (Discounts)/Premiums	384,619	-	105,282	279,337	108,545
	<u>78,817</u>	<u>529,424</u>	<u>50,973</u>	<u>557,268</u>	<u>-</u>
Total bonds and notes payable	<u>6,123,436</u>	<u>6,769,424</u>	<u>456,255</u>	<u>12,436,605</u>	<u>483,545</u>
Other liabilities:					
Accumulated unpaid sick pay	430,210	100,601	68,707	462,104	-
Accumulated unpaid merit pay	82,611	34,123	-	116,734	-
Net OPEB liability	176,052	-	72,093	103,959	-
Net pension liability	<u>-</u>	<u>763,882</u>	<u>-</u>	<u>763,882</u>	<u>-</u>
Total other liabilities	<u>688,873</u>	<u>898,606</u>	<u>140,800</u>	<u>1,446,679</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 6,812,309</u>	<u>\$ 7,668,030</u>	<u>\$ 597,055</u>	<u>\$ 13,883,284</u>	<u>\$ 483,545</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, 2023, was \$27,992,765. Total general obligation debt outstanding at year end was \$11,879,337. The ratio of applicable general obligation debt to debt limit is 42.4%.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2023</u>
State Trust Fund Loan, Direct	08/11/15	03/15/25	3.25%	\$ 483,000	\$ 107,938
State Trust Fund Loan, Direct	04/28/16	03/15/26	3.00	519,293	171,399
General Obligation Notes	07/07/20	03/01/30	1.00-2.00	3,180,000	2,480,000
Taxable Promissory Notes	10/22/20	04/01/30	.90-3.00	2,880,000	2,880,000
General Obligation Notes	05/08/23	04/01/33	4.00-5.00	2,325,000	2,325,000
General Obligation Community Development Bonds	05/08/23	04/01/43	4.00-5.00	3,915,000	<u>3,915,000</u>
Total governmental activities, general obligation debt					<u>\$ 11,879,337</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 375,000	\$ 470,521
2025	595,000	345,997
2026	680,000	327,272
2027	790,000	308,778
2028	830,000	291,926
2029-2033	5,715,000	1,004,565
2034-2038	1,150,000	439,250
2039-2043	<u>1,465,000</u>	<u>153,500</u>
Total	<u>\$ 11,600,000</u>	<u>\$ 3,341,809</u>

<u>Years</u>	<u>Governmental Activities Direct Borrowings, State Trust Fund Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 108,545	\$ 8,674
2025	111,957	5,261
2026	<u>58,835</u>	<u>1,765</u>
Total	<u>\$ 279,337</u>	<u>\$ 15,700</u>

Village of River Hills

Notes to Financial Statements
December 31, 2023

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>				Receivable Balance December 31, 2023
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
AT&T Cellular Tower	01/01/22	05/22/26	4%	\$ 143,404
T-Mobile Cellular Tower	01/01/22	11/14/26	4	181,214
T-Mobile Cellular Tower (formerly Sprint Cellular Tower)	01/01/22	12/31/27	4	55,927
Verizon Wireless Tower	01/01/22	10/05/32	4	<u>216,016</u>
Total governmental activities				<u>\$ 596,561</u>

The Village recognized \$205,025 of lease revenue during the fiscal year.

The Village recognized \$21,143 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2023, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 101,800
Construction in progress	3,202,702
Other capital assets, net of accumulated depreciation	4,837,928
Less long-term debt outstanding	(11,879,337)
Plus unspent capital related debt proceeds	2,226,856
Plus noncapital debt proceeds	202,341
Less unamortized debt premium	<u>(557,268)</u>

Total net investment in capital assets \$ (1,864,978)

Village of River Hills

Notes to Financial Statements
December 31, 2023

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2023, include the following:

	General Fund	Debt Service Fund	Special Revenue Fund - Sewer Fund	Special Revenue Fund - TID #1 Fund	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable:						
Prepaid items	\$ 73,105	\$ -	\$ -	\$ -	\$ -	\$ 73,105
Subtotal	<u>73,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,105</u>
Restricted for:						
Debt service	-	824,596	199,879	2,655,696	-	3,680,171
Subtotal	<u>-</u>	<u>824,596</u>	<u>199,879</u>	<u>2,655,696</u>	<u>-</u>	<u>3,680,171</u>
Committed to:						
Police capital outlay	-	-	-	-	174,025	174,025
Other capital outlay	-	-	-	-	20,108	20,108
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,133</u>	<u>194,133</u>
Assigned to:						
Capital outlay	1,010,880	-	-	-	-	1,010,880
Subtotal	<u>1,010,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,880</u>
Unassigned:	<u>1,663,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,663,591</u>
Total fund balances	<u>\$ 2,747,576</u>	<u>\$ 824,596</u>	<u>\$ 199,879</u>	<u>\$ 2,655,696</u>	<u>\$ 194,133</u>	<u>\$ 6,621,880</u>

5. 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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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.

