

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

**Audited Financial Statements  
Year Ended December 31, 2015**

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

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**Year Ended December 31, 2015**

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## 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, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Hales Corners as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with U.S. GAAP.

## **Other-Matters**

### *Required Supplementary Information*

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

### *Other Information*

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

The combining and individual non major fund statements and schedules 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 fund statements and schedules 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.

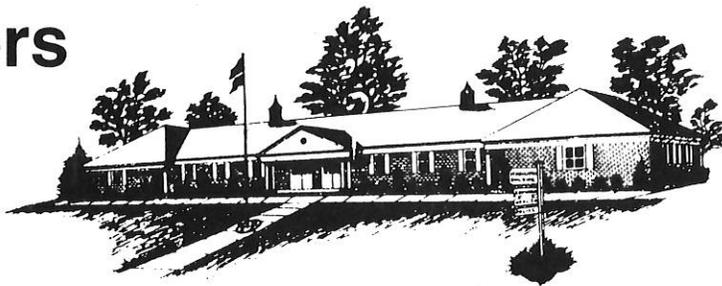
### **Change in Accounting Principle**

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

June 30, 2016  
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, 2015.

### 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 and liabilities, with the difference between the two 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 42 of this report.

## **Government-wide Financial Analysis and Highlights**

As of the year ended December 31, 2015, Village assets exceeded liabilities by \$16,080,912. Of this amount; \$1,724,657 was restricted; \$13,744,988 invested in capital assets, net of related debt; and \$611,267 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:

Assets:		
Capital assets	\$ 19,913,511	\$ 19,669,822
Other assets	11,808,789	10,089,309
Total assets	<u>31,722,300</u>	<u>29,759,131</u>
Deferred Outflows of Resources	<u>615,519</u>	<u>---</u>
Liabilities:		
Long-term liabilities	9,041,040	7,912,985
Other liabilities	1,180,320	1,412,736
Total liabilities	<u>10,221,360</u>	<u>9,325,721</u>
Deferred Inflows of Resources	<u>6,035,547</u>	<u>6,093,887</u>
Net Position:		
Invested in capital assets, net of related debt	13,744,988	13,462,524
Restricted	1,724,657	515,446
Unrestricted	611,267	361,553
Total net position	<u>\$ 16,080,912</u>	<u>\$ 14,339,523</u>

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

Total net position increased by \$1,741,389 in 2015. The increase is greater than the 2014 increase of \$129,925. The increase is primarily due to an adjustment for Wisconsin Retirement System (WRS) pension recognition implemented for the first time under the new accounting standards of GASB 68. 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:

Revenues:	<u>2015</u>	<u>2014</u>
Program:		
Charges for services	\$ 1,895,302	\$ 1,997,600
Operating grants and contributions	668,060	603,547
Capital grants and contributions	38,000	34,113
General:		
Taxes	5,307,646	5,091,559
Other	428,379	432,186
Total revenues	<u>8,337,387</u>	<u>8,159,005</u>
 Expenses:		
General government	927,900	925,471
Public safety	3,516,362	3,688,798
Public works	2,139,856	2,290,741
Health and human services	190,060	181,565
Culture and recreation	801,463	789,788
Conservation and development	31,546	14,910
Loss on disposal of capital assets	59,654	
Interest on long-term debt	142,522	137,807
Total expenses	<u>7,809,363</u>	<u>8,029,080</u>
Change in net position	528,024	129,925
 Net position, beginning of year	14,339,523	14,209,598
Adjustment due to GASB 68 implementation*	1,213,365	---
Net position, beginning of year as adjusted	<u>15,552,888</u>	<u>14,209,598</u>
Net position, end of year	<u>\$ 16,080,912</u>	<u>\$ 14,339,523</u>

\*Adjustment for Wisconsin Retirement System (WRS) pension contribution recognition under the new accounting standards of GASB 68.

## **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 General Capital Projects Fund for the acquisition or construction of major capital facilities and equipment, and 3) the Debt Service Fund, which accounts for the accumulation of resources for, and the payment of, general long-term obligation principal and interest. The non-major funds are segregated into two fund-types: 1) capital projects, 2) special revenue funds.

The Village's combined ending fund balance was \$4,577,714. This amount represents the Village's major funds: General Fund - \$1,673,573, General Capital Projects Fund - \$1,806,153, and Debt Service Fund - \$90,246; and Other Governmental Funds - \$1,007,742.

The General Fund balance of \$1,673,573 is comprised of \$393,597 reserved for specific purposes and \$1,279,976 unassigned. The General Fund balance increased during the year by \$144,300. This includes an accelerated repayment of \$98,000 for an advance from the General Fund to TID #3. The last repayment was scheduled for 2018.

The General Capital Projects Fund has a fund balance of \$1,806,153, an increase from the 2014 fund balance of \$576,404. The increased balance reflects proceeds from a major borrowing for expenditures for a major street rehabilitation, Edgerton Avenue, planned for 2017.

The Debt Service Fund has a balance of \$90,246, compared to a balance of \$90,350 in 2014.

The Other Governmental Funds balance totals \$1,007,742, compared to a balance of \$920,764 in 2014.

The non-major Capital Projects Fund has a balance of \$814,140, compared to a balance of \$722,613 in 2014.

The aggregate of non-major Special Revenue Fund balances totals \$193,602, compared to a balance of \$198,151 in 2014. 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 2015.

## **General Fund Budgetary Highlights**

The Village Board amended the 2015 originally adopted General Fund operating budget as follows:

	Increase <u>(Decrease)</u>
Current expenditures:	
General government	\$ (268,137)
Public safety	8,415
Public works	5,587
Health and human services	8,616
Culture and recreation	4,136
Net expenditures	<u>(241,383)</u>
Other financing sources and uses:	
Transfers out	<u>241,383</u>
Net Change	\$ <u>---</u>

The amendments were primarily related to reallocations of the general government contingency to departments for unexpected operating costs during the year and to provide funding for future capital projects.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Village's investment in capital assets as of December 31, 2015, amounts to \$19,913,511 (net of accumulated depreciation), and major categories comprising this balance are summarized as follows:

	<u>2015</u>	<u>2014</u>
Land & Construction In Progress	\$ 6,063,475	\$ 6,428,807
Land improvements	164,502	164,502
Buildings	6,681,038	6,681,038
Equipment and furnishings	2,916,170	2,967,656
Infrastructure	<u>10,125,611</u>	<u>9,268,470</u>
Total	25,950,796	25,510,473
Accumulated depreciation	<u>(6,037,285)</u>	<u>(5,840,651)</u>
Net capital assets	<u>\$ 19,913,511</u>	<u>\$ 19,669,822</u>

### **Long-term Debt**

As of December 31, 2015, the Village had total debt outstanding of \$7,046,617. A summary of outstanding long-term debt is as follows:

General Obligation Debt:	
Bonds and notes	\$ 6,820,000
State Trust Fund loans	<u>226,617</u>
Total long-term debt	<u>\$ 7,046,617</u>

## **Economic Factors Affecting the Future**

Ongoing state restrictions on local tax levies for operating purposes will limit revenue capacity through 2016. 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, 2015**

	<b>Governmental Activities</b>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and equivalents	\$ 2,005,544
Investments	6,246,791
Taxes receivable	2,641,389
Accounts receivable	205,533
Prepaid items	90,796
Special assessments receivable	23,790
<b>Noncurrent assets:</b>	
Net pension asset	594,946
<b>Capital assets:</b>	
Land and construction in progress	6,063,475
Other capital assets net of accumulated depreciation	13,850,036
<b>Net capital assets</b>	<b>19,913,511</b>
<b>Total assets</b>	<b>31,722,300</b>
<b>Deferred outflows of resources:</b>	
Deferred outflows related to pensions	615,519
<b>Liabilities:</b>	
Accounts payable and accrued expenses	187,820
Accrued wages and benefits	112,193
Accrued interest payable	52,420
Deposits	24,919
Unearned revenue	10,753
Accrued compensated absences - vacation	182,673
Accrued compensated absences - sick	226,239
OPEB obligation	2,357,184
Bonds and notes - due within one year	589,000
Bonds and notes - due in more than one year	6,457,617
Unamortized debt premiums	20,542
<b>Total liabilities</b>	<b>10,221,360</b>
<b>Deferred Inflows of Resources:</b>	
Deferred contributions	12,000
Deferred property taxes	6,023,547
<b>Total deferred inflows of resources</b>	<b>6,035,547</b>
<b>Net Position:</b>	
Net investment in capital assets	13,744,988
Restricted for:	
Capital projects	386,236
Debt service	90,246
Other	37,710
WRS pension	1,210,465
Unrestricted	611,267
<b>Total net position</b>	<b>\$ 16,080,912</b>

