

**VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin**

**Audited Financial Statements  
Year Ended December 31, 2013**

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

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Thomas G. Wieland  
David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich



Carrie A. Gindt  
Patrick G. Hoffert  
Jason J. Wrasse

## Independent Auditors' Report

To the Village Board  
Village of Hales Corners  
Milwaukee County, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Hales Corners, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Hales Corners, Wisconsin as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other-Matters

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Hales Corners, Wisconsin's, basic financial statements. The combining and individual nonmajor fund financial statements and schedules are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Miscellaneous Statistics is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## Change in Accounting Principle

As discussed in Notes 1.E to the financial statements, in 2013 the Village adopted new accounting guidance, GASB Statement 65, *Items Previously Report as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

*Reilly, Penner & Bentor LLP*

August 01, 2014  
Milwaukee, Wisconsin

# Village of Hales Corners

5635 S. New Berlin Road  
Hales Corners, Wisconsin 53130  
Telephone (414) 529-6161  
Fax (414) 529-6179



## Management's Discussion and Analysis (Unaudited)

To help understand the attached financial statements, management has prepared this discussion and analysis of the Village of Hales Corners' financial activities and performance for the year ended December 31, 2013.

### Overview of the Financial Statements

This report consists of a series of financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Village's assets, liabilities, deferred inflows of resources, with the difference between the three reported as *net position*. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. Other non-financial factors play a significant role in determining the Village's overall position, such as changes in property tax base and the condition of the Village's capital assets (i.e. infra-structure and physical plant).

The *Statement of Activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (full accrual method). Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both of these government-wide financial statements provide information on the functions of the Village. These governmental activities of the Village include general government, public safety, public works, health and human services, culture and recreation, and conservation and development. These activities are principally financed by taxes, user fees, and state and federal grants and contributions.

The government-wide financial statements can be found on pages 9 and 10 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Village of Hales Corners uses only governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (modified accrual method). Such information may be useful in evaluating the Village's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the *Balance Sheet - Governmental Funds* and the *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic fund financial statements can be found on pages 11 through 16 of this report.

The Village of Hales Corners adopts an annual appropriated budget for all funds as required by state statute. The *Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund*, found on page 15, has been provided as a basic financial statement to demonstrate compliance with the adopted budget.

## **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 39 of this report.

## Government-wide Financial Analysis and Highlights

As of the year ended December 31, 2013, Village assets exceeded liabilities and deferred inflows of resources by \$14,209,598. Of this amount; \$517,056 was restricted; \$12,876,144 invested in capital assets, net of related debt; and \$816,398 was unrestricted. The following condensed financial information related to Village assets, liabilities, and net position has been derived from the Village's government-wide financial statements:

	<u>2013</u>	<u>2012</u>
Assets:		
Capital assets	\$ 19,483,701	\$ 18,157,556
Other assets	10,535,110	11,108,868
Total assets	<u>30,018,811</u>	<u>29,266,424</u>
Liabilities and Net Position:		
Liabilities:		
Long-term liabilities	8,174,464	8,617,451
Other liabilities	1,643,899	7,207,054
Total liabilities	<u>9,818,363</u>	<u>15,824,505</u>
Deferred Inflows of Resources*	<u>5,990,850</u>	---
Net Position:		
Invested in capital assets, net of related debt	12,876,144	12,233,677
Restricted	517,056	566,076
Unrestricted	816,398	642,166
Total net position	<u>\$ 14,209,598</u>	<u>\$ 13,441,919</u>

\* As a result of implementing GASB 65, certain items were reclassified on the statement of net position for fiscal year 2013. Reclassifications were not made to fiscal year 2012; therefore, the two years are not comparable.

**Government-wide Financial Analysis and Highlights (continued)**

Total net position increased by \$899,182 in 2013. The increase is larger than the 2012 increase of \$217,506. The following condensed financial information related to Village revenues, expenses, and changes in net position has been derived from the Village's government-wide financial statements:

	<u>2013</u>	<u>2012</u>
Revenues:		
Program:		
Charges for services	\$ 1,961,696	\$ 1,947,745
Operating grants and contributions	564,565	618,418
Capital grants and contributions	731,051	20,000
General:		
Taxes	5,035,335	4,987,709
Other	416,363	284,483
Total revenues	<u>8,709,010</u>	<u>7,858,355</u>
Expenses:		
General government	899,964	952,977
Public safety	3,632,154	3,495,021
Public works	2,200,760	1,982,613
Health and human services	180,073	178,322
Culture and recreation	747,792	773,355
Conservation and development	150	1,050
Loss on disposal of capital assets	106	---
Interest on long-term debt	148,829	257,511
Total expenses	<u>7,809,828</u>	<u>7,640,849</u>
Change in net position	899,182	217,506
Net position, beginning of year	13,441,919	13,224,413
Prior period adjustment*	(131,503)	---
Net position, beginning of year as adjusted	<u>13,310,416</u>	<u>13,224,413</u>
Net position, end of year	<u>\$ 14,209,598</u>	<u>\$ 13,441,919</u>

\* As a result of implementing GASB 65, an adjustment of \$131,503 was made to decrease the December 31, 2013 net position by eliminating deferred loan costs. GASB 65 was not implemented retroactively; therefore, the two years are not comparable.

## Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village's governmental funds are categorized as major and non-major. The three major funds are 1) the General Fund, which accounts for the Village's primary operating activities, 2) the Debt Service Fund, which accounts for the accumulation of resources for, and the payment of, general long-term obligation principal and interest, and 3) the General Capital Projects Fund for the acquisition or construction of major capital facilities and equipment. The non-major funds are segregated into two fund-types: 1) capital projects, and 2) special revenue funds.

The Village's combined ending fund balance was \$3,390,876. This amount represents the Village's major funds: General Fund - \$1,578,648, Debt Service Fund - \$90,601, and General Capital Projects Fund - \$900,215; and Other Governmental Funds - \$821,412.

The General Fund balance of \$1,578,648 is comprised of \$369,868 reserved for specific purposes and \$1,208,780 unassigned. The General Fund balance increased during the year, with expenditures exceeding revenues and other financing uses by \$198,251.

The Debt Service Fund balance of \$90,601 provides a reserve to finance the existing long-term debt service requirements and anticipated future borrowings for Village physical plant. It allows for improved management of annual tax levy increases for debt service and reduces the need for capitalized interest.

The General Capital Projects Fund has a fund balance of \$900,215, a decrease from the 2012 fund balance of \$1,799,415. The reduced balance reflects expenditures for a major collector street, Kurtz Road.

The Other Governmental Funds balance totals \$821,412, compared to a balance of \$1,010,731 in 2012. The reduced balance reflects the early payoff of a loan in TID #3, part of a refinancing to reduce annual debt service supported by annual tax increment from TID #3.

The aggregate of non-major special revenue fund balances totals \$164,927, an increase over the prior year balance of \$160,882. These funds account for relatively short-term projects funded primarily by state, federal and private grants and contributions. No significant transactions or changes in fund balances within these funds occurred during 2013.

## General Fund Budgetary Highlights

The Village Board amended the 2013 originally adopted General Fund operating budget as follows:

	Increase (Decrease)
Current expenditures:	
General government	\$ (37,115)
Public safety	18,815
Public works	3,600
Culture and recreation	(11,000)
Net expenditures	<u>(25,700)</u>
Other financing sources and uses:	
Transfers out	41,051
Net Change	<u>\$ 15,351</u>

The amendments were primarily related to reallocations of the general government contingency to departments for unexpected operating costs during the year.

## Capital Asset and Debt Administration

### Capital Assets

The Village's investment in capital assets as of December 31, 2013, amounts to \$19,483,701 (net of accumulated depreciation), and major categories comprising this balance are summarized as follows:

	<u>2013</u>	<u>2012</u>
Land & Construction In Progress	\$ 6,115,105	\$ 6,261,792
Land improvements	164,502	164,502
Buildings	6,634,411	6,645,826
Equipment and furnishings	2,880,787	2,828,408
Infrastructure	8,912,651	6,914,687
Total	<u>24,707,456</u>	<u>22,815,215</u>
Accumulated depreciation	<u>(5,223,755)</u>	<u>(4,657,659)</u>
Net capital assets	<u>\$ 19,483,701</u>	<u>\$ 18,157,556</u>

The additions to capital assets during the current year consisted primarily of the Kurtz Road reconstruction project.

### Long-term Debt

As of December 31, 2013, the Village had total debt outstanding of \$6,774,519. A summary of outstanding long-term debt is as follows:

General Obligation Debt:	
Bonds and notes	\$ 6,450,000
State Trust Fund loans	324,519
Total long-term debt	<u>\$ 6,774,519</u>

## Economic Factors Affecting the Future

Ongoing state restrictions on local tax levies for operating purposes will limit revenue capacity through 2015. Staff and service reductions are anticipated. Debt service is exempt from the state levy limits, and will not affect the Village's borrowing capacity.

## The Village as Fiduciary

The Village acts as fiduciary for property taxes collected on behalf of other taxing units, including the State of Wisconsin, Milwaukee County, Whitnall School District, MMSD, and Milwaukee County Technical College. Year end balances related to the Village's fiduciary activities are reported in the Statement of Net Position – Fiduciary Fund on page 16. The Village excludes these assets from other financial statements because the Village cannot use these assets to finance its operations.