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>
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
2022	7.4	15.0

Village of River Hills

Notes to Financial Statements
December 31, 2023

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 \$174,519 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.50 %	6.50 %
Protective with Social Security	6.50	12.00
Protective without Social Security	6.50	16.40

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

At December 31, 2023, the Village reported a liability of \$763,882 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. 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 liability 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 0.01441912%, which was an increase of 0.00049585% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense of \$372,465.

At December 31, 2023, the Village reported deferred outflows of resources and 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	\$ 1,216,627	\$ 1,598,375
Changes in assumptions	150,210	-
Net differences between projected and actual earnings on pension plan investments	1,297,660	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,207	11,649
Employer contributions subsequent to the measurement date	<u>191,990</u>	<u>-</u>
Total	<u>\$ 2,859,694</u>	<u>\$ 1,610,024</u>

Village of River Hills

Notes to Financial Statements
December 31, 2023

\$191,990 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and 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>
2024	\$ 42,708
2025	218,423
2026	223,149
2027	573,400

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
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. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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, 2022			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
Variable Fund Asset			
U.S Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

* *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, 2023

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (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, 2022. 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)	\$ 2,535,300	\$ 763,882	\$ (454,701)

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, 2023, 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, 2023

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, 2023. 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 \$452,121 to NSFD for 2023, which includes the 2% fire dues. The Village believes that the fire department will continue to provide services in the future at similar rates. Complete 2023 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
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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 is being constructed in the Village of Bayside. The Village made payments totaling \$67,869 to the Library in 2023. 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 2023 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 2023, the Village made payments totaling \$162,772 to the Village of Bayside. The Village does not report an equity interest in this joint venture.

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 comprised 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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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 \$12,144 to NSHD for 2023. The Village believes that the health department will continue to provide services in the future at similar rates. Complete 2023 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 postemployment 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.

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, 2023 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

Village of River Hills

Notes to Financial Statements
December 31, 2023

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 \$547 in contributions from the employer.

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

At December 31, 2023, the Village reported a liability of \$103,959 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. 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, 2022, the Village's proportion was 0.02728700%, which was a decrease of 0.00250000% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized OPEB expense of \$7,156.

Village of River Hills

Notes to Financial Statements
December 31, 2023

At December 31, 2023, 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	\$ -	\$ 10,174
Net differences between projected and actual earnings on plan investments	1,950	-
Changes in actuarial assumptions	37,351	61,365
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,480	16,686
Employer contributions subsequent to the measurement date	<u>574</u>	<u>-</u>
Total	<u>\$ 48,355</u>	<u>\$ 88,225</u>

\$574 reported as deferred outflows of resources 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 (asset) in the year ended December 31, 2024. 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>
2024	\$ (4,796)
2025	(5,514)
2026	(2,612)
2027	(6,299)
2028	(10,282)
Thereafter	(10,941)

Village of River Hills

Notes to Financial Statements
December 31, 2023

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, 2022
Measurement Date of Net OPEB Liability	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index

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. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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, 2022

<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	50.00%	2.45%
US Mortgages	Bloomberg US MBS	50.00	2.83
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 remained unchanged from the prior year at 2.30%.

Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. 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.

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.

Village of River Hills

Notes to Financial Statements
December 31, 2023

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 3.76%, 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 (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
Village's proportionate share of the net OPEB liability (asset)	\$ 141,737	\$ 103,959	\$ 75,006

At December 31, 2023, the Village reported a payable to the OPEB plan of \$0, which represents contractually required contributions outstanding as of the end of the year.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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, 2023

	Budgeted Amounts		Variance With Final Budget
	Original and Final	Actual	
Revenues			
Taxes levied by Village	\$ 2,881,388	\$ 2,881,388	\$ -
Intergovernmental revenues	406,782	417,247	10,465
Licenses, fees and permits	478,294	417,739	(60,555)
Fines and costs	151,594	113,991	(37,603)
Investment income	7,000	78,829	71,829
Miscellaneous revenue	96,565	170,084	73,519
Public charges for service	16,000	29,242	13,242
	<u>4,037,623</u>	<u>4,108,520</u>	<u>70,897</u>
Expenditures			
Current:			
General government	663,477	640,414	23,063
Public safety	2,291,965	2,295,889	(3,924)
Public works	613,548	550,682	62,866
Health, conservation and sanitation	395,937	404,068	(8,131)
Culture, recreation and education	72,696	69,680	3,016
Capital outlay	993,684	962,446	31,238
	<u>5,031,307</u>	<u>4,923,179</u>	<u>108,128</u>
Total expenditures			
	<u>5,031,307</u>	<u>4,923,179</u>	<u>108,128</u>
Excess of revenues over (under) expenditures	<u>(993,684)</u>	<u>(814,659)</u>	<u>179,025</u>
Other Financing Sources (Uses)			
Debt issued	993,684	2,049,595	1,055,911
Sale of capital assets	-	65,757	65,757
Transfer out	-	(23,739)	(23,739)
	<u>993,684</u>	<u>2,091,613</u>	<u>1,097,929</u>
Total other financing sources (uses)			
	<u>993,684</u>	<u>2,091,613</u>	<u>1,097,929</u>
Net change in fund balance	<u>\$ -</u>	<u>1,276,954</u>	<u>\$ 1,276,954</u>
Fund Balance, Beginning		<u>1,470,622</u>	
Fund Balance, Ending		<u>\$ 2,747,576</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, 2023