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, 2015**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Changes in Net Position of Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental activities:</b>					
General government	\$ 927,900	\$ 125,688	\$ ---	\$ ---	\$ (802,212)
Public safety	3,516,362	503,199	82,077	---	(2,931,086)
Public works	2,139,856	1,078,623	483,993	38,000	(539,240)
Health and human services	190,060	20,291	39,983	---	(129,786)
Culture and recreation	801,463	167,001	61,636	---	(572,826)
Conservation and development	31,546	500	371	---	(30,675)
Debt issuance costs	59,654	---	---	---	(59,654)
Interest on long-term debt	142,522	---	---	---	(142,522)
<b>Total governmental activities</b>	<u>\$ 7,809,363</u>	<u>\$ 1,895,302</u>	<u>\$ 668,060</u>	<u>\$ 38,000</u>	<u>(5,208,001)</u>
<b>General Revenues:</b>					
<b>Taxes:</b>					
Property taxes levied for general purposes					4,511,994
Property taxes levied for debt service					697,000
Property taxes levied for TID districts					98,652
Grants and contributions not restricted to specific programs					241,861
Gain on disposal of capital assets					22,178
Investment earnings					26,111
Other revenues					<u>138,229</u>
<b>Total general revenues</b>					<u>5,736,025</u>
<b>Change in net position</b>					528,024
<b>Net position, beginning of year</b>					14,339,523
Adjustment due to change in accounting principle					<u>1,213,365</u>
<b>Net position, beginning of year as adjusted</b>					<u>15,552,888</u>
<b>Net position, end of year</b>					<u>\$ 16,080,912</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, 2015**

	<u>General</u>	<u>General Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and equivalents	\$ 2,001,253	\$ ---	\$ ---	\$ 4,291	\$ 2,005,544
Investments	3,305,914	1,877,894	121,241	941,742	6,246,791
<b>Receivables:</b>					
Taxes	1,861,522	---	711,000	68,867	2,641,389
Special assessments	---	---	---	23,790	23,790
Accounts	205,533	---	---	---	205,533
Prepaid expenses	90,796	---	---	---	90,796
Due from other funds	---	---	---	244,536	244,536
Advances to other funds	76,355	---	---	---	76,355
<b>Total assets</b>	<u>7,541,373</u>	<u>1,877,894</u>	<u>832,241</u>	<u>1,283,226</u>	<u>11,534,734</u>
<b>Liabilities:</b>					
Accounts payable	178,245	9,575	---	---	187,820
Accrued wages and benefits	112,193	---	---	---	112,193
Deposits	24,919	---	---	---	24,919
Unearned revenue	---	---	---	10,753	10,753
Accrued compensated absences	182,673	---	---	---	182,673
Due to other funds	53,375	62,166	30,995	98,000	244,536
Advances from other funds	---	---	---	76,355	76,355
<b>Total liabilities</b>	<u>551,405</u>	<u>71,741</u>	<u>30,995</u>	<u>185,108</u>	<u>839,249</u>
<b>Deferred inflows of resources:</b>					
Unavailable resources	72,715	---	---	9,509	82,224
Deferred contributions	---	---	---	12,000	12,000
Deferred property taxes	5,243,680	---	711,000	68,867	6,023,547
<b>Total deferred inflows of resources</b>	<u>5,316,395</u>	<u>---</u>	<u>711,000</u>	<u>90,376</u>	<u>6,117,771</u>
<b>Fund Balance:</b>					
Nonspendable	167,360	---	---	---	167,360
Restricted	---	---	90,246	423,946	514,192
Committed	226,237	1,806,153	---	630,947	2,663,337
Unassigned	1,279,976	---	---	(47,151)	1,232,825
<b>Total fund balance</b>	<u>\$ 1,673,573</u>	<u>\$ 1,806,153</u>	<u>\$ 90,246</u>	<u>\$ 1,007,742</u>	<u>\$ 4,577,714</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, 2015**

Total fund balance of governmental funds	\$ 4,577,714
 <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	6,063,475
Other capital assets net of accumulated depreciation	13,850,036
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
MCFLS receivable	70,386
Police fines receivable	2,329
Special assessments receivable	9,509
Governmental funds report premiums and discounts associated with the issuance of long-term debt as other financing sources and uses, but these items are amortized over the life of the debt issue on the statement of activities.	
Net unamortized debt premiums	(20,542)
The Village's proportionate share of the net pension asset at the WRS exceeds its obligation. This is reported as an asset on the statement of net position, but is not reported in the governmental funds.	
	594,946
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	
	615,519
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	(7,046,617)
Compensated absences payable - sick pay	(226,239)
OPEB Obligation	(2,357,184)
Accrued interest payable on long-term bonds and notes	<u>(52,420)</u>
<b>Net position of governmental activities</b>	<b>\$ <u>16,080,912</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, 2015**

	<u>General</u>	<u>General Capital Projects</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 4,511,994	\$ ---	\$ 697,000	\$ 98,652	\$ 5,307,646
<b>Public charges for services:</b>					
Licenses	43,378	---	---	---	43,378
Permits	64,896	---	---	---	64,896
Fines and forfeitures	174,644	---	---	---	174,644
Other charges for services	1,507,921	3,393	---	122,374	1,633,688
<b>Operating grants and contributions:</b>					
Intergovernmental	791,774	---	---	47,585	839,359
Other	---	---	---	70,562	70,562
<b>Capital grants and contributions:</b>					
Other	---	---	---	38,000	38,000
Interest income	21,542	1,974	121	2,474	26,111
Interest on advances to other funds	1,726	---	---	---	1,726
Miscellaneous revenues	134,114	148	---	3,967	138,229
<b>Total revenues</b>	<u>7,251,989</u>	<u>5,515</u>	<u>697,121</u>	<u>383,614</u>	<u>8,338,239</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	868,733	2,930	---	6,431	878,094
Public safety	2,992,817	2,785	---	40,792	3,036,394
Public works	1,476,598	193,588	---	118,157	1,788,343
Health and human services	152,990	---	---	40,405	193,395
Culture, recreation and education	649,778	42,573	---	78,032	770,383
Conservation and development	---	31,396	---	150	31,546
Interest on advances	---	---	---	1,726	1,726
Debt issuance costs	---	59,654	---	---	59,654
Capital outlay	---	674,215	---	189,794	864,009
<b>Debt Service:</b>					
Principal payments	---	---	594,827	---	594,827
Interest payments	---	---	133,168	---	133,168
<b>Total expenditures</b>	<u>6,140,916</u>	<u>1,007,141</u>	<u>727,995</u>	<u>475,487</u>	<u>8,351,539</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	1,111,073	(1,001,626)	(30,874)	(91,873)	(13,300)
<b>Other Financing Sources (Uses):</b>					
Bonds and notes issued	---	1,430,000	---	---	1,430,000
Debt issuance premiums	---	20,802	---	---	20,802
Proceeds from sale of capital assets	---	7,000	---	16,421	23,421
Transfers from other funds	---	773,573	30,770	197,200	1,001,543
Transfers to other funds	(966,773)	---	---	(34,770)	(1,001,543)
<b>Net change in fund balance</b>	<u>144,300</u>	<u>1,229,749</u>	<u>(104)</u>	<u>86,978</u>	<u>1,460,923</u>
<b>Fund Balance:</b>					
Beginning of year	<u>1,529,273</u>	<u>576,404</u>	<u>90,350</u>	<u>920,764</u>	<u>3,116,791</u>
<b>End of year</b>	<u>\$ 1,673,573</u>	<u>\$ 1,806,153</u>	<u>\$ 90,246</u>	<u>\$ 1,007,742</u>	<u>\$ 4,577,714</u>

The accompanying notes to financial statements are an intergal 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, 2015**