## Requests for Information

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 show the Village's accountability for the money it receives. If there are questions about this report or a need for further information, contact Michael F. Weber, Village of Hales Corners, 5635 S. New Berlin Road, Hales Corners, WI 53130.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Statement of Net Position  
December 31, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and equivalents	\$ 1,375,973
Investments	6,228,247
Taxes receivable	2,645,272
Accounts receivable	178,238
Prepaid items	60,379
Special assessments receivable	47,001
Capital assets:	
Land and construction in progress	6,115,105
Other capital assets net of accumulated depreciation	13,368,596
Net capital assets	19,483,701
<b>Total assets</b>	30,018,811
 <b>Liabilities:</b>	
Accounts payable and accrued expenses	720,858
Accrued wages and benefits	105,924
Accrued interest payable	46,690
Deposits	23,304
Unearned revenue	8,337
Accrued compensated absences - vacation	175,711
Accrued compensated absences - sick	227,578
OPEB obligation	1,735,442
Bonds and notes - due within one year	563,075
Bonds and notes - due in more than one year	6,211,444
<b>Total liabilities</b>	9,818,363
 <b>Deferred Inflows of Resources:</b>	
Deferred contributions	50,000
Deferred property taxes	5,940,850
<b>Total deferred inflows of resources</b>	5,990,850
 <b>Net Position:</b>	
Net investment in capital assets	12,876,144
Restricted for:	
Capital projects	385,398
Debt service	90,601
Other	41,057
Unrestricted	816,398
<b>Total net position</b>	\$ 14,209,598

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

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Statement of Activities**  
**Year Ended December 31, 2013**

	Program Revenues			Net Revenue (Expense) and Changes in Net Position of Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>				
General government	\$ 899,964	\$ 126,846	\$ 3,381	\$ ---
Public safety	3,632,154	447,892	60,687	---
Public works	2,200,760	1,180,100	452,386	730,751
Health and human services	180,073	20,133	35,819	---
Culture and recreation	747,792	186,725	13,044	300
Conservation and development	150	---	708	---
Loss on disposal of capital assets	106	---	---	---
Interest on long-term debt	148,829	---	(1,460)	---
<b>Total governmental activities</b>	<b>\$ 7,809,828</b>	<b>\$ 1,961,696</b>	<b>\$ 564,565</b>	<b>\$ 731,051</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Property taxes levied for general purposes				4,344,883
Property taxes levied for debt service				654,999
Property taxes levied for TID districts				35,453
Grants and contributions not restricted to specific programs				242,086
Investment earnings				20,563
Other revenues				153,714
<b>Total general revenues</b>				<u>5,451,698</u>
<b>Change in net position</b>				899,182
<b>Net position, beginning of year</b>				13,441,919
Prior period adjustment				(131,503)
<b>Net position, beginning of year as adjusted</b>				<u>13,310,416</u>
<b>Net position, end of year</b>				<u>\$ 14,209,598</u>

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Balance Sheet - Governmental Funds  
December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and equivalents	\$ 1,370,177	\$ ---	\$ ---	\$ 5,796	\$ 1,375,973
Investments	3,746,409	90,601	1,304,696	1,086,541	6,228,247
<b>Receivables:</b>					
Taxes	1,925,083	673,500	---	46,689	2,645,272
Special assessments	---	---	---	47,001	47,001
Accounts	173,455	---	---	4,783	178,238
Prepaid expenses	60,379	---	---	---	60,379
Due from other funds	422,558	---	---	675	423,233
Advances to other funds	214,723	---	---	---	214,723
<b>Total assets</b>	<u>7,912,784</u>	<u>764,101</u>	<u>1,304,696</u>	<u>1,191,485</u>	<u>11,173,066</u>
<b>Liabilities:</b>					
Accounts payable	720,858	---	---	---	720,858
Accrued wages and benefits	105,924	---	---	---	105,924
Deposits	23,304	---	---	---	23,304
Unearned revenue	---	---	---	8,337	8,337
Accrued compensated absences	175,711	---	---	---	175,711
Due to other funds	---	---	404,481	18,752	423,233
Advances from other funds	---	---	---	214,723	214,723
<b>Total liabilities</b>	<u>1,025,797</u>	<u>---</u>	<u>404,481</u>	<u>241,812</u>	<u>1,672,090</u>
<b>Deferred inflows of resources:</b>					
Unavailable resources	87,678	---	---	31,572	119,250
Deferred contributions	---	---	---	50,000	50,000
Deferred property taxes	5,220,661	673,500	---	46,689	5,940,850
<b>Total deferred inflows of resources</b>	<u>5,308,339</u>	<u>673,500</u>	<u>---</u>	<u>128,261</u>	<u>6,110,100</u>
<b>Fund Balance:</b>					
Nonspendable	280,631	---	---	---	280,631
Restricted	---	90,601	---	426,455	517,056
Committed	89,237	---	901,093	603,049	1,593,379
Unassigned	1,208,780	---	(878)	(208,092)	999,810
<b>Total fund balance</b>	<u>\$ 1,578,648</u>	<u>\$ 90,601</u>	<u>\$ 900,215</u>	<u>\$ 821,412</u>	<u>\$ 3,390,876</u>

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
December 31, 2013

Total fund balance of governmental funds	\$ 3,390,876
<b>Amounts reported for governmental activities in the government-wide statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and therefore are not recognized in the fund statements.	
Land and construction in progress	6,115,105
Other capital assets net of accumulated depreciation	13,368,596
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
MCFLS receivable	87,678
Special assessments receivable	31,572
The following long-term liabilities which are not due and payable in the current period are not recognized in the funds:	
Bonds and promissory notes payable	(6,774,519)
Compensated absences payable - sick pay	(227,578)
OPEB Obligation	(1,735,442)
Accrued interest payable on long-term bonds and notes	<u>(46,690)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>14,209,598</u></b>

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
Year Ended December 31, 2013

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 4,344,883	\$ 654,999	\$ ---	35,453	\$ 5,035,335
<b>Public charges for services:</b>					
Licenses	41,346	---	---	---	41,346
Permits	56,492	---	---	---	56,492
Fines and forfeitures	175,234	---	---	---	175,234
Other charges for services	1,562,490	---	7,751	122,472	1,692,713
<b>Operating grants and contributions:</b>					
Intergovernmental	738,448	(1,460)	---	55,632	792,620
Other	---	---	---	14,031	14,031
<b>Capital grants and contributions:</b>					
Intergovernmental	---	---	300	29,995	30,295
Interest income	15,195	87	1,880	3,401	20,563
Miscellaneous revenues	137,606	---	4,916	11,192	153,714
<b>Total revenues</b>	<u>7,071,694</u>	<u>653,626</u>	<u>14,847</u>	<u>272,176</u>	<u>8,012,343</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	807,358	---	32,437	3,381	843,176
Public safety	3,016,835	---	2,995	91,267	3,111,097
Public works	1,586,406	---	246,451	36,907	1,869,764
Health and human services	137,251	---	---	35,719	172,970
Culture, recreation and education	655,978	---	---	55,604	711,582
Conservation and development	---	---	---	150	150
Capital outlay	---	---	1,147,915	103,588	1,251,503
<b>Debt Service:</b>					
Principal payments	---	759,028	---	---	759,028
Interest payments	---	191,598	---	---	191,598
<b>Total expenditures</b>	<u>6,203,828</u>	<u>950,626</u>	<u>1,429,798</u>	<u>326,616</u>	<u>8,910,868</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	867,866	(297,000)	(1,414,951)	(54,440)	(898,525)
<b>Other Financing Sources (Uses):</b>					
Proceeds from sale of capital assets	---	---	---	7,200	7,200
Transfers from other funds	---	295,979	515,751	157,900	969,630
Transfers to other funds	(669,651)	---	---	(299,979)	(969,630)
<b>Net change in fund balance</b>	<u>198,215</u>	<u>(1,021)</u>	<u>(899,200)</u>	<u>(189,319)</u>	<u>(891,325)</u>
<b>Fund Balance:</b>					
Beginning of year	<u>1,380,433</u>	<u>91,622</u>	<u>1,799,415</u>	<u>1,010,731</u>	<u>4,282,201</u>
<b>End of year</b>	<u>\$ 1,578,648</u>	<u>\$ 90,601</u>	<u>\$ 900,215</u>	<u>821,412</u>	<u>\$ 3,390,876</u>

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended December 31, 2013

Net change in fund balances of governmental funds \$ (891,325)

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

Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.

Governmental capital outlays in fund financial statements	1,251,503
Depreciation expense in government-wide financial statements	(618,808)

Certain capital assets acquired by the Village are contributed to the Village by outside parties. As no current financial resources were acquired by the Village as a result of these contributions, these contributions are not recorded in the governmental funds.

700,756

In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net position by the cost of the assets sold or retired net of the accumulated depreciation on those assets.

(7,306)

Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net position. Repayments of long-term debt are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

Principal payments on debt in governmental fund financial statements	759,028
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Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are recognized as they accrue, regardless of when they are due. This is the amount by which the prior year accrual exceeds the current accrual.

42,769

Certain revenues which do not provide current financial resources are deferred in the governmental funds, but are recognized in the statement of activities.

Increase in deferred MCFLS receivable	11,872
Decrease in deferred special assessments receivable	(15,961)

Certain expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. These expenses are accrued in the government-wide statement of net position and reported as expenses in the statement of activities.