	Budgeted Amounts		Variance With
	Original and Final	Actual	Final Budget
Revenues			
Operating grants and contributions:			
Public charges for service	\$ 289,851	\$ 292,115	\$ 2,264
Total revenues	<u>289,851</u>	<u>292,115</u>	<u>2,264</u>
Expenditures			
Current:			
Public works	94,891	90,343	4,548
Capital outlay	<u>194,960</u>	<u>267,951</u>	<u>(72,991)</u>
Total expenditures	<u>289,851</u>	<u>358,294</u>	<u>(68,443)</u>
Net change in fund balance	<u>\$ -</u>	<u>(66,179)</u>	<u>\$ (66,179)</u>
Fund Balance, Beginning		<u>266,058</u>	
Fund Balance, Ending		<u>\$ 199,879</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, 2023

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Investment income	\$ -	\$ 175,500	\$ 175,500
Miscellaneous revenues	-	24,000	24,000
	<u>-</u>	<u>199,500</u>	<u>199,500</u>
Expenditures			
Current:			
General government	1,000	4,923	(3,923)
Public works	38,527	48,769	(10,242)
Capital outlay	3,651,500	2,851,295	800,205
	<u>3,691,027</u>	<u>2,904,987</u>	<u>786,040</u>
Excess of revenues over (under) expenditures	<u>(3,691,027)</u>	<u>(2,705,487)</u>	<u>985,540</u>
Other Financing Sources (Uses)			
Transfers out	(45,373)	(45,373)	-
Sale of capital assets	2,500,000	2,500,000	-
Debt issued	700,000	3,712,659	3,012,659
	<u>3,154,627</u>	<u>6,167,286</u>	<u>3,012,659</u>
Net change in fund balance	<u>\$ (536,400)</u>	3,461,799	<u>\$ 3,998,199</u>
Fund Balance (Deficit), Beginning		<u>(806,103)</u>	
Fund Balance, Ending		<u>\$ 2,655,696</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, 2023

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%
12/31/22	0.014419120%	(763,882)	1,790,609	42.66%	95.72%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2023

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%
12/31/23	191,990	191,990	-	1,792,770	10.71%

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, 2023

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%
12/31/22	0.027287000%	(103,959)	1,454,000	7.15%	38.81%

Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2023

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%
12/31/23	574	574	-	1,792,770	0.03%

See notes to required supplementary information

Village of River Hills

Notes to Required Supplementary Information
Year Ended December 31, 2023

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, 2023

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, 2023

	<u>Special Revenue Fund</u>	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>ARPA Grant</u>	<u>Capital Fund</u>	<u>Police Department</u>	
Assets				
Cash and investments	\$ -	\$ 20,108	\$ 174,025	\$ 194,133
Total assets	<u>\$ -</u>	<u>\$ 20,108</u>	<u>\$ 174,025</u>	<u>\$ 194,133</u>
Fund Balance				
Committed	\$ -	\$ 20,108	\$ 174,025	\$ 194,133
Total fund balance	<u>\$ -</u>	<u>\$ 20,108</u>	<u>\$ 174,025</u>	<u>\$ 194,133</u>

Village of River Hills

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended December 31, 2023

	Special Revenue Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
	ARPA Grant	Capital Fund	Police Department	
Revenues				
Intergovernmental revenues	\$ 135,777	\$ -	\$ -	\$ 135,777
Investment income	-	70,400	-	70,400
Total revenues	<u>135,777</u>	<u>70,400</u>	<u>-</u>	<u>206,177</u>
Expenditures				
Current:				
General government	159,516	-	-	159,516
Capital outlay	-	37,321	72,327	109,648
Total expenditures	<u>159,516</u>	<u>37,321</u>	<u>72,327</u>	<u>269,164</u>
Excess (deficiency) of revenues over expenditures	<u>(23,739)</u>	<u>33,079</u>	<u>(72,327)</u>	<u>(62,987)</u>
Other Financing Sources				
Debt issued	-	77,035	198,370	275,405
Transfers in	23,739	-	-	23,739
Total other financing sources	<u>23,739</u>	<u>77,035</u>	<u>198,370</u>	<u>299,144</u>
Net changes in fund balance	-	110,114	126,043	236,157
Fund Balance (Deficit), Beginning	<u>-</u>	<u>(90,006)</u>	<u>47,982</u>	<u>(42,024)</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 20,108</u>	<u>\$ 174,025</u>	<u>\$ 194,133</u>