Net change in fund balances of governmental funds	\$ 1,460,923
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
<p>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.</p>	
Governmental capital outlays in fund financial statements	864,009
Depreciation expense in government-wide financial statements	(619,077)
<p>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.</p>	
	(1,243)
<p>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.</p>	
Proceeds from the issuance of debt in governmental fund financial statements	(1,430,000)
Principal payments on debt in governmental fund financial statements	594,827
<p>Governmental funds report premiums and discounts associated with the issuance of long-term debt as other financing sources and uses but these items are amortized over the life of the debt issue on the statement of activities.</p>	
Premiums on issuances of debt in governmental fund financial statements	(20,802)
Amortization of these amounts included in interest expense in the statement of activities	260
<p>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 current accrual exceeds the prior year accrual.</p>	
	(9,614)
<p>Certain receivables which do not provide current financial resources are deferred in the governmental funds, but are recognized in the statement of activities.</p>	
Decrease in deferred MCFLS receivable	(10,370)
Increase in deferred police fines receivable	2,329
Decrease in deferred special assessments receivable	(13,263)
<p>Village pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the statement of net position because the reported net pension asset is measured 12 months before the Village's report date. Pension expense, which is the change in net pension asset adjusted for changes in deferred outflows of resources related to pension, is reported in the statement of activities.</p>	
Pension expense	(238,730)
Village pension contributions	235,830
<p>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.</p>	
Decrease in accrued compensated absences - sick pay	4,014
Increase in OPEB obligation	(291,069)
<b>Change in net position of governmental activities</b>	<b>\$ <u>528,024</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 Balance -**  
**Budget to Actual - General Fund**  
**Year Ended December 31, 2015**

	<u>Originally Adopted Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 4,506,437	\$ 4,506,437	\$ 4,511,994	\$ 5,557
<b>Public charges for services:</b>				
Licenses	36,320	36,320	43,378	7,058
Permits	58,200	58,200	64,896	6,696
Fines and forfeitures	207,000	207,000	174,644	(32,356)
Other charges for services	1,507,146	1,507,146	1,507,921	775
<b>Operating grants and contributions:</b>				
Intergovernmental	761,025	761,025	791,774	30,749
Interest income	31,000	31,000	21,542	(9,458)
Interest on advances to other funds	---	---	1,726	1,726
Miscellaneous revenues	129,600	129,600	134,114	4,514
<b>Total revenues</b>	<u>7,236,728</u>	<u>7,236,728</u>	<u>7,251,989</u>	<u>15,261</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,235,055	966,918	868,733	(98,185)
Public safety	3,126,512	3,134,927	2,992,817	(142,110)
Public works	1,531,535	1,537,122	1,476,598	(60,524)
Health and human services	145,074	153,690	152,990	(700)
Culture and recreation	682,152	686,288	649,778	(36,510)
<b>Total expenditures</b>	<u>6,720,328</u>	<u>6,478,945</u>	<u>6,140,916</u>	<u>(338,029)</u>
<b>Excess of revenues over     expenditures</b>	516,400	757,783	1,111,073	353,290
<b>Other Financing Uses:</b>				
Transfers to other funds	<u>(716,400)</u>	<u>(957,783)</u>	<u>(966,773)</u>	<u>(8,990)</u>
<b>Net change in fund balance</b>	<u>(200,000)</u>	<u>(200,000)</u>	<u>144,300</u>	<u>344,300</u>
<b>Fund Balance:</b>				
Beginning of year	<u>1,529,273</u>	<u>1,529,273</u>	<u>1,529,273</u>	<u>---</u>
<b>End of year</b>	<u>\$ 1,329,273</u>	<u>\$ 1,329,273</u>	<u>\$ 1,673,573</u>	<u>\$ 344,300</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, 2015

	<u>Agency</u>
<b>Assets:</b>	
Investments	\$ 6,716,526
Taxes receivable	<u>5,193,471</u>
<b>Total assets</b>	<u><u>\$ 11,909,997</u></u>
<b>Liabilities:</b>	
Due to other taxing units	<u><u>\$ 11,909,997</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, 2015

**1. Summary of Significant Accounting Policies**

The Village of Hales Corners (“Village”) complies with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village are discussed below.

**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 GAAP, 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, deferred outflows, 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, 2015

**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, deferred outflows of resources, 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 plus deferred outflows of resources, 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 plus deferred outflows of resources, 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.
- 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.
- 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.

***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	Health
Fire	Library
Police	July 4 <sup>th</sup> Activities
Public Works	Other Recreational 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	Tax Incremental Financing (TIF) District #2
Special Assessments	Tax Incremental Financing (TIF) District #3

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

**Notes to Financial Statements**  
December 31, 2015

**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, deferred outflows of resources, 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, deferred outflows of resources, 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, deferred outflows of resources, 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, 2015

**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, Deferred Outflows of Resources, 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, 2015

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

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

***Receivables (continued)***

**Property Tax Calendar – 2015 Tax Roll:**

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment of 50% due	January 31, 2016
Second installment of 25% due	April 30, 2016
Third installment of 25% due	July 31, 2016
Special charges and personal property taxes in full	January 31, 2016
Tax sale of 2015 delinquent real estate taxes	October 2019

***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, 2015

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

**D. Assets, Deferred Outflows of Resources, 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.

***Deferred Outflows of Resources***

Under GAAP, in addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows 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 a outflow of resources (expenditure) until then. The Village had one item that qualifies for reporting in these categories. The Village reports deferred outflows of resources related to the Village's pension plan.

***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.

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

**Notes to Financial Statements**  
December 31, 2015

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

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

***Compensated Absences (continued)***

***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.

***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, 2015

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

**D. Assets, Deferred Outflows of Resources, 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. Deferred Inflows of Resources**

Under GAAP, 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 three 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. Additionally, resources that are earned, but unavailable, are presented as deferred inflows of resources in the Balance Sheet – Governmental Funds.

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

**Notes to Financial Statements**  
December 31, 2015

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

**F. Pensions**

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

**G. Adoption of New Accounting Guidance**

During the year ended December 31, 2015 the Village implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*. See footnotes 4.A and 4.I for additional information.

**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.

**B. 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, 2015, the Village was obligated for a total of \$7,046,617 in general obligation debt, or 22% of the total debt limit.

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

**Notes to Financial Statements**  
December 31, 2015

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

**C. 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.

**3. Detail Notes on Transaction Classes and Accounts**

**A. Cash and Investments**

As of December 31, 2015, the Village held the following cash and investments which have certain associated risks.

	<u>Custodial Balance</u>	<u>Carrying Amount</u>	<u>Risks</u>
<b>Cash and Equivalents:</b>			
Demand deposits	\$ 2,125,003	\$ 2,004,844	Custodial
Petty cash	---	700	
Certificates of deposit	37,921	37,921	Interest rate
Investment – State of Wisconsin			
Local Government Investment Pool	<u>12,925,396</u>	<u>12,925,396</u>	Custodial
<b>Total cash and investments</b>	<b>\$ <u>15,088,320</u></b>	<b>\$ <u>14,968,861</u></b>	
<b>Reconciliation to Financial Statements:</b>			
<b>Per Statement of Net Assets:</b>			
Cash and equivalents		\$ 2,005,544	
Investments		6,246,791	
<b>Per Statement of Net Assets – Fiduciary (Agency) Fund</b>			
Investments		<u>6,716,526</u>	
<b>Total cash and investments</b>		<b>\$ <u>14,968,861</u></b>	

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

**Notes to Financial Statements**  
December 31, 2015

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

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

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000. 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, 2015, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**Custodial Risk:** 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 was \$14,968,861 at December 31, 2015 and the depositories' carrying value was \$15,088,320 of which \$13,376,770 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.

**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:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
Certificates of Deposit	\$ 37,921	\$ 37,921	\$ ---	\$ ---
Local Government Investment Pool	12,925,396	12,925,396	---	---
<b>Total</b>	<b>\$ 12,963,317</b>	<b>\$ 12,963,317</b>	<b>\$ ---</b>	<b>\$ ---</b>

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

**Notes to Financial Statements**  
December 31, 2015

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

**B. Receivables**

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

	<u>Gross Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Receivable</u>	<u>Due After December 2016</u>
<b>Governmental Activities:</b>				
Taxes	\$ 2,641,389	\$ ---	\$ 2,641,389	\$ ---
Special assessments	23,790	---	23,790	9,509
Accounts	252,533	47,000	205,533	---
<b>Total governmental activities</b>	<u>\$ 2,917,712</u>	<u>\$ 47,000</u>	<u>\$ 2,870,712</u>	<u>\$ 9,509</u>
<b>Fiduciary (Agency) Funds:</b>				
Taxes	<u>\$ 5,193,471</u>	<u>\$ ---</u>	<u>\$ 5,193,471</u>	<u>\$ ---</u>

The allowance for taxes is for delinquent personal property taxes receivable. Allowances related to accounts receivable are for ambulance billings of \$40,000, and other Fire Department responses of \$7,000.