Increase in accrued compensated absences - sick pay	(19,992)
Increase in OPEB obligation	(313,354)

<b>Change in net position of governmental activities</b>	<b>\$ <u>899,182</u></b>
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The accompanying notes to financial statements are an integral part of these statements.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget to Actual - General Fund**  
**Year Ended December 31, 2013**

	<u>Originally Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 4,349,201	\$ 4,349,201	\$ 4,344,883	\$ (4,318)
Public charges for services:				
Licenses	38,890	38,890	41,346	2,456
Permits	56,500	56,500	56,492	(8)
Fines and forfeitures	227,000	227,000	175,234	(51,766)
Other charges for services	1,552,058	1,552,058	1,562,490	10,432
Operating grants and contributions:				
Intergovernmental	721,299	721,299	738,448	17,149
Interest income	31,000	31,000	15,195	(15,805)
Miscellaneous revenues	123,600	123,600	137,606	14,006
<b>Total revenues</b>	<u>7,099,548</u>	<u>7,099,548</u>	<u>7,071,694</u>	<u>(27,854)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,124,424	1,087,309	807,358	(279,951)
Public safety	3,053,284	3,072,099	3,016,835	(55,264)
Public works	1,599,371	1,602,971	1,586,406	(16,565)
Health and human services	148,461	148,461	137,251	(11,210)
Culture and recreation	677,408	666,408	655,978	(10,430)
<b>Total expenditures</b>	<u>6,602,948</u>	<u>6,577,248</u>	<u>6,203,828</u>	<u>(373,420)</u>
<b>Excess of revenues over expenditures</b>	496,600	522,300	867,866	345,566
<b>Other Financing Uses:</b>				
Transfers to other funds	(628,600)	(669,651)	(669,651)	---
<b>Net change in fund balance</b>	<u>(132,000)</u>	<u>(147,351)</u>	<u>198,215</u>	<u>345,566</u>
<b>Fund Balance:</b>				
Beginning of year	<u>1,380,433</u>	<u>1,380,433</u>	<u>1,380,433</u>	<u>---</u>
<b>End of year</b>	<u>\$ 1,248,433</u>	<u>\$ 1,233,082</u>	<u>\$ 1,578,648</u>	<u>\$ 345,566</u>

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Statement of Net Position - Fiduciary (Agency) Fund  
December 31, 2013

	<u>Agency</u>
<b>Assets:</b>	
Investments	\$ 6,821,871
Taxes receivable	<u>5,370,682</u>
<b>Total assets and other debits</b>	<u><u>\$ 12,192,553</u></u>
<b>Liabilities:</b>	
Due to other taxing units	<u><u>\$ 12,192,553</u></u>

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

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**1. Summary of Significant Accounting Policies**

The Village of Hales Corners ("Village") complies with generally accepted accounting principles ("GAAP"). GAAP includes all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**A. Financial Reporting Entity**

The Village is a municipal corporation governed by a Board of Trustees. All significant operations of the Village over which it has oversight responsibility have been included in the accompanying financial statements. The decision to include a potential component unit in the Village's reporting entity is based on the criteria set forth in GASB Statement No. 14, which includes the ability to appoint a voting majority of an organization's governing body and (1) the ability of the Village to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village has no component units meeting these criteria.

**B. Government-wide and Fund Financial Statements**

***Government-wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

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

**VILLAGE OF HALES CORNERS**

Milwaukee County, Wisconsin

**Notes to Financial Statements**

December 31, 2013

**1. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The Village reports the following funds:

***Major Governmental Funds***

- General Fund - the General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally or administratively required to be accounted for in another fund.
- Debt Service Fund - the Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs.
- General Capital Projects Fund – the General Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

***Non-major Governmental Funds***

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

General Government  
Fire  
Police  
Public Works  
Health

Library  
July 4<sup>th</sup> Activities  
Senior Enrichment  
Friends of Park & Pool  
Recreation Programs

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

Equipment Replacement Fund  
Special Assessments

Tax Incremental Financing (TIF) District #2  
Tax Incremental Financing (TIF) District #3

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**1. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

*Fund Financial Statements (continued)*

*Fiduciary (Agency) Funds*

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

**C. Measurement Focus and Basis of Accounting**

*Measurement Focus*

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

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

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

*Basis of Accounting*

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

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

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting (continued)**

***Basis of Accounting (continued)***

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

**D. Assets, Liabilities, Deferred Inflows of Resources, and Net Assets or Equity**

***Cash and Investments***

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

***Receivables***

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and ambulance fees.

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

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments, the Milwaukee Metropolitan Sewerage District, and the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other taxing units on the statement of net assets – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

VILLAGE OF HALES CORNERS

Milwaukee County, Wisconsin

Notes to Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Assets or Equity (continued)

*Receivables (continued)*

**Property Tax Calendar – 2013 Tax Roll:**

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment of 50% due	January 31, 2014
Second installment of 25% due	April 30, 2014
Third installment of 25% due	July 31, 2014
Special charges and personal property taxes in full	January 31, 2014
Tax sale of 2010 delinquent real estate taxes	October 2014

***Interfund Receivables and Payables***

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

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items.

***Capital Assets***

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

***Government-wide Statements***

Capital assets are defined by the Village as assets with an original cost of more than \$5,000 for general capital assets and more than \$25,000 for infrastructure assets and having an estimated useful life of four or more years. All capital assets are valued at historical cost or estimated historical cost if actual costs are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 1, 2004, infrastructure assets of the Village's governmental funds were not required to be capitalized. Upon the implementation of GASB 34, the Village is required to account for all capital assets, including infrastructure in the government-wide financial statements prospectively from the date of implementation. Retroactive reporting of all major infrastructure assets is encouraged but not required. All infrastructure assets acquired on or after January 1, 2004, meeting the Village's definition, have been incorporated into the government-wide financial statements.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Notes to Financial Statements  
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Assets or Equity (continued)

*Capital Assets (continued)*

*Government-wide Statements (continued)*

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

Buildings	50 years
Land Improvements	35 years
Equipment and furnishings	4-20 years
Infrastructure	30-65 years

*Fund Financial Statements*

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

*Compensated Absences*

The accounting treatment for compensated absences depends on whether they are reported in the government-wide or fund financial statements. The compensated absences consist of accumulated sick and vacation pay earned but unused by Village employees. Under terms of employment, municipal employees are granted vacations and sick leave in varying amounts.

*Accumulated Vacation Pay*

Accrued vacations are considered to be liquidated with expendable available financial resources and are reported as a liability in both the government-wide financial statements and the fund financial statements.

*Accumulated Sick Pay*

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

Due to the long-term nature of this liability, the governmental funds do not report this liability in the fund financial statements.

Should the employees use their entire accrued sick leave during the year, it could exceed the amount shown in the government-wide financial statements. Should these circumstances arise, the total amount to be paid for sick leave would be \$515,354.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Notes to Financial Statements  
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Assets or Equity (continued)

*Long-term Obligations*

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

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Premiums and discounts on issuance are reported as other financing sources and uses. Payments of principle and interest as well as costs of issuance are reported as expenditures.

*Equity Classifications*

*Government-wide Statements*

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

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

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Notes to Financial Statements  
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Assets or Equity (continued)

*Equity Classifications (continued)*

***Fund Statements***

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village's fund balance classification policies and procedures are as follows:

- a. Nonspendable – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.
- b. Restricted – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- c. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (ordinances and resolutions) of the Village's Board of Trustees.
- d. Assigned – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
- e. Unassigned – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

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

**E. Adoption of New Accounting Guidance**

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. See Footnote 4.H for additional information.

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**1. Summary of Significant Accounting Policies (continued)**

**F. Deferred Inflows of Resources**

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). Under GASB 65, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village has two items that qualify for reporting in this category. Taxes levied in one year are not available until the next year and, as a result, are reflected in the financial statements as a deferred inflow of resources. These taxes are deferred in the year levied and recognized as revenue in the following year. Contributions received in one year for funding expenditures in the next year are reflected in the financial statements as a deferred inflow of resources. These contributions are deferred in the year received and recognized as revenue in the following year.

**2. Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Prior to the end of August, the Village Administrator requests proposed details of expenditures from the various departments for the following fiscal year. Proposed department expenditures are submitted to the Village Administrator who determines the details of required revenues and in turn submits the proposed revenues and expenditures to the Village Board. The Village Administrator then drafts the proposed operating budget.

Upon receipt of the proposed budget, public notice is given that the proposed budget is open for inspection.

The budget for the next year is legally enacted by Village Board resolution near year end.

Budgetary control is exercised at the departmental level; however, any revisions that alter the total expenditures of a grouping of accounts must be approved by the Village Board. Undesignated appropriations lapse at year end.

The operating budgets for the General and the Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles ("GAAP") in all material respects, and annual appropriations for these funds lapse at year end. Budgets for Capital Project Funds are adopted solely to provide the basis for capital borrowing. The Capital Project Funds budgets do not lapse at year end, and expenditures may extend over several years. The Village does not adopt budgets for special revenue funds.

Budgeted amounts included in the financial statements are presented both as originally adopted by the Village Board, and as amended by Village Board resolution.

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**2. Stewardship, Compliance, and Accountability (continued)**

**B. Deposits and Investment Laws and Regulations**

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

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

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

**C. Debt Restrictions**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of total equalized value of taxable property within the Village's jurisdiction. As of December 31, 2013, the Village was obligated for a total of \$6,774,519 in general obligation debt, or 21% of the total debt limit.