**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>
Other governmental funds	General Fund	\$ 53,375
Other governmental funds	General Capital Projects Fund	62,166
Other governmental funds	Debt Service Fund	30,995
Other governmental funds	Other Governmental Funds	98,000
		<u>\$ 244,536</u>

***Transfers***

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Capital Projects Fund	General Fund	\$ 773,573
Debt Service Fund	Other governmental funds	30,770
Other governmental funds	Other governmental funds	4,000
Other governmental funds	General Fund	193,200
		<u>\$ 1,001,543</u>

Transfers from the General Fund to the General Capital Projects Fund were to provide funding for current and future capital projects.

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

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

**Notes to Financial Statements**  
December 31, 2015

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

**C. Interfund Balances and Transfers (continued)**

***Transfers (continued)***

Transfers between other governmental funds were to provide funding for the future replacement of public works equipment.

Transfers from the General Fund to other governmental funds were to provide funding for the replacement of equipment 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>
2016	\$ 43,478	\$ 763	\$ 44,241
2017	<u>32,877</u>	<u>329</u>	<u>33,206</u>
<b>Total</b>	<b>\$ <u>76,355</u></b>	<b>\$ <u>1,092</u></b>	<b>\$ <u>77,447</u></b>

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

**Notes to Financial Statements**  
December 31, 2015

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

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2015 is summarized as follows:

	<b>Balance January 1, 2015</b>	<b>Additions</b>	<b>Transfers</b>	<b>Disposals</b>	<b>Balance December 31, 2015</b>
<b>Nondepreciable capital assets:</b>					
Land	\$ 6,029,397	\$ ---	\$ ---	\$ ---	\$ 6,029,397
Construction-in-progress	399,410	34,079	(398,168)	(1,243)	34,078
<b>Total nondepreciable capital assets</b>	<b>6,428,807</b>	<b>34,079</b>	<b>(398,168)</b>	<b>(1,243)</b>	<b>6,063,475</b>
<b>Depreciable capital assets:</b>					
Land improvements	164,502	---	---	---	164,502
Buildings	6,681,038	---	---	---	6,681,038
Equipment and furnishings	2,967,656	370,957	---	(422,443)	2,916,170
Infrastructure	9,268,470	458,973	398,168	---	10,125,611
<b>Total depreciable capital assets</b>	<b>19,081,666</b>	<b>829,930</b>	<b>398,168</b>	<b>(422,443)</b>	<b>19,887,321</b>
<b>Less accumulated depreciation:</b>					
Land improvements	74,905	4,272	---	---	79,177
Buildings	1,928,901	133,439	---	---	2,062,340
Equipment and furnishings	2,250,820	198,585	---	(422,443)	2,026,962
Infrastructure	1,586,025	282,781	---	---	1,868,806
<b>Total accumulated Depreciation</b>	<b>5,840,651</b>	<b>619,077</b>	<b>---</b>	<b>(422,443)</b>	<b>6,037,285</b>
<b>Net depreciable capital assets</b>	<b>13,241,015</b>	<b>210,853</b>	<b>398,168</b>	<b>---</b>	<b>13,850,036</b>
<b>Net total capital assets</b>	<b>\$ 19,669,822</b>	<b>\$ 244,932</b>	<b>\$ ---</b>	<b>\$ (1,243)</b>	<b>\$ 19,913,511</b>

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

General government	\$ 40,348
Public safety	218,891
Public works	331,568
Health and human services	4,236
Culture, recreation and education	24,034
<b>Total depreciation</b>	<b>\$ 619,077</b>

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

**Notes to Financial Statements**  
December 31, 2015

**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, 2015 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	\$ 6,211,444	\$ 1,430,000	\$ (594,827)	\$ 7,046,617	\$ 589,000
Accumulated unpaid sick pay	230,253	51,611	(55,625)	226,239	---
<b>Total long-term obligations</b>	<b>\$ 6,441,697</b>	<b>\$ 1,481,611</b>	<b>\$ (650,452)</b>	<b>\$ 7,272,856</b>	<b>\$ 589,000</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 12/31/15</u>
Bonds:	06/07/12	04/01/31	2.16%	\$ 5,780,000	\$ 4,650,000
	08/25/15	08/25/35	2.42%	1,430,000	1,430,000
Notes:	01/26/04	03/15/22	5.25%	343,117	226,617
	09/01/09	09/01/19	2.93%	1,265,000	<u>740,000</u>
<b>Total general obligation debt</b>					<b>\$ <u>7,046,617</u></b>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 589,000	\$ 158,997	\$ 747,997
2017	590,000	152,893	742,893
2018	558,000	142,307	700,307
2019	592,000	129,825	721,825
2020	391,000	115,385	506,385
2021 - 2025	2,016,617	442,751	2,459,368
2026 - 2030	1,860,000	192,275	2,052,275
2031 - 2035	<u>450,000</u>	<u>34,047</u>	<u>484,047</u>
<b>Totals</b>	<b>\$ <u>7,046,617</u></b>	<b>\$ <u>1,368,480</u></b>	<b>\$ <u>8,415,097</u></b>

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

**Notes to Financial Statements**  
December 31, 2015

**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	\$	6,063,475	
Other capital assets net of accumulated depreciation		13,850,036	
Less related long-term debt		<u>(6,168,523)</u>	
<b>Total net investment in capital assets</b>			<b>\$ 13,744,988</b>

**Restricted for:**

Debt Service			90,246
Capital Projects			386,236
WRS Pension			1,210,465

**Other:**

Fire programs		9,701	
Police programs		11,674	
Health programs		475	
Library programs		15,841	
Recreation programs		<u>19</u>	
<b>Total restricted for other</b>			<b>37,710</b>

Unrestricted			<u>611,267</u>
<b>Total governmental net position</b>			<b>\$ <u>16,080,913</u></b>

***Fund Financial Statements***

Governmental fund balances consist of the following:

**General Fund:**

**Nonspendable:**

Prepaid items	\$	90,796	
Advance to TIF #3		76,355	
Delinquent personal property taxes receivable		<u>209</u>	
<b>Total nonspendable</b>			<b>\$ 167,360</b>

**Committed:**

Employee health expenses		159,237	
Employee compensation		<u>67,000</u>	
<b>Total committed</b>			<b>226,237</b>

Unassigned			<u>1,279,976</u>
<b>Total General Fund</b>			<b>\$ <u>1,673,573</u></b>

**General Capital Projects Fund:**

Committed			<u>\$ 1,806,153</u>
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**VILLAGE OF HALES CORNERS**  
Milwaukee County, Wisconsin

**Notes to Financial Statements**  
December 31, 2015

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

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

*Fund Financial Statements (continued)*

**Debt Service Fund:**

Restricted for debt service		\$ <u>90,246</u>
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**Non-major Funds:**

**Restricted:**

TIF District #2	\$ 386,236	
Fire programs	9,701	
Police programs	11,674	
Health programs	475	
Library programs	15,841	
Recreation programs	<u>19</u>	
<b>Total restricted</b>		\$ 423,946

**Committed:**

Special Assessments	212,634	
Equipment replacement	261,399	
General programs	8,655	
Public works	90,477	
Library activities	12,331	
July 4 <sup>th</sup> activities	<u>45,451</u>	
<b>Total committed</b>		630,947

Unassigned		<u>(47,151)</u>
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<b>Total non-major funds</b>		<b>\$ <u>1,007,742</u></b>
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At December 31, 2015, the following funds had deficit fund balances:

<u>Fund</u>	<u>Amount</u>
<b>Capital Projects Funds:</b>	
TIF District #3	\$ 44,415
<b>Equipment Replacement Funds:</b>	
Police	\$ 1,714

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

The deficit in the Equipment Replacement Fund will be financed with transfers from other General Capital Projects and Equipment Replacement Funds as well as the General Fund. The deficit 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, 2015

**4. Other Notes**

**A. Defined Benefit Pension Plan**

**Plan Description**

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

**Vesting**

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

**Benefits Provided**

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

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

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

WRS also provides death and disability benefits for employees.