VILLAGE OF HALES CORNERS

Milwaukee County, Wisconsin

Notes to Financial Statements

December 31, 2013

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2013, the Village held the following cash and investments which have certain associated risks.

	<u>Custodial Balance</u>	<u>Carrying Amount</u>	<u>Risks</u>
<b>Cash and Equivalents:</b>			
Demand deposits	\$ 1,442,470	\$ 1,375,273	Custodial
Petty cash	---	700	
Certificates of deposit	37,661	37,479	Interest rate
Investment – State of Wisconsin			
Local Government Investment Pool	13,012,640	13,012,639	Custodial
<b>Total cash and investments</b>	<u>\$ 14,492,771</u>	<u>\$ 14,426,091</u>	

Reconciliation to Financial Statements:

Per Statement of Net Assets:

Cash and equivalents	\$ 1,375,973
Investments	6,228,247

Per Statement of Net Assets – Fiduciary (Agency)

Fund

Investments	<u>6,821,871</u>
<b>Total cash and investments</b>	<u>\$ 14,426,091</u>

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. Deposits in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities.

Investments are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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.

The LGIP does not have a credit quality rating. It is part of the State of Wisconsin Investment Fund ("SIF") and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but 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, 2013, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

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

**A. Cash and Investments (continued)**

**Custodial Risk – Deposits:** Is the risk that, in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village's carrying value for cash and investments \$14,426,091 at December 31, 2013 and the depositories' carrying value was \$14,492,771 of which \$13,581,297 was uninsured. The Village's policy is to keep deposits of no more than \$500,000 at each depository at any one time except Associated Bank, Tri City Bank, and the Local Government Investment Pool.

**Custodial Risk – Investment:** Is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's policy is to keep investments of no more than \$500,000 at each depository at any one time except for deposits in Associated Bank and Tri City Bank.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Village's investment policy minimized credit risk by limiting investments to the safest type of securities. The Village does not have a policy on credit risk.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy limits the maturity of any security to no more than three years from the date of purchase or in accordance with state statutes. The Village's policy addressing interest rate risk limits investments to the LGIP, certificates of deposit, money market accounts, other time deposits or securities specifically approved by the Village Board. Information regarding the exposure of the District's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1-5 Years	6-10 Years
Certificates of Deposit	\$ 37,661	\$ ---	\$ 37,661	\$ ---
Local Government Investment Pool	13,012,640	13,012,640	---	---
<b>Total</b>	<b>13,050,301</b>	<b>13,012,640</b>	<b>37,661</b>	<b>---</b>

**B. Receivables**

The following schedules provide detail on allowances for doubtful accounts and receivables not expected to be collected within one year:

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable	Due After December 2014
<b>Governmental Activities:</b>				
Taxes	\$ 2,648,272	\$ 3,000	\$ 2,645,272	\$ ---
Special assessments	47,001	---	47,001	31,572
Accounts	206,795	28,557	178,238	---
<b>Total governmental activities</b>	<b>\$ 2,902,068</b>	<b>\$ 28,557</b>	<b>\$ 2,870,511</b>	<b>\$ 31,572</b>
<b>Fiduciary (Agency) Funds:</b>				
Taxes	\$ 5,370,682	\$ ---	\$ 5,370,682	\$ ---

The allowance for taxes is for delinquent personal property taxes receivable. Allowances related to accounts receivable are for ambulance billings of \$22,557, and other Fire Department responses of \$6,000.

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

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

**C. Interfund Balances and Transfers**

***Due to (from) other funds***

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	General Capital Projects Fund	\$ 404,481
General Fund	Other governmental funds	18,077
Other governmental funds	Other governmental funds	675
		<u>\$ 423,233</u>

***Transfers***

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Debt Service Fund	Other governmental funds	\$ 295,979
General Capital Projects Fund	Other governmental funds	4,000
General Capital Projects Fund	General Fund	511,751
Other governmental funds	General Fund	157,900
		<u>\$ 969,630</u>

Transfers from the other governmental funds to the Debt Service Fund were made to provide funding for the debt service obligations of those funds.

Transfers from other governmental funds to the general capital projects fund were to fund storm water constructions projects with storm water public charges for services.

Transfers from the General Fund to other governmental funds were made to provide funding for various capital projects and to subsidize special revenue funds for which planned expenditures exceed revenue sources.

**Advances**

Advances between funds represent interfund long-term loans.

In 2013, the General Fund advanced funds to TID #3. The General Fund is charging TID #3 on the advance based on the average outstanding advance balance during the year at a rate of 1%.

Aggregate maturities of all advances relating to TIF District #3 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 42,094	\$ 2,147	\$ 44,241
2015	42,515	1,726	44,241
2016	42,940	1,301	44,241
2017	43,370	872	44,242
2018	43,804	438	44,242
<b>Total</b>	<u>\$ 214,723</u>	<u>\$ 6,484</u>	<u>\$ 221,207</u>

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

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

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2013 is summarized as follows:

	<u>Balance</u> <u>January</u> <u>1, 2013</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposal</u>	<u>Balance</u> <u>December</u> <u>31, 2013</u>
<b>Nondepreciable capital assets:</b>					
Land	\$ 6,029,397	\$ ---	\$ ---	\$ ---	\$ 6,029,397
Construction-in-progress	232,395	1,150,521	(1,297,208)	---	85,708
<b>Total nondepreciable capital assets</b>	<b>6,261,792</b>	<b>1,150,521</b>	<b>(1,297,208)</b>	<b>---</b>	<b>6,115,105</b>
<b>Depreciable capital assets:</b>					
Land improvements	164,502	---	---	---	164,502
Buildings	6,645,826	---	---	(11,415)	6,634,411
Equipment and furnishings	2,828,408	100,982	---	(48,603)	2,880,787
Infrastructure	6,914,687	700,756	1,297,208	---	8,912,651
<b>Total depreciable capital assets</b>	<b>16,553,423</b>	<b>801,738</b>	<b>1,297,208</b>	<b>(60,018)</b>	<b>18,592,351</b>
<b>Less accumulated depreciation:</b>					
Land improvements	66,361	4,273	---	---	70,634
Buildings	1,666,839	132,734	---	(4,110)	1,795,463
Equipment and furnishings	1,856,591	227,492	---	(48,602)	2,035,481
Infrastructure	1,067,868	254,309	---	---	1,322,177
<b>Total accumulated Depreciation</b>	<b>4,657,659</b>	<b>618,808</b>	<b>---</b>	<b>(52,712)</b>	<b>5,223,755</b>
<b>Net depreciable capital assets</b>	<b>11,895,764</b>	<b>182,930</b>	<b>1,297,208</b>	<b>(7,306)</b>	<b>13,368,596</b>
<b>Net total capital assets</b>	<b>\$ 18,157,556</b>	<b>\$ 1,333,451</b>	<b>\$ ---</b>	<b>\$ (7,306)</b>	<b>\$ 19,483,701</b>

**Depreciation was charged to governmental functions as follows:**

General government	\$ 40,149
Public safety	250,511
Public works	300,068
Health and human services	4,096
Culture, recreation and education	23,984
<b>Total depreciation</b>	<b>\$ 618,808</b>

VILLAGE OF HALES CORNERS

Milwaukee County, Wisconsin

Notes to Financial Statements

December 31, 2013

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

E. Long-term Obligations

*General Obligation Debt*

All general obligation debt is backed by the full faith and credit of the Village, and will be retired through future property tax levies accumulated by the debt service fund and TIF District #3. General fund resources are used to liquidate the liability for accumulated sick pay.

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 7,533,547	\$ ---	\$ (759,028)	\$ 6,774,519	\$ 563,075
Accumulated unpaid sick pay	207,587	83,796	(63,805)	227,578	---
<b>Total long-term obligations</b>	<b>\$ 7,741,134</b>	<b>\$ 83,796</b>	<b>\$ (822,833)</b>	<b>\$ 7,002,097</b>	<b>\$ 563,075</b>

Details of general obligation debt are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Average Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>
Bonds:	06/07/12	04/01/31	2.16%	\$ 5,780,000	\$ 5,435,000
Notes:	01/26/04	03/15/22	5.25%	343,117	266,617
	12/09/04	03/15/14	4.00%	310,674	40,587
	10/11/05	03/15/15	4.00%	67,153	17,315
	09/01/09	09/01/19	2.93%	1,265,000	1,015,000
<b>Total general obligation debt</b>					<b>\$ 6,774,519</b>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 563,075	\$ 141,689	\$ 704,764
2015	594,827	133,168	727,995
2016	589,000	124,732	713,732
2017	480,000	116,180	596,180
2018	493,000	106,694	599,694
2019 - 2023	1,834,617	380,774	2,215,391
2024 - 2028	1,670,000	184,060	1,854,060
2029 - 2032	550,000	16,900	566,900
<b>Totals</b>	<b>\$ 6,774,519</b>	<b>\$ 1,204,197</b>	<b>\$ 7,978,716</b>

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

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

**F. Net Position and Fund Balances**

***Government-wide Financial Statement Net Position***

Governmental net position consists of the following:

**Net Investment in Capital Assets:**

Land and construction in progress	\$	6,115,105	
Other capital assets net of accumulated depreciation		13,368,596	
Less related long-term debt		<u>(6,607,557)</u>	
<b>Total net investment in capital assets</b>			<b>\$ 12,876,144</b>

**Restricted for:**

Debt Service			90,601
Capital Projects			385,398

**Other:**

Fire programs		9,426	
Police programs		13,381	
Health programs		475	
Library programs		17,270	
Senior Enrichment program		103	
Recreation programs		94	
Friends of Park & Pool		<u>308</u>	
<b>Total restricted for other</b>			<b>41,057</b>

Unrestricted

			<u>816,398</u>
<b>Total governmental net position</b>			<b>\$ <u>14,209,598</u></b>

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Notes to Financial Statements  
December 31, 2013

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

F. Net Position and Fund Balances (continued)

*Fund Financial Statements*

Governmental fund balances consist of the following:

**General Fund:**

**Nonspendable:**

Prepaid items	\$	60,379	
Advance to TIF #3		214,723	
Delinquent personal property taxes receivable		<u>5,529</u>	
<b>Total nonspendable</b>			\$ 280,631
Committed for employee health expenses			89,237
Unassigned			<u>1,208,780</u>
<b>Total General Fund</b>			<u>\$ 1,578,648</u>

**Debt Service Fund:**

Restricted			\$ <u>90,601</u>
------------	--	--	------------------

**General Capital Projects Fund:**

Committed			\$ 901,093
Unassigned			<u>(878)</u>
<b>Total Debt Service Fund</b>			<u>\$ 900,215</u>

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

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

**F. Net Position and Fund Balances (continued)**

*Fund Financial Statements (continued)*

**Non-major Funds:**

**Restricted:**

TIF District #2	\$	385,398	
Fire programs		9,426	
Police programs		13,381	
Health programs		475	
Library programs		17,270	
Fiends of park & pool		308	
Recreation programs		94	
Senior Enrichment program		103	
<b>Total restricted</b>		426,455	\$ 426,455

**Committed:**

Special Assessments		187,361	
Equipment replacement		290,516	
General programs		9,625	
Public works		89,590	
Library activities		9,965	
July 4 <sup>th</sup> activities		15,992	
<b>Total committed</b>		603,049	603,049

Unassigned		(208,092)	
<b>Total non-major funds</b>		821,412	\$ 821,412

At December 31, 2013, the following funds had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
<b>Capital Projects Funds:</b>	
TIF District #3	\$ 186,715
<b>Equipment Replacement Funds:</b>	
Police	20,075
<b>General Capital Project Funds:</b>	
Fire	878

The TIF District #3 fund deficit is anticipated to be funded with future incremental taxes levied over the life of the district.

The deficits in the Equipment Replacement Funds and General Capital Projects Fund will be financed with transfers from other General Capital Projects and Equipment Replacement Funds as well as the General Fund. These deficits may also be financed with intergovernmental grants, or proceeds of future debt issuances.

**VILLAGE OF HALES CORNERS**

Milwaukee County, Wisconsin

**Notes to Financial Statements**

December 31, 2013

**4. Other Notes**

**A. Employees' Retirement System**

All eligible Village employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work at least 1,200 hours per year and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months a year, but expected to return year after year are considered to have met the one year requirement.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category, including Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 were:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for the Village employees covered by the WRS for the year ended December 31, 2013 was \$2,565,379; the employer's total payroll was \$3,098,958. The total required contribution for the year ended December 31, 2013 was \$386,841, which consisted of \$216,244, or 8.4% of payroll from the employer and \$170,597, or 6.7% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$347,323 and \$350,726, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**4. Other Notes (continued)**

**B. Other Postemployment Benefits (OPEB)**

**Plan Description**

The Village allows eligible employees to remain on the Village's health insurance plan after retirement. Eligibility is determined based on the specified contract under which the employee is covered. The Village contributes the costs of premiums for single coverage for eligible retirees. For those retirees that select family coverage, the Village contributes up to 50% of the premium as of the retirement date and 75% of any annual increases in subsequent years. As a requirement of continued coverage, the retirees are required to contribute any remaining costs for family coverage. Under GASB 45, this circumstance is considered to be an other postemployment benefit ("OPEB") for the retirees.

The Village Board of Trustees authorizes the provisions of, and amendments to, this policy.

**Funding Policy**

The Village funds these costs on a pay-as-you-go basis. Currently, the only Village contribution toward the costs of this obligation is the current period's subsidy of the full amount for single coverage or the difference between the family coverage and the calculated retiree contribution.

**Annual OPEB Cost and Recognized Obligation**

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

Annual required contribution	\$	314,185	
Interest on net OPEB obligation		42,663	
<b>Annual OPEB cost (expense)</b>		356,848	
Contributions made		(43,494)	
<b>Increase in net OPEB obligation</b>		313,354	
Net OPEB obligation – beginning of year		1,422,088	
<b>Net OPEB obligation – end of year</b>	\$	1,735,442	

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2013, 2012 and 2011 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2011	\$ 423,476	10%	\$ 1,129,998
December 31, 2012	348,086	16%	1,422,088
December 31, 2013	356,848	12%	1,735,422

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**4. Other Notes (continued)**

**B. Other Postemployment Benefits (OPEB) (continued)**

**Funding Status and Funding Progress**

As of December 31, 2012, the most recent actuarial valuation date, the Village's OPEB obligation was completely unfunded, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,655,063. The covered payroll was \$2,570,488 and the ratio of the UAAL to covered payroll was 142.2%.

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the alternative measurement method was used. The actuarial assumptions include a 3% investment rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 4.7% after ten years. The plan's unfunded actuarial accrued liability is being amortized as a level percentage over thirty years. The remaining amortization period at December 31, 2012 was thirty years.

**C. Commitments and Contingencies**

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 disallowance, if any, would be immaterial to the financial statements.

**D. Risk Management**

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

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**4. Other Notes (continued)**

**E. Conduit Debt**

Not included in the accompanying financial statements is a conduit debt obligation issued under the name of the Village and the Development Authority. The Bonds are not secured by or payable from revenues or assets of the Village or Development Authority. Neither the faith and credit nor the taxing power of the Village, the Village of Hales Corners Development Authority, the State of Wisconsin or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the Village or the Authority in any manner obligated to make any appropriations for payments on these bonds. At December 31, 2013, the aggregate principal amount of the conduit debt obligation outstanding totaled \$4,400,000.

**F. Leases as Lessor**

The Village has entered into lease agreements with telecommunications companies, wherein the Village has agreed to allow the use of the specified property for the purpose of telecommunication relays. Revenue from this activity totaled \$101,725 for the year ended December 31, 2013.

**G. Tax Incremental Districts**

**Tax Incremental Financing District #2**

On September 11, 1995, the Village created Tax Incremental Financing District #2 ("TID #2"). TID #2 has a statutory life of 27 years which will expire September 11, 2022. On July 29, 2008 the original project plan was amended to account for transfers out to Tax Incremental Financing District #3. The last date to incur project costs is September 11, 2017. On May 9, 2011, the Board of Trustees of the Village passed a resolution to dissolve Tax Incremental District No. 2. As of December 31, 2011, the District had sufficient increment to cover expenses related to any current and future projects. Once all projects costs have been paid, any remaining excess increment will be disbursed accordingly to the Village and the overlying taxing districts. The Village expects this to occur in 2014. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2013:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/13</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/13</u>	<u>Outstanding Debt as of 12/31/13</u>
\$ 11,407,894	\$ 7,830,633	\$ 11,407,894	\$ 7,445,235	---

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2013

**4. Other Notes (continued)**

**G. Tax Incremental Districts (continued)**

**Tax Incremental Financing District #3**

On January 1, 2008, the Village created Tax Incremental Financing District #3 ("TID #3"). TID #3 has a statutory life of 27 years which will expire December 31, 2034. On July 29, 2008 the original project plan was amended to account for transfers in from Tax Incremental Financing District #2. The last date to incur project costs is December 31, 2029. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2013:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/13</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/13</u>	<u>Outstanding Advance as of 12/31/13</u>
\$ 946,288	\$ 551,354	\$ 946,288	\$ 738,069	\$ 214,723

**H. Prior-Period Adjustment**

The Government Accounting Standards Board (GASB) issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). Under GASB 65 debt issuance costs are no longer recorded as an asset and amortized over the life of the related debt issue. Debt issuance costs are now expensed in the current period. As a result, an adjustment of \$131,503 was made to decrease the December 31, 2012 net position and to decrease noncurrent assets by eliminating deferred loan costs.

**I. Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed August 01, 2014. There were no subsequent events that required recognition or disclosure.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Required Supplementary Information

Schedule of Funding Progress of Net OPEB Obligation  
December 31, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2012	\$ ---	\$ 3,655,063	\$ 3,655,063	---	\$ 2,570,488	142.2%
December 31, 2008	---	3,749,856	3,749,856	---	2,809,403	133.5%

Notes:

1. The Village is required to present the above information for the three most recent actuarial studies. The above referenced studies were performed as of December 31, 2012 and 2008 and were the only studies performed. Once there have been three actuarial studies completed, information pertaining to the three most recent actuarial studies will be presented.
2. The data presented in this schedule was taken from the report issued by the actuary, except the covered payroll data which was supplied by the Village.