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes**

**A. Defined Benefit Pension Plan (continued)**

**Post-Retirement Adjustments**

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

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

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

**Contributions**

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

During the reporting period, the WRS recognized \$235,830 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes**

**A. Defined Benefit Pension Plan (continued)**

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources**

At December 31, 2015, the Village reported an asset of \$594,946 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was 0.0242215%, which was a decrease of 0.0057% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$238,729.

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

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 86,249
Changes in assumptions	---
Net difference between projected and actual earnings on pension plan investments	288,101
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,730
Employer contributions subsequent to the measurement date	<u>223,439</u>
<b>Total</b>	<b>\$ <u>615,519</u></b>

The amount of \$223,439 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2016	\$ 76,925
2017	76,925
2018	76,925
2019	76,925
2020	76,925
Thereafter	7,455

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions**

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

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

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

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

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

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

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (continued)**

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

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

	<b>1% Decrease to Discount Rate (6.20%)</b>	<b>Current Discount Rate (7.20%)</b>	<b>1% Increase To Discount Rate (8.20%)</b>
Village's proportionate share of the net pension liability (asset)	\$1,678,445	\$ (594,946)	\$ (2,390,379)

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

**Payables to the Pension Plan**

Payables to the pension plan at December 31, 2015 were \$38,936. This represents contributions earned as of December 31, 2015, but for which payment was not remitted to the pension plan until subsequent to year-end.

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

**Notes to Financial Statements**  
December 31, 2015

**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	\$	262,402
Interest on net OPEB obligation		61,983
<b>Annual OPEB cost (expense)</b>		324,385
Contributions made		(33,316)
<b>Increase in net OPEB obligation</b>		291,069
Net OPEB obligation – beginning of year		2,066,115
<b>Net OPEB obligation – end of year</b>	\$	2,357,184

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three most recent years 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, 2013	\$ 356,848	12%	\$ 1,735,422
December 31, 2014	366,248	10%	2,066,115
December 31, 2015	324,385	10%	2,357,184

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes (continued)**

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

**Funding Status and Funding Progress**

As of December 31, 2015, the most recent actuarial valuation date, the Village's OPEB obligation was completely unfunded, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,990,249. The covered payroll was \$2,019,324 and the ratio of the UAAL to covered payroll was 148.1%.

**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, 2015 actuarial valuation, the alternative measurement method was used. The actuarial assumptions include a 3% investment rate of return. The plan's unfunded actuarial accrued liability is being amortized as a level percentage over thirty years. The remaining amortization period at December 31, 2015 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, 2015

**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, 2015, 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 \$96,219 for the year ended December 31, 2015.

**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 2015. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2015:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/15</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/15</u>	<u>Outstanding Debt as of 12/31/15</u>
\$ 11,407,894	\$ 7,831,471	\$ 11,407,894	\$ 7,445,235	---

**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 interest rate on the advance was 1% as of December 31, 2015. The following is a summary of accumulated project activity, project plan estimates and outstanding debt as of December 31, 2015:

<u>Project Plan Estimated Revenues</u>	<u>Cumulative Revenues to 12/31/15</u>	<u>Project Plan Estimated Expenditures</u>	<u>Cumulative Expenditures to 12/31/15</u>	<u>Outstanding Advance as of 12/31/15</u>
\$ 946,288	\$ 697,827	\$ 946,288	\$ 742,242	\$ 76,355

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

**Notes to Financial Statements**  
December 31, 2015

**4. Other Notes (continued)**

**H. Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed, June 30, 2016. There were no subsequent events that required recognition or disclosure.

**I. Adjustment due to Change in Accounting Principle**

As a result of implementing GASB Statement No. 68, the Village has restated the beginning net position in the government-wide statement of net position, effectively increasing net position as of January 1, 2015 by \$1,213,365. The increase results from recording the January 1, 2015 balance of the Village's WRS net asset and deferred outflows related to pensions.

VILLAGE OF HALES CORNERS  
Milwaukee County, Wisconsin

Required Supplementary Information

Schedule of Funding Progress of Net OPEB Obligation  
December 31, 2015

Actuarial Valuation Date	Actuarial Valuation of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2015	\$ ---	\$ 2,990,249	\$ 2,990,249	---	\$ 2,019,324	148.1%
December 31, 2012	---	3,655,063	3,655,063	---	2,412,103	151.5%
December 31, 2008	---	3,749,856	3,749,856	---	2,540,929	147.6%

Notes:

1. 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.

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Actual Contribution	Percent Contributed
2015	\$ 262,402	\$ 33,316	12.7%
2012	\$ 314,185	\$ 55,996	17.8%
2009	\$ 408,460	\$ 41,799	10.2%

Notes:

1. Although, the Village wasn't required to implement GASB 45 until 2009, the Village had an actuarial study done as of December 31, 2008. Therefore, no data exists regarding funding progress for the year ended December 31, 2008. Accordingly, the Schedule of Employer Contributions above reflects data for the year ended December 31, 2009.

See independent auditors' report.

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

**Schedule of Proportionate Share of the Net Pension Asset**  
Year Ended December 31, 2015

Wisconsin Retirement System  
Last 10 Fiscal Years\*

	<b><u>2015</u></b>
Village's proportion of the net pension asset	0.0242%
Village's proportionate share of the net pension asset	594,946
Village's covered-employee payroll	2,689,180
Net pension asset as a percentage of covered payroll	22.12%
Plan fiduciary net position as a percentage of total pension asset	102.74%

\*The amounts presented for each year end are based on measurement dates of the prior year-end.

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

**Schedule of Employer Contributions**  
**December 31, 2015**

Wisconsin Retirement System  
Last 10 Fiscal Years\*

	<b><u>2015</u></b>
Contractually required contributions	235,830
Contributions in relation to the contractually required contributions	235,830
Contribution deficiency (excess)	---
Village's covered-employee payroll	2,689,180
Contributions as a percentage of covered-employee payroll	8.77%

\*The amounts presented for each year end are based on measurement dates of the prior year-end.

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

See independent auditors' report

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

**Detailed Statement of Revenues - General Fund - Budget and Actual**  
**Year Ended December 31, 2015**

	<b>Original Adopted <u>Budget</u></b>	<b>Final Amended <u>Budget</u></b>	<b><u>Actual</u></b>
<b>Taxes:</b>			
General property taxes	\$ 4,506,437	\$ 4,506,437	\$ 4,511,994
<b>Public Charges for Services:</b>			
<b>Licenses:</b>			
Liquor and malt beverage	11,200	11,200	12,690
Operators'	2,000	2,000	1,470
Cigarette	1,300	1,300	1,400
Dog	4,000	4,000	2,902
Amusement device and peddler	3,300	3,300	5,470
Dance hall	60	60	90
Food establishment	13,200	13,200	18,096
Swimming pool	1,260	1,260	1,260
<b>Total licenses</b>	<u>36,320</u>	<u>36,320</u>	<u>43,378</u>
<b>Permits:</b>			
Building	29,000	29,000	37,028
Electric	11,000	11,000	10,894
Plumbing	6,500	6,500	8,544
Sign	1,500	1,500	1,027
Culvert	6,000	6,000	6,900
Street Opening	2,000	2,000	---
Erosion	500	500	---
Fire Department	1,700	1,700	503
<b>Total permits</b>	<u>58,200</u>	<u>58,200</u>	<u>64,896</u>
<b>Fines and Forfeitures</b>	207,000	207,000	174,644

See independent auditors' report

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

**Detailed Statement of Revenues - General Fund - Budget and Actual**  
**Year Ended December 31, 2015**  
**(Continued)**