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Detailed Statement of Revenues - General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Original Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b>Taxes:</b>			
General property taxes	\$ 4,349,201	\$ 4,349,201	\$ 4,344,883
<b>Public Charges for Services:</b>			
<b>Licenses:</b>			
Liquor and malt beverage	11,200	11,200	11,486
Operators'	4,000	4,000	645
Cigarette	1,400	1,400	1,300
Dog	4,000	4,000	3,983
Amusement device and peddler	3,300	3,300	3,687
Dance hall	60	60	238
Electrical contractor	---	---	660
Food establishment	13,850	13,850	17,702
Swimming pool	1,080	1,080	1,645
<b>Total licenses</b>	38,890	38,890	41,346
<b>Permits:</b>			
Building	26,000	26,000	27,178
Electric	11,000	11,000	12,494
Plumbing	6,500	6,500	7,159
Sign	1,500	1,500	1,461
Culvert	7,500	7,500	6,750
Street Opening	2,000	2,000	---
Erosion	500	500	---
Fire Department	1,500	1,500	1,450
<b>Total permits</b>	56,500	56,500	56,492
<b>Fines and Forfeitures</b>	227,000	227,000	175,234

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Detailed Statement of Revenues - General Fund - Budget and Actual**  
**Year Ended December 31, 2013**  
**(Continued)**

	<u>Original Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b>Public Charges for Services (Continued):</b>			
<b>Other Charges for Services:</b>			
Property search requests	\$ 500	\$ 500	\$ 869
Village hall copy fees	2,400	2,400	1,753
Lease revenue	78,000	78,000	101,725
Board of Appeals	500	500	---
Planning Commission fees	3,000	3,000	1,000
License publication fees	200	200	160
DARE program	5,000	5,000	1,401
Fire department fees	18,000	18,000	16,645
Fire department highway response fees	25,000	25,000	21,150
Weights and measures	2,400	2,400	2,268
Ambulance fees	194,000	194,000	177,767
Refuse collection charges	445,523	445,523	444,323
Local sewer service charges	346,601	346,601	351,752
Metro sewer connection charge	262,584	262,584	272,100
Weed cutting	---	---	400
Health department fees	1,000	1,000	786
Library fines	18,850	18,850	14,015
Library copy fees	2,200	2,200	1,817
MCFLS reciprocal library	60,000	60,000	60,645
Recreation department fees	86,300	86,300	91,914
<b>Total other charges for services</b>	<b>1,552,058</b>	<b>1,552,058</b>	<b>1,562,490</b>
<b>Operating Grants and Contributions:</b>			
<b>Intergovernmental:</b>			
Shared taxes from state	246,045	246,045	242,086
State aid - Highways	432,604	432,604	432,351
State aid - Fire insurance	22,750	22,750	22,388
State aid - Police	---	---	16,488
State aid - Public safety	---	---	5,100
Recycling grant	19,900	19,900	20,035
<b>Total intergovernmental</b>	<b>721,299</b>	<b>721,299</b>	<b>738,448</b>

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Detailed Statement of Revenues - General Fund - Budget and Actual  
Year Ended December 31, 2013  
(Continued)

	<u>Original Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b>Interest Income:</b>			
Interest on general fund investments	\$ 14,000	\$ 14,000	\$ 4,272
Interest on tax account investments	6,000	6,000	1,248
Interest on delinquent taxes	10,000	10,000	7,467
Sewer charge penalties	1,000	1,000	2,208
<b>Total interest income</b>	<u>31,000</u>	<u>31,000</u>	<u>15,195</u>
<b>Other Revenues:</b>			
Miscellaneous general revenue	5,000	5,000	1,282
Cable television franchise fee	90,000	90,000	87,797
Telephone franchise fee	19,000	19,000	28,417
Street light insurance reimbursement	9,600	9,600	4,722
League insurance rebate	---	---	15,388
<b>Total other revenues</b>	<u>123,600</u>	<u>123,600</u>	<u>137,606</u>
<b>Total general fund revenues</b>	<u>\$ 7,099,548</u>	<u>\$ 7,099,548</u>	<u>\$ 7,071,694</u>

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Detailed Statement of Expenditures - General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Original Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b>General Government:</b>			
Legislative	\$ 109,441	\$ 109,441	\$ 81,303
Municipal court	99,020	99,120	95,796
Administration	469,982	470,282	359,729
Maintenance and sundry	268,760	278,760	270,530
Contingency	177,221	129,706	---
<b>Total general government</b>	<u>1,124,424</u>	<u>1,087,309</u>	<u>807,358</u>
<b>Public Safety:</b>			
Police department	1,903,764	1,839,264	1,814,407
Communications	324,733	324,733	307,754
Fire department	772,567	855,882	847,079
Inspection - General	52,220	52,220	47,595
<b>Total public safety</b>	<u>3,053,284</u>	<u>3,072,099</u>	<u>3,016,835</u>
<b>Public Works:</b>			
Engineering, sanitation, administration	1,005,726	1,008,326	1,006,497
Maintenance	593,645	594,645	579,909
<b>Total public works</b>	<u>1,599,371</u>	<u>1,602,971</u>	<u>1,586,406</u>
<b>Health and Human Services</b>			
Health	148,461	148,461	137,251
<b>Recreation and Education:</b>			
Library	583,061	572,061	562,446
Recreation	94,347	94,347	93,532
<b>Total recreation and education</b>	<u>677,408</u>	<u>666,408</u>	<u>655,978</u>
<b>Total general fund expenditures</b>	<u>\$ 6,602,948</u>	<u>\$ 6,577,248</u>	<u>\$ 6,203,828</u>

See independent auditors' report.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Combining Balance Sheet - Non-major Governmental Funds  
December 31, 2013

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Non-major</u>
<b>Assets:</b>			
Cash and equivalents	\$ ---	\$ 5,796	\$ 5,796
Investments	855,104	231,437	1,086,541
<b>Receivables:</b>			
Taxes	46,689	---	46,689
Special assessments	47,001	---	47,001
Accounts	---	4,783	4,783
Due from other funds	675	---	675
<b>Total assets</b>	<b>949,469</b>	<b>242,016</b>	<b>1,191,485</b>
<b>Liabilities:</b>			
Unearned revenue	---	8,337	8,337
Due to other funds	---	18,752	18,752
Advances from other funds	214,723	---	214,723
<b>Total liabilities</b>	<b>214,723</b>	<b>27,089</b>	<b>241,812</b>
<b>Deferred inflows of resources:</b>			
Unavailable special assessments	31,572	---	31,572
Deferred contributions	---	50,000	50,000
Deferred property taxes	46,689	---	46,689
<b>Total deferred inflows of resources</b>	<b>78,261</b>	<b>50,000</b>	<b>128,261</b>
<b>Fund Balance:</b>			
Restricted	385,398	41,057	426,455
Committed	477,877	125,172	603,049
Unassigned	(206,790)	(1,302)	(208,092)
<b>Total fund balance</b>	<b>\$ 656,485</b>	<b>\$ 164,927</b>	<b>\$ 821,412</b>

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**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Non-major Governmental Funds  
Year Ended December 31, 2013**

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Non-major</u>
<b>Revenues:</b>			
Taxes	\$ 35,453	\$ ---	\$ 35,453
<b>Public charges for services:</b>			
Other charges for services	15,961	106,511	122,472
<b>Operating grants and contributions:</b>			
Intergovernmental	708	54,924	55,632
Other	---	14,031	14,031
<b>Capital grants and contributions:</b>			
Intergovernmental	---	29,995	29,995
Interest Income	3,144	257	3,401
Miscellaneous revenues	3,548	7,644	11,192
<b>Total revenues</b>	<b>58,814</b>	<b>213,362</b>	<b>272,176</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	---	3,381	3,381
Public safety	61,069	30,198	91,267
Public works	1,980	34,927	36,907
Health and human services	---	35,719	35,719
Culture, recreation and education	11,349	44,255	55,604
Conservation and development	150	---	150
Capital outlay	66,763	36,825	103,588
<b>Total expenditures</b>	<b>141,311</b>	<b>185,305</b>	<b>326,616</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(82,497)</b>	<b>28,057</b>	<b>(54,440)</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	7,200	---	7,200
Transfers from other funds	144,900	13,000	157,900
Transfers to other funds	(262,967)	(37,012)	(299,979)
<b>Net change in fund balance</b>	<b>(193,364)</b>	<b>4,045</b>	<b>(189,319)</b>
<b>Fund Balance:</b>			
Beginning of year	849,849	160,882	1,010,731
<b>End of year</b>	<b>\$ 656,485</b>	<b>\$ 164,927</b>	<b>\$ 821,412</b>

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VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Combining Balance Sheet - Capital Projects Funds  
December 31, 2013