	<b>Original Adopted <u>Budget</u></b>	<b>Final Amended <u>Budget</u></b>	<b><u>Actual</u></b>
<b>Public Charges for Services (Continued):</b>			
<b>Other Charges for Services:</b>			
Property search requests	\$ 500	\$ 500	\$ 1,056
Village hall copy fees	2,000	2,000	2,175
Lease revenue	95,400	95,400	96,219
Board of Appeals	500	500	---
Planning Commission fees	3,000	3,000	2,000
License publication fees	200	200	216
DARE program	2,999	2,999	---
Fire department fees	18,000	18,000	16,516
Fire department highway response fees	20,000	20,000	17,650
Weights and measures	2,400	2,400	2,242
Ambulance fees	209,300	209,300	225,556
Refuse collection charges	334,264	334,264	334,237
Local sewer service charges	380,390	380,390	375,938
Metro sewer connection charge	266,343	266,343	263,563
Weed cutting	---	---	300
Health department fees	1,000	1,000	935
Library fines	14,750	14,750	13,244
Library copy fees	1,500	1,500	1,435
MCFLS reciprocal library	65,000	65,000	65,000
Recreation department fees	89,600	89,600	89,639
<b>Total other charges for services</b>	<u>1,507,146</u>	<u>1,507,146</u>	<u>1,507,921</u>
<b>Operating Grants and Contributions:</b>			
<b>Intergovernmental:</b>			
Shared taxes from state	246,641	246,641	241,861
State aid - Highways	464,884	464,884	463,984
State aid - Fire insurance	25,500	25,500	23,799
State aid - Police	4,000	4,000	38,759
State aid - Public safety	---	---	3,362
Recycling grant	20,000	20,000	20,009
<b>Total intergovernmental</b>	<u>761,025</u>	<u>761,025</u>	<u>791,774</u>

See independent auditors' report

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

**Detailed Statement of Revenues - General Fund - Budget and Actual**  
**Year Ended December 31, 2015**  
**(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	\$ 3,940
Interest on tax account investments	6,000	6,000	1,814
Interest on advances to other funds	---	---	1,726
Interest on delinquent taxes	10,000	10,000	12,656
Sewer charge penalties	1,000	1,000	3,132
<b>Total interest income</b>	<u>31,000</u>	<u>31,000</u>	<u>23,268</u>
<b>Other Revenues:</b>			
Miscellaneous general revenue	5,000	5,000	861
Cable television franchise fee	80,000	80,000	74,866
Telephone franchise fee	35,000	35,000	41,159
Street light insurance reimbursement	9,600	9,600	---
League insurance rebate	---	---	17,228
<b>Total other revenues</b>	<u>129,600</u>	<u>129,600</u>	<u>134,114</u>
<b>Total general fund revenues</b>	<u>\$ 7,236,728</u>	<u>\$ 7,236,728</u>	<u>\$ 7,251,989</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, 2015**

	<b>Original Adopted Budget</b>	<b>Final Amended Budget</b>	<b>Actual</b>
<b>General Government:</b>			
Legislative	\$ 107,941	\$ 95,558	\$ 82,754
Municipal court	79,701	81,098	79,535
Administration	456,200	459,859	432,405
Maintenance and sundry	294,213	294,403	274,039
Contingency	297,000	36,000	---
<b>Total general government</b>	<u>1,235,055</u>	<u>966,918</u>	<u>868,733</u>
<b>Public Safety:</b>			
Police department	1,817,041	1,823,062	1,761,332
Communications	316,020	317,092	300,100
Fire department	941,543	942,139	885,386
Inspection - General	51,908	52,634	45,999
<b>Total public safety</b>	<u>3,126,512</u>	<u>3,134,927</u>	<u>2,992,817</u>
<b>Public Works:</b>			
Engineering, sanitation, administration	932,693	934,716	931,915
Maintenance	598,842	602,406	544,683
<b>Total public works</b>	<u>1,531,535</u>	<u>1,537,122</u>	<u>1,476,598</u>
<b>Health and Human Services</b>			
Health	145,074	153,690	152,990
<b>Recreation and Education:</b>			
Library	587,747	590,948	557,794
Recreation	94,405	95,340	91,984
<b>Total recreation and education</b>	<u>682,152</u>	<u>686,288</u>	<u>649,778</u>
<b>Total general fund expenditures</b>	<u>\$ 6,720,328</u>	<u>\$ 6,478,945</u>	<u>\$ 6,140,916</u>

See independent auditors' report.

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

**Combining Balance Sheet - Non-major Governmental Funds**  
**December 31, 2015**

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Non-major</u>
<b>Assets:</b>			
Cash and equivalents	\$ ---	\$ 4,291	\$ 4,291
Investments	930,144	11,598	941,742
<b>Receivables:</b>			
Taxes	68,867	---	68,867
Special assessments	23,790	---	23,790
Due from other funds	44,070	200,466	244,536
<b>Total assets</b>	<u>1,066,871</u>	<u>216,355</u>	<u>1,283,226</u>
<b>Liabilities:</b>			
Unearned revenue	---	10,753	10,753
Due to other funds	98,000	---	98,000
Advances from other funds	76,355	---	76,355
<b>Total liabilities</b>	<u>174,355</u>	<u>10,753</u>	<u>185,108</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable special assessments	9,509	---	9,509
Deferred contributions	---	12,000	12,000
Deferred property taxes	68,867	---	68,867
<b>Total deferred inflows of resources</b>	<u>78,376</u>	<u>12,000</u>	<u>90,376</u>
<b>Fund Balance:</b>			
Restricted	386,236	37,710	423,946
Committed	474,033	156,914	630,947
Unassigned	(46,129)	(1,022)	(47,151)
<b>Total fund balance</b>	<u>\$ 814,140</u>	<u>\$ 193,602</u>	<u>\$ 1,007,742</u>

See independent auditors' report.

**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, 2015**

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Non-major</u>
<b>Revenues:</b>			
Taxes	\$ 98,652	\$ ---	\$ 98,652
<b>Public charges for services:</b>			
Other charges for services	13,263	109,111	122,374
<b>Operating grants and contributions:</b>			
Intergovernmental	371	47,214	47,585
Other	---	70,562	70,562
<b>Capital grants and contributions:</b>			
Other	---	38,000	38,000
Interest Income	2,332	142	2,474
Miscellaneous revenues	50	3,917	3,967
<b>Total revenues</b>	<b>114,668</b>	<b>268,946</b>	<b>383,614</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	5,831	600	6,431
Public safety	14,982	25,810	40,792
Public works	4,419	113,738	118,157
Health and human services	---	40,405	40,405
Culture, recreation and education	6,860	71,172	78,032
Conservation and development	150	---	150
Interest on advances	1,726	---	1,726
Capital outlay	189,794	---	189,794
<b>Total expenditures</b>	<b>223,762</b>	<b>251,725</b>	<b>475,487</b>
<b>Excess (deficit) of revenues over (under) expenditures</b>	<b>(109,094)</b>	<b>17,221</b>	<b>(91,873)</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	16,421	---	16,421
Transfers from other funds	184,200	13,000	197,200
Transfers to other funds	---	(34,770)	(34,770)
<b>Net change in fund balance</b>	<b>91,527</b>	<b>(4,549)</b>	<b>86,978</b>
<b>Fund Balance:</b>			
Beginning of year	722,613	198,151	920,764
<b>End of year</b>	<b>\$ 814,140</b>	<b>\$ 193,602</b>	<b>\$ 1,007,742</b>

See independent auditors' report.

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

**Combining Balance Sheet - Capital Projects Funds**  
**December 31, 2015**

	<u>Major Fund</u>	<u>Non-Major Funds</u>					<u>Total Capital Project Funds</u>
	<u>General Capital Projects</u>	<u>Special Assessments</u>	<u>Equipment Replacement Fund</u>	<u>TIF District #2</u>	<u>TIF District #3</u>	<u>Total Non-major Funds</u>	
<b>Assets:</b>							
Investments	\$ 1,877,894	\$ 182,609	\$ 231,359	\$ 386,236	\$ 129,940	\$ 930,144	\$ 2,808,038
Taxes receivable	---	---	---	---	68,867	68,867	68,867
Special assessments receivable	---	23,790	---	---	---	23,790	23,790
Due from other funds	---	15,744	28,326	---	---	44,070	44,070
<b>Total assets</b>	<u>1,877,894</u>	<u>222,143</u>	<u>259,685</u>	<u>386,236</u>	<u>198,807</u>	<u>1,066,871</u>	<u>2,944,765</u>
<b>Liabilities:</b>							
Accounts payable	9,575	---	---	---	---	---	9,575
Due to other funds	62,166	---	---	---	98,000	98,000	160,166
Advances from other funds	---	---	---	---	76,355	76,355	76,355
<b>Total liabilities</b>	<u>71,741</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>174,355</u>	<u>174,355</u>	<u>246,096</u>
<b>Deferred Inflows of Resources:</b>							
Unavailable special assesments	---	9,509	---	---	---	9,509	9,509
Deferred property taxes	---	---	---	---	68,867	68,867	68,867
<b>Total deferred inflows</b>	<u>---</u>	<u>9,509</u>	<u>---</u>	<u>---</u>	<u>68,867</u>	<u>78,376</u>	<u>78,376</u>
<b>Fund Balance (Deficit):</b>							
Restricted	---	---	---	386,236	---	386,236	386,236
Committed	1,806,153	212,634	261,399	---	---	474,033	2,280,186
Unassigned	---	---	(1,714)	---	(44,415)	(46,129)	(46,129)
<b>Fund balance (deficit)</b>	<u>\$ 1,806,153</u>	<u>\$ 212,634</u>	<u>\$ 259,685</u>	<u>\$ 386,236</u>	<u>\$ (44,415)</u>	<u>\$ 814,140</u>	<u>\$ 2,620,293</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, 2015