	Major Fund	Non-Major Funds					Total Capital Project Funds
	General Capital Projects	Special Assessments	Equipment Replacement Fund	TIF District #2	TIF District #3	Total Non-major Funds	
<b>Assets:</b>							
Investments	\$ 1,304,696	\$ 171,932	\$ 269,766	\$ 385,398	\$ 28,008	\$ 855,104	\$ 2,159,800
Taxes receivable	---	---	---	---	46,689	46,689	46,689
Special assessments receivable	---	47,001	---	---	---	47,001	47,001
Due from other funds	---	---	675	---	---	675	675
<b>Total assets</b>	<u>1,304,696</u>	<u>218,933</u>	<u>270,441</u>	<u>385,398</u>	<u>74,697</u>	<u>949,469</u>	<u>2,254,165</u>
<b>Liabilities:</b>							
Due to other funds	404,481	---	---	---	---	---	404,481
Advances from other funds	---	---	---	---	214,723	214,723	214,723
<b>Total liabilities</b>	<u>404,481</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>214,723</u>	<u>214,723</u>	<u>619,204</u>
<b>Deferred inflows of resources:</b>							
Unavailable special assessments	---	31,572	---	---	---	31,572	31,572
Deferred property taxes	---	---	---	---	46,689	46,689	46,689
<b>Total deferred inflows</b>	<u>---</u>	<u>31,572</u>	<u>---</u>	<u>---</u>	<u>46,689</u>	<u>78,261</u>	<u>78,261</u>
<b>Fund Balance (Deficit):</b>							
Restricted	---	---	---	385,398	---	385,398	385,398
Committed	901,093	187,361	290,516	---	---	477,877	1,378,970
Unassigned	(878)	---	(20,075)	---	(186,715)	(206,790)	(207,668)
<b>Total fund balance</b>	<u>\$ 900,215</u>	<u>\$ 187,361</u>	<u>\$ 270,441</u>	<u>\$ 385,398</u>	<u>\$ (186,715)</u>	<u>\$ 656,485</u>	<u>\$ 1,556,700</u>

See independent auditors' report.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds  
Year Ended December 31, 2013

	Major Fund	Non-Major Funds					Total Non-major Funds	Total Capital Project Funds
	General Capital Projects	Special Assessments	Equipment Replacement Fund	TIF District #2	TIF District #3			
<b>Revenues:</b>								
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	35,453	\$ 35,453	\$ 35,453	\$ 35,453
Public charges for services	7,751	15,961	---	---	---	15,961	23,712	23,712
<b>Operating grants and contributions:</b>								
Intergovernmental	---	---	---	---	708	708	708	708
<b>Capital grants and contributions:</b>								
Intergovernmental	300	---	---	---	---	---	300	300
Interest income	1,880	2,400	331	381	32	3,144	5,024	5,024
Other revenues	4,916	---	3,548	---	---	3,548	8,464	8,464
<b>Total revenues</b>	<u>14,847</u>	<u>18,361</u>	<u>3,879</u>	<u>381</u>	<u>36,193</u>	<u>58,814</u>	<u>73,661</u>	<u>73,661</u>
<b>Expenditures:</b>								
<b>Current:</b>								
General government	32,437	---	---	---	---	---	32,437	32,437
Public safety	2,995	---	61,069	---	---	61,069	64,064	64,064
Public works	246,451	---	1,980	---	---	1,980	248,431	248,431
Culture, recreation and education	---	---	11,349	---	---	11,349	11,349	11,349
Conservation and development	---	---	---	---	150	150	150	150
Capital outlay	1,147,915	---	66,763	---	---	66,763	1,214,678	1,214,678
<b>Total expenditures</b>	<u>1,429,798</u>	<u>---</u>	<u>141,161</u>	<u>---</u>	<u>150</u>	<u>141,311</u>	<u>1,571,109</u>	<u>1,571,109</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	(1,414,951)	18,361	(137,282)	381	36,043	(82,497)	(1,497,448)	(1,497,448)
<b>Other Financing Sources (Uses):</b>								
Proceeds from sale of capital assets	---	---	7,200	---	---	7,200	7,200	7,200
Transfers from other funds	515,751	---	144,900	---	---	144,900	660,651	660,651
Transfers to other funds	---	---	---	---	(262,967)	(262,967)	(262,967)	(262,967)
<b>Net change in fund balance</b>	<u>(899,200)</u>	<u>18,361</u>	<u>14,818</u>	<u>381</u>	<u>(226,924)</u>	<u>(193,364)</u>	<u>(1,092,564)</u>	<u>(1,092,564)</u>
<b>Fund Balance:</b>								
Beginning of Year	1,799,415	169,000	255,623	385,017	40,209	849,849	2,649,264	2,649,264
<b>End of Year</b>	<u>\$ 900,215</u>	<u>\$ 187,361</u>	<u>\$ 270,441</u>	<u>\$ 385,398</u>	<u>(186,715)</u>	<u>\$ 656,485</u>	<u>\$ 1,556,700</u>	<u>\$ 1,556,700</u>

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
General Capital Projects Funds  
Year Ended December 31, 2013**

	<u>General Government</u>	<u>Fire</u>	<u>Public Works</u>	<u>Library</u>	<u>Conservation and Development</u>	<u>Total</u>
<b>Revenues:</b>						
Public charges for services	\$ ---	\$ ---	\$ 7,751	\$ ---	\$ ---	\$ 7,751
<b>Capital grants and contributions:</b>						
Intergovernmental	---	---	---	300	---	300
Interest income	1,880	---	---	---	---	1,880
Other revenues	4,750	---	---	---	166	4,916
<b>Total revenues</b>	6,630	---	7,751	300	166	14,847
<b>Expenditures:</b>						
<b>Current:</b>						
General government	32,437	---	---	---	---	32,437
Public safety	---	2,995	---	---	---	2,995
Public works	---	---	246,451	---	---	246,451
Capital outlay	---	---	1,139,215	8,700	---	1,147,915
<b>Total expenditures</b>	32,437	2,995	1,385,666	8,700	---	1,429,798
<b>Excess (deficit) of revenues over (under) expenditures</b>	(25,807)	(2,995)	(1,377,915)	(8,400)	166	(1,414,951)
<b>Other Financing Sources (Uses):</b>						
Transfers from other general capital projects funds	---	---	917	---	---	917
Transfers to other general capital projects funds	---	---	---	---	(917)	(917)
Transfers from other funds	25,951	2,000	487,800	---	---	515,751
<b>Net change in fund balance</b>	144	(995)	(889,198)	(8,400)	(751)	(899,200)
<b>Fund Balance (Deficit):</b>						
Beginning of year	101,395	117	1,596,227	100,198	1,478	1,799,415
<b>End of year</b>	\$ 101,539	\$ (878)	\$ 707,029	\$ 91,798	\$ 727	\$ 900,215

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**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Equipment Replacement Funds  
Year Ended December 31, 2013**

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Inspection</u>	<u>Public Works</u>	<u>Library</u>	<u>Total</u>
<b>Revenues:</b>							
Interest income	\$ 331	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 331
Other revenues	---	1,655	1,893	---	---	---	3,548
<b>Total revenues</b>	<u>331</u>	<u>1,655</u>	<u>1,893</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>3,879</u>
<b>Expenditures:</b>							
<b>Current:</b>							
Public safety	---	44,901	16,168	---	---	---	61,069
Public works	---	---	---	---	1,980	---	1,980
Culture, recreation and education	---	---	---	---	---	11,349	11,349
Capital outlay	---	---	66,763	---	---	---	66,763
<b>Total expenditures</b>	<u>---</u>	<u>44,901</u>	<u>82,931</u>	<u>---</u>	<u>1,980</u>	<u>11,349</u>	<u>141,161</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	331	(43,246)	(81,038)	---	(1,980)	(11,349)	(137,282)
<b>Other Financing Sources:</b>							
Proceeds from sale of capital assets	---	---	7,200	---	---	---	7,200
Transfers from other funds	15,000	19,000	57,000	1,200	42,000	10,700	144,900
<b>Net change in fund balance</b>	<u>15,331</u>	<u>(24,246)</u>	<u>(16,838)</u>	<u>1,200</u>	<u>40,020</u>	<u>(649)</u>	<u>14,818</u>
<b>Fund Balance (Deficit):</b>							
Beginning of year	<u>101,566</u>	<u>91,955</u>	<u>(3,237)</u>	<u>12,670</u>	<u>49,768</u>	<u>2,901</u>	<u>255,623</u>
<b>End of year</b>	<u>\$ 116,897</u>	<u>\$ 67,709</u>	<u>\$ (20,075)</u>	<u>\$ 13,870</u>	<u>\$ 89,788</u>	<u>\$ 2,252</u>	<u>\$ 270,441</u>

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VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Combining Balance Sheet - Special Revenue Funds  
Year Ended December 31, 2013

	General Government	Fire	Police	Public Works	Health	Library	July 4th Activities	Senior Enrichment	Friends Of Park & Pool	Recreation Programs	Total
<b>Assets:</b>											
Cash and equivalents	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,796	\$ ---	\$ ---	\$ ---	\$ ---	\$ 5,796
Investments	219,963	---	---	---	---	11,474	---	---	---	---	231,437
Accounts receivable	4,783	---	---	---	---	---	---	---	---	---	4,783
Intrafund due (to) from	(138,443)	8,535	13,381	89,590	475	9,965	15,992	103	308	94	---
<b>Total assets</b>	<u>86,303</u>	<u>8,535</u>	<u>13,381</u>	<u>89,590</u>	<u>475</u>	<u>27,235</u>	<u>15,992</u>	<u>103</u>	<u>308</u>	<u>94</u>	<u>242,016</u>
<b>Liabilities:</b>											
Unearned revenues	8,337	---	---	---	---	---	---	---	---	---	8,337
Due to other funds	18,752	---	---	---	---	---	---	---	---	---	18,752
<b>Total liabilities</b>	<u>27,089</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>27,089</u>
<b>Deferred inflows of resources:</b>											
Deferred contributions	50,000	---	---	---	---	---	---	---	---	---	50,000
<b>Fund Balance:</b>											
Restricted	---	9,426	13,381	---	475	17,270	---	103	308	94	41,057
Committed	9,625	---	---	89,590	---	9,965	15,992	---	---	---	125,172
Unassigned	(411)	(891)	---	---	---	---	---	---	---	---	(1,302)
<b>Fund Balance</b>	<u>\$ 9,214</u>	<u>\$ 8,535</u>	<u>\$ 13,381</u>	<u>\$ 89,590</u>	<u>\$ 475</u>	<u>\$ 27,235</u>	<u>\$ 15,992</u>	<u>\$ 103</u>	<u>\$ 308</u>	<u>\$ 94</u>	<u>\$ 164,927</u>