	<u>Major Fund</u>	<u>Non-Major Funds</u>					<u>Total Capital Project Funds</u>
	<u>General Capital Projects</u>	<u>Special Assessments</u>	<u>Equipment Replacement Fund</u>	<u>TIF District #2</u>	<u>TIF District #3</u>	<u>Total Non-major Funds</u>	
<b>Revenues:</b>							
Taxes	\$ ---	\$ ---	\$ ---	\$ ---	\$ 98,652	\$ 98,652	\$ 98,652
Public charges for services	3,393	13,263	---	---	---	13,263	16,656
<b>Operating grants and contributions:</b>							
Intergovernmental	---	---	---	---	371	371	371
Interest income	1,974	1,258	423	507	144	2,332	4,306
Other revenues	148	---	50	---	---	50	198
<b>Total revenues</b>	<u>5,515</u>	<u>14,521</u>	<u>473</u>	<u>507</u>	<u>99,167</u>	<u>114,668</u>	<u>120,183</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,930	---	5,831	---	---	5,831	8,761
Public safety	2,785	---	14,982	---	---	14,982	17,767
Public works	193,588	---	4,419	---	---	4,419	198,007
Culture, recreation and education	42,573	---	6,860	---	---	6,860	49,433
Conservation and development	31,396	---	---	---	150	150	31,546
Interest on advances	---	---	---	---	1,726	1,726	1,726
Debt issuance costs	59,654	---	---	---	---	---	59,654
Capital outlay	674,215	---	189,794	---	---	189,794	864,009
<b>Total expenditures</b>	<u>1,007,141</u>	<u>---</u>	<u>221,886</u>	<u>---</u>	<u>1,876</u>	<u>223,762</u>	<u>1,230,903</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	(1,001,626)	14,521	(221,413)	507	97,291	(109,094)	(1,110,720)
<b>Other Financing Sources (Uses):</b>							
Bonds and notes issued	1,430,000	---	---	---	---	---	1,430,000
Debt issuance premium	20,802	---	---	---	---	---	20,802
Proceeds from sale of capital assets	7,000	---	16,421	---	---	16,421	23,421
Transfers from other funds	773,573	---	184,200	---	---	184,200	957,773
<b>Net change in fund balance</b>	<u>1,229,749</u>	<u>14,521</u>	<u>(20,792)</u>	<u>507</u>	<u>97,291</u>	<u>91,527</u>	<u>1,321,276</u>
<b>Fund Balance (Deficit):</b>							
Beginning of Year	576,404	198,113	280,477	385,729	(141,706)	722,613	1,299,017
<b>End of Year</b>	<u>\$ 1,806,153</u>	<u>\$ 212,634</u>	<u>\$ 259,685</u>	<u>\$ 386,236</u>	<u>\$ (44,415)</u>	<u>\$ 814,140</u>	<u>\$ 2,620,293</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, 2015**

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Library</u>	<u>Conservation and Development</u>	<u>Total</u>
<b>Revenues:</b>							
Public charges for services	\$ ---	\$ ---	\$ ---	\$ 2,893	\$ ---	\$ 500	\$ 3,393
Interest income	1,974	---	---	---	---	---	1,974
Other revenues	---	---	---	---	---	148	148
<b>Total revenues</b>	<u>1,974</u>	<u>---</u>	<u>---</u>	<u>2,893</u>	<u>---</u>	<u>648</u>	<u>5,515</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,930	---	---	---	---	---	2,930
Public safety	---	2,785	---	---	---	---	2,785
Public works	---	---	---	193,588	---	---	193,588
Culture, recreation and education	---	---	---	---	42,573	---	42,573
Conservation and development	---	---	---	---	---	31,396	31,396
Debt issuance costs	59,654	---	---	---	---	---	59,654
Capital outlay	---	181,163	---	493,052	---	---	674,215
<b>Total expenditures</b>	<u>62,584</u>	<u>183,948</u>	<u>---</u>	<u>686,640</u>	<u>42,573</u>	<u>31,396</u>	<u>1,007,141</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	(60,610)	(183,948)	---	(683,747)	(42,573)	(30,748)	(1,001,626)
<b>Other Financing Sources (Uses):</b>							
Bonds and notes issued	1,430,000	---	---	---	---	---	1,430,000
Proceeds from sale of capital assets	7,000	---	---	---	---	---	7,000
Debt issuance premium	20,802	---	---	---	---	---	20,802
Transfers from other general capital projects funds	---	184,800	14,400	1,110,489	14,121	130,000	1,453,810
Transfers to other general capital projects funds	(1,445,689)	---	---	---	(8,121)	---	(1,453,810)
Transfers from other funds	201,990	2,000	---	568,333	---	1,250	773,573
<b>Net change in fund balance</b>	<u>153,493</u>	<u>2,852</u>	<u>14,400</u>	<u>995,075</u>	<u>(36,573)</u>	<u>100,502</u>	<u>1,229,749</u>
<b>Fund Balance:</b>							
Beginning of year	<u>233,875</u>	<u>1,172</u>	<u>---</u>	<u>294,755</u>	<u>38,935</u>	<u>7,667</u>	<u>576,404</u>
<b>End of year</b>	<u>\$ 387,368</u>	<u>\$ 4,024</u>	<u>\$ 14,400</u>	<u>\$ 1,289,830</u>	<u>\$ 2,362</u>	<u>\$ 108,169</u>	<u>\$ 1,806,153</u>

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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, 2015**

	<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	\$ 423	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 423
Other revenues	---	---	---	---	---	50	50
<b>Total revenues</b>	<u>423</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>50</u>	<u>473</u>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	5,831	---	---	---	---	---	5,831
Public safety	---	5,637	9,345	---	---	---	14,982
Public works	---	---	---	---	4,419	---	4,419
Culture, recreation and education	---	---	---	---	---	6,860	6,860
Capital outlay	<u>28,832</u>	<u>24,971</u>	<u>77,598</u>	<u>---</u>	<u>48,718</u>	<u>9,675</u>	<u>189,794</u>
<b>Total expenditures</b>	<u>34,663</u>	<u>30,608</u>	<u>86,943</u>	<u>---</u>	<u>53,137</u>	<u>16,535</u>	<u>221,886</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	(34,240)	(30,608)	(86,943)	---	(53,137)	(16,485)	(221,413)
<b>Other Financing Sources:</b>							
Proceeds from sale of capital assets	---	3,595	5,200	---	7,551	75	16,421
Transfers from other funds	<u>16,000</u>	<u>19,000</u>	<u>87,000</u>	<u>1,200</u>	<u>44,000</u>	<u>17,000</u>	<u>184,200</u>
<b>Net change in fund balance</b>	(18,240)	(8,013)	5,257	1,200	(1,586)	590	(20,792)
<b>Fund Balance (Deficit):</b>							
Beginning of year	<u>67,935</u>	<u>70,625</u>	<u>(6,971)</u>	<u>15,070</u>	<u>134,057</u>	<u>(239)</u>	<u>280,477</u>
<b>End of year</b>	<u>\$ 49,695</u>	<u>\$ 62,612</u>	<u>\$ (1,714)</u>	<u>\$ 16,270</u>	<u>\$ 132,471</u>	<u>\$ 351</u>	<u>\$ 259,685</u>

See independent auditors' report.