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VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
Special Revenue Funds  
Year Ended December 31, 2013

	General Government	Fire	Police	Public Works	Health	Library	July 4th Activities	Senior Enrichment	Friends Of Park & Pool	Recreation Programs	Total
<b>Revenues:</b>											
Public charges for services	\$ ---	\$ ---	\$ 3,025	\$ 97,024	\$ ---	\$ 3,040	\$ 3,422	\$ ---	\$ ---	\$ ---	\$ 106,511
<b>Operating grants and contributions:</b>											
Intergovernmental	3,381	5,179	10,000	---	35,719	645	---	---	---	---	54,924
Other	---	---	1,532	---	100	7,624	3,275	---	---	1,500	14,031
<b>Capital grants and contributions:</b>											
Intergovernmental	---	---	---	29,995	---	---	---	---	---	---	29,995
Interest income	226	---	---	---	---	31	---	---	---	---	257
Other revenues	---	2,345	5,299	---	---	---	---	---	---	---	7,644
<b>Total revenues</b>	<u>3,607</u>	<u>7,524</u>	<u>19,856</u>	<u>127,019</u>	<u>35,819</u>	<u>11,340</u>	<u>6,697</u>	<u>---</u>	<u>---</u>	<u>1,500</u>	<u>213,362</u>
<b>Expenditures:</b>											
<b>Current:</b>											
General government	3,381	---	---	---	---	---	---	---	---	---	3,381
Public safety	---	5,213	24,985	---	---	---	---	---	---	---	30,198
Public works	---	---	---	34,927	---	---	---	---	---	---	34,927
Health and Human Services	---	---	---	---	35,719	---	---	---	---	---	35,719
Culture, recreation and education	---	---	---	---	---	9,685	28,372	---	4,792	1,406	44,255
Capital outlay	---	---	6,830	29,995	---	---	---	---	---	---	36,825
<b>Total expenditures</b>	<u>3,381</u>	<u>5,213</u>	<u>31,815</u>	<u>64,922</u>	<u>35,719</u>	<u>9,685</u>	<u>28,372</u>	<u>---</u>	<u>4,792</u>	<u>1,406</u>	<u>185,305</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	226	2,311	(11,959)	62,097	100	1,655	(21,675)	---	(4,792)	94	28,057
<b>Other Financing Sources (Uses):</b>											
Transfers from other special revenue funds	---	---	---	---	---	---	---	---	5,100	---	5,100
Transfers to other special revenue funds	(5,100)	---	---	---	---	---	---	---	---	---	(5,100)
Transfers from other funds	---	---	---	---	---	3,000	10,000	---	---	---	13,000
Transfers to other funds	---	---	---	(37,012)	---	---	---	---	---	---	(37,012)
<b>Net change in fund balance</b>	<u>(4,874)</u>	<u>2,311</u>	<u>(11,959)</u>	<u>25,085</u>	<u>100</u>	<u>4,655</u>	<u>(11,675)</u>	<u>---</u>	<u>308</u>	<u>94</u>	<u>4,045</u>
<b>Fund Balance:</b>											
Beginning of year	14,088	6,224	25,340	64,505	375	22,580	27,667	103	---	---	160,882
<b>End of year</b>	<u>\$ 9,214</u>	<u>\$ 8,535</u>	<u>\$ 13,381</u>	<u>\$ 89,590</u>	<u>\$ 475</u>	<u>\$ 27,235</u>	<u>\$ 15,992</u>	<u>\$ 103</u>	<u>\$ 308</u>	<u>\$ 94</u>	<u>\$ 164,927</u>

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Schedule of General Obligation Long-Term Debt - Principal Payments**  
**December 31, 2013**

<u>Year</u>	<u>2004 Trust Fund Loan</u>	<u>2004 Trust Fund Loan</u>	<u>2005 Trust Fund Loan</u>	<u>2009 General Obligation Notes</u>	<u>2012 General Obligation Bonds</u>	<u>Totals</u>
2014	\$ 19,000	\$ 40,587	\$ 8,488	\$ 125,000	\$ 370,000	\$ 563,075
2015	21,000	---	8,827	150,000	415,000	594,827
2016	24,000	---	---	150,000	415,000	589,000
2017	25,000	---	---	175,000	280,000	480,000
2018	28,000	---	---	200,000	265,000	493,000
2019 - 2023	149,617	---	---	215,000	1,470,000	1,834,617
2024 - 2028	---	---	---	---	1,670,000	1,670,000
2029 - 2033	---	---	---	---	550,000	550,000
<b>Total:</b>	<u>\$ 266,617</u>	<u>\$ 40,587</u>	<u>\$ 17,315</u>	<u>\$ 1,015,000</u>	<u>\$ 5,435,000</u>	<u>\$ 6,774,519</u>

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Schedule of General Obligation Long-Term Debt - Interest Payments**  
**December 31, 2013**

<u>Year</u>	<u>2004 Trust Fund Loan</u>	<u>2004 Trust Fund Loan</u>	<u>2005 Trust Fund Loan</u>	<u>2009 General Obligation Notes</u>	<u>2012 General Obligation Bonds</u>	<u>Totals</u>
2014	\$ 13,997	\$ 1,623	\$ 692	\$ 30,060	\$ 95,317	\$ 141,689
2015	13,000	---	353	27,060	92,755	133,168
2016	11,930	---	---	23,160	89,642	124,732
2017	10,637	---	---	18,960	86,583	116,180
2018	9,325	---	---	13,710	83,659	106,694
2019 - 2023	20,517	---	---	7,310	352,947	380,774
2024 - 2028	---	---	---	---	184,060	184,060
2029 - 2033	---	---	---	---	16,900	16,900
<b>Total:</b>	<u>\$ 79,406</u>	<u>\$ 1,623</u>	<u>\$ 1,045</u>	<u>\$ 120,260</u>	<u>\$ 1,001,863</u>	<u>\$ 1,204,197</u>

See independent auditor's report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**2012 Statement of Taxes**  
**Year Ended December 31, 2013**

<b>State Taxes</b>		\$ 106,180
<b>County Taxes</b>		3,149,916
<b>General Village Taxes</b>		5,003,000
<b>School District Taxes:</b>		
School District of Whitnall	\$ 6,255,764	
Milwaukee Area Vocational District	<u>1,322,491</u>	
<b>Total school district taxes</b>		7,578,255
<b>TID #3 Tax Increment</b>		35,453
<b>Metropolitan Sewerage District Taxes</b>		1,017,270
<b>Special Assessments and Special Charges:</b>		
Water mains	8,049	
Sewer mains	7,860	
Street improvements	1,742	
Storm water utility	30,884	
Refuse collection	444,322	
Other sewer charges	365,875	
Weeds, tree planting, removal	100	
Fire calls	288	
Delinquent utility charges	30,656	
Tax bill corrections	<u>(166)</u>	
<b>Total special assessments and special charges</b>		<u>889,610</u>
<b>Total tax roll</b>		<u>\$ 17,779,684</u>

**2013 Treasurer's Settlement**

Cash collections and credits applied		\$ 17,590,257
Delinquent real estate		172,845
Delinquent special assessments		485
Delinquent special charges		6,913
Delinquent utility charges		<u>9,184</u>
<b>Total collections and credits</b>		<u>\$ 17,779,684</u>

See independent auditors' report.

**VILLAGE OF HALES CORNERS**  
**Milwaukee County, Wisconsin**

**Schedule of Miscellaneous Statistics**  
**December 31, 2013**

<b>Year of Incorporation</b>	1952	<b>Form of Government</b>	
		Board of Trustees	7
<b>Population</b>	7,730	<b>Permanent Village Employees</b>	
		Full-time	35
<b>Area</b>		Part-time (FTE)	25
Square miles	3	<b>Fire Protection</b>	
Acres - Land	1,910	Number of stations	1
Acres - Water	10	Total staff	48
<b>Altitude (feet above sea level)</b>	792	<b>Police Protection</b>	
<b>Miles of Streets</b>		Number of stations	1
Local streets (paved)	34	Sworn staff	15
<b>Number of Street Lights</b>	555	Non-sworn staff	10
		Total staff	26
<b>Water Service Provided by</b>		<b>Parks &amp; Recreation</b>	
<b>City of Milwaukee</b>		Acres of developed/undeveloped parks	300
Average number of customer accounts	1,132	Number of parks	4
Miles of water mains	22	Number of swimming pools	1
<b>Miles of Sewers</b>		<b>Education - Whitnall School District</b>	
Storm	5	Number of elementary schools	2
Sanitary	35	Number of middle schools	1
		Number of high schools	1
		Number of students registered	2,407
<b>Building Permits</b>		<b>Public Library</b>	
Permits issued	117	Circulation	146,550
Estimated cost of construction	\$ 2,315,185		

See independent auditors' report.