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

**Combining Balance Sheet - Special Revenue Funds**  
**Year Ended December 31, 2015**

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Health</u>	<u>Library</u>	<u>July 4th Activities</u>	<u>Other Recreation Programs</u>	<u>Total</u>
<b>Assets:</b>									
Cash and equivalents	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 4,291	\$ ---	\$ ---	\$ 4,291
Investments	48	---	---	---	---	11,550	---	---	11,598
Due from other funds	200,466	---	---	---	---	---	---	---	200,466
Intrafund due (to) from	(169,706)	9,701	11,674	90,477	53	12,331	45,451	19	---
<b>Total assets</b>	<u>30,808</u>	<u>9,701</u>	<u>11,674</u>	<u>90,477</u>	<u>53</u>	<u>28,172</u>	<u>45,451</u>	<u>19</u>	<u>216,355</u>
<b>Liabilities:</b>									
Unearned revenues	<u>10,753</u>	---	---	---	---	---	---	---	<u>10,753</u>
<b>Deferred inflows of resources:</b>									
Deferred contributions	<u>12,000</u>	---	---	---	---	---	---	---	<u>12,000</u>
<b>Fund Balance:</b>									
Restricted	---	9,701	11,674	---	475	15,841	---	19	37,710
Committed	8,655	---	---	90,477	---	12,331	45,451	---	156,914
Unassigned	(600)	---	---	---	(422)	---	---	---	(1,022)
<b>Fund balance</b>	<u>\$ 8,055</u>	<u>\$ 9,701</u>	<u>\$ 11,674</u>	<u>\$ 90,477</u>	<u>\$ 53</u>	<u>\$ 28,172</u>	<u>\$ 45,451</u>	<u>\$ 19</u>	<u>\$ 193,602</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, 2015**

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Health</u>	<u>Library</u>	<u>July 4th Activities</u>	<u>Other Recreation Programs</u>	<u>Total</u>
<b>Revenues:</b>									
Public charges for services	\$ ---	\$ 200	\$ 6,066	\$ 94,792	\$ ---	\$ 4,013	\$ 4,040	\$ ---	\$ 109,111
<b>Operating grants and contributions:</b>									
Intergovernmental	---	5,151	2,080	---	39,983	---	---	---	47,214
Other	---	8,526	400	---	---	10,011	51,325	300	70,562
<b>Capital grants and contributions:</b>									
Other	---	---	---	38,000	---	---	---	---	38,000
Interest income	129	---	---	---	---	13	---	---	142
Other revenues	---	---	3,917	---	---	---	---	---	3,917
<b>Total revenues</b>	<u>129</u>	<u>13,877</u>	<u>12,463</u>	<u>132,792</u>	<u>39,983</u>	<u>14,037</u>	<u>55,365</u>	<u>300</u>	<u>268,946</u>
<b>Expenditures:</b>									
<b>Current:</b>									
General government	600	---	---	---	---	---	---	---	600
Public safety	---	10,416	15,394	---	---	---	---	---	25,810
Public works	---	---	---	113,738	---	---	---	---	113,738
Health and Human Services	---	---	---	---	40,405	---	---	---	40,405
Culture, recreation and education	---	---	---	---	---	18,753	52,119	300	71,172
<b>Total expenditures</b>	<u>600</u>	<u>10,416</u>	<u>15,394</u>	<u>113,738</u>	<u>40,405</u>	<u>18,753</u>	<u>52,119</u>	<u>300</u>	<u>251,725</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	(471)	3,461	(2,931)	19,054	(422)	(4,716)	3,246	---	17,221
<b>Other Financing Sources (Uses):</b>									
Transfers from other special revenue funds	411	891	---	---	---	---	---	---	1,302
Transfers to other special revenue funds	(891)	---	---	---	---	---	---	(411)	(1,302)
Transfers from other funds	---	---	---	---	---	3,000	10,000	---	13,000
Transfers to other funds	---	---	---	(34,770)	---	---	---	---	(34,770)
<b>Net change in fund balance</b>	<u>(951)</u>	<u>4,352</u>	<u>(2,931)</u>	<u>(15,716)</u>	<u>(422)</u>	<u>(1,716)</u>	<u>13,246</u>	<u>(411)</u>	<u>(4,549)</u>
<b>Fund Balance:</b>									
Beginning of year	<u>9,006</u>	<u>5,349</u>	<u>14,605</u>	<u>106,193</u>	<u>475</u>	<u>29,888</u>	<u>32,205</u>	<u>430</u>	<u>198,151</u>
<b>End of year</b>	<u>\$ 8,055</u>	<u>\$ 9,701</u>	<u>\$ 11,674</u>	<u>\$ 90,477</u>	<u>\$ 53</u>	<u>\$ 28,172</u>	<u>\$ 45,451</u>	<u>\$ 19</u>	<u>\$ 193,602</u>

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

**Schedule of General Obligation Long-Term Debt - Principal Payments**  
**December 31, 2015**

<u>Year</u>	<u>2004 Trust Fund Loan</u>	<u>2009 General Obligation Notes</u>	<u>2012 General Obligation Bonds</u>	<u>2015 General Obligation Bonds</u>	<u>Totals</u>
2016	\$ 24,000	\$ 150,000	\$ 415,000	\$ ---	\$ 589,000
2017	25,000	175,000	280,000	110,000	590,000
2018	28,000	200,000	265,000	65,000	558,000
2019	32,000	215,000	275,000	70,000	592,000
2020	36,000	---	285,000	70,000	391,000
2021 - 2025	81,617	---	1,565,000	370,000	2,016,617
2026 - 2030	---	---	1,465,000	395,000	1,860,000
2031 - 2035	---	---	100,000	350,000	450,000
<b>Totals</b>	<b>\$ <u>226,617</u></b>	<b>\$ <u>740,000</u></b>	<b>\$ <u>4,650,000</u></b>	<b>\$ <u>1,430,000</u></b>	<b>\$ <u>7,046,617</u></b>

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

**Schedule of General Obligation Long-Term Debt - Interest Payments**  
**December 31, 2015**

<u>Year</u>	<u>2004 Trust Fund Loan</u>	<u>2009 General Obligation Notes</u>	<u>2012 General Obligation Bonds</u>	<u>2015 General Obligation Bonds</u>	<u>Totals</u>
2016	\$ 11,930	\$ 23,160	\$ 89,642	\$ 34,265	\$ 158,997
2017	10,637	18,960	86,583	36,713	152,893
2018	9,325	13,710	83,659	35,613	142,307
2019	7,855	7,310	80,347	34,313	129,825
2020	6,192	---	76,280	32,913	115,385
2021 - 2025	6,470	---	294,068	142,213	442,751
2026 - 2030	---	---	101,712	90,563	192,275
2031 - 2035	---	---	1,500	32,547	34,047
<b>Totals</b>	<b>\$ 52,409</b>	<b>\$ 63,140</b>	<b>\$ 813,791</b>	<b>\$ 439,140</b>	<b>\$ 1,368,480</b>

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

**2014 Statement of Taxes**  
**Year Ended December 31, 2015**

<b>State Taxes</b>		\$ 106,768
<b>County Taxes</b>		3,189,934
<b>General Village Taxes</b>		5,202,372
<b>School District Taxes:</b>		
School District of Whitnall	\$ 6,548,728	
Milwaukee Area Vocational District	794,511	
<b>Total school district taxes</b>	794,511	7,343,239
<b>TID #3 Tax Increment</b>		98,652
<b>Metropolitan Sewerage District Taxes</b>		1,072,532
<b>Special Assessments and Special Charges:</b>		
Water mains	5,968	
Sewer mains	7,205	
Street improvements	2,571	
Storm water utility	30,870	
Refuse collection	334,086	
Other sewer charges	377,907	
Weeds, tree planting, removal	800	
Fire calls	320	
Delinquent utility charges	30,816	
2013 Lottery	129	
<b>Total special assessments and special charges</b>	790,672	790,672
<b>Total tax roll</b>		\$ 17,804,169

**2015 Treasurer's Settlement**

Cash collections and credits applied		\$ 17,676,489
Delinquent real estate		119,010
Delinquent special assessments		445
Delinquent special charges		4,942
Delinquent utility charges		3,283
<b>Total collections and credits</b>		\$ 17,804,169

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

**Schedule of Miscellaneous Statistics**  
**December 31, 2015**

<b>Year of Incorporation</b>	1952	<b>Form of Government</b>	
		Board of Trustees	7
<b>Population</b>	7,670	<b>Permanent Village Employees</b>	
		Full-time	37
<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	46
<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	16
<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	2,409
<b>Building Permits</b>		<b>Public Library</b>	
Permits issued	132	Circulation	131,155
Estimated cost of construction	\$ 3,099,237		

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