

VILLAGE OF HALES CORNERS

Hales Corners, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

VILLAGE OF HALES CORNERS

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Hales Corners
Hales Corners, 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, 2019, and the related notes to the financial statements, which collectively comprise the Village of Hales Corners' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Hales Corners' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Hales Corners' 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.

To the Village Board
Village of Hales Corners

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hales Corners, Wisconsin, as of December 31, 2019 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, Village of Hales Corners adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, Village of Hales Corners adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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.

Supplementary Information

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

To the Village Board
Village of Hales Corners

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hales Corners' basic financial statements. The other information as listed in the table contents is presented for 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.

Baker Tilly Veitch Krause, LLP

Milwaukee, Wisconsin
May 22, 2020

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

Management's Discussion and Analysis (Unaudited)

This section of the Village of Hales Corners annual financial report provides the reader with management's narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2019. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position, and (4) identify any changes in the Village's financial plan (approved budget).

Overview of the Financial Statements

Management's Discussion and Analysis serves as an introduction to the Village of Hales Corners' basic financial statements. The Village's basic financial statements include: 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 in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Village's basic financials statements include two government-wide financial statements, the Statement of Net Position and the Statement of Activities. These financial statements are designed to provide the reader with a broad overview of the Village of Hales Corners finances. Financial reporting at this level uses a perspective similar to that found in the private sector utilizing full accrual accounting and the elimination or reclassification of internal activities.

The Statement of Net Position presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 as a whole 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. infrastructure and physical plant).

The Statement of Activities presents information showing how the Village's net position changed during the current 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 result in cash flows in future fiscal periods.

Both of these government-wide financial statements provide information on the governmental activities 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 11 and 12 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations.

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, the focus of fund financial statements is on short-term use of spendable resources (inflows and outflows) 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 13 through 17 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 57, has been provided as required supplementary information 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 18 through 56 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. Other required supplementary information can be found on pages 55 through 60 of this report. Supplementary information can be found on pages 63 through 74 of this report. Other information can be found on pages 75 and 76.

Government-wide Financial Analysis and Highlights

As of the year ended December 31, 2019, Village assets exceeded liabilities by \$17,467,518. Of this amount; \$398,541 was restricted; \$16,277,418 invested in capital assets, net of related debt; and \$791,559 was unrestricted. The following condensed financial information related to Village assets, liabilities, and net position has been derived from the Village's government-wide financial statements:

	<u>2019</u>		<u>2018</u>
Assets:			
Capital assets	\$ 25,573,757	\$	21,579,447
Other assets	15,012,107		16,338,680
Total assets	<u>40,585,864</u>		<u>37,918,127</u>
 Deferred Outflows of Resources	 <u>2,290,112</u>		 <u>1,295,604</u>
 Liabilities and Net Position:			
Liabilities:			
Long-term liabilities	14,875,866		12,926,899
Other liabilities	2,916,097		1,608,968
Total liabilities	<u>17,791,963</u>		<u>14,535,867</u>
 Deferred Inflows of Resources	 <u>7,616,495</u>		 <u>7,635,344</u>
 Net Position:			
Invested in capital assets, net of related debt	16,277,418		15,849,699
Restricted	398,541		1,024,216
Unrestricted	791,559		168,605
Total net position	<u>\$ 17,467,518</u>	\$	<u>17,042,520</u>

Government-wide Financial Analysis and Highlights (continued)

Total net position increased by \$424,998 in 2019. The increase is primarily related to increases in investment earnings and the first increment received from taxes levied in Tax Incremental District No. 4. 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>2019</u>	<u>2018</u>
Program:		
Charges for services	\$ 2,210,401	\$ 2,274,406
Operating grants and contributions	653,177	642,378
Capital grants and contributions	13,113	34,000
General:		
Taxes	5,491,874	5,406,185
Other	539,729	449,243
Total revenues	<u>8,908,294</u>	<u>8,806,212</u>
Expenses:		
General government	710,806	698,415
Public safety	3,963,957	3,787,329
Public works	2,342,747	2,216,945
Health and human services	238,274	196,468
Culture and recreation	788,413	809,788
Conservation and development	50,719	8,784
Interest on long-term debt	388,400	231,595
Total expenses	<u>8,483,296</u>	<u>7,949,324</u>
Change in net position	424,998	856,888
Net position, beginning of year	<u>17,042,520</u>	<u>16,185,632</u>
Net position, end of year	<u>\$ 17,467,518</u>	<u>\$ 17,042,520</u>

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 and 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 \$7,400,212. This amount represents the Village's major funds: General Fund - \$2,250,928, General Capital Projects Fund - \$4,153,011 and Debt Service Fund - \$177,392 as well as Other Governmental Funds - \$818,881. The General Fund balance of \$2,250,928 is comprised of \$525,074 that is considered committed, assigned or non-spendable and \$1,725,854 unassigned. The General Fund balance increased during the year by \$18,302.

The General Capital Projects Fund has a fund balance of \$4,153,011, a decrease from the 2018 fund balance of \$5,166,100 due to the expenditures for a salt storage facility and public works facility, funded by the issuance of General Obligation Bonds in 2018, which shall be completed in the summer of 2020 and other capital projects for which expenditures of \$4,383,445 were recognized. Bond funds remaining from the 2018 debt issuance was \$1,111,494 as of December 31, 2019. In addition, the Village issued 2019 General Obligation Bonds, proceeds of which were received in December 2019, in the amount of \$3 million to fund 2020-2022 road projects for which no funds were expended in 2019.

The Debt Service Fund has a fund balance of \$177,392, a decrease from 2018 fund balance of \$38,760. The decrease is attributable to a planned use of Debt Service Fund balance reserves towards interest on previously issued debt obligations.

The non-major funds have a balance of \$818,881, compared to a balance of \$751,132 in 2018. The increase is attributable to the transfer from the General Fund for equipment replacement purchases for the new public works facility which had not been purchased or encumbered at yearend. Funds of \$168,000 to purchase owner direct equipment for the facility will be utilized in 2020.

General Fund Budgetary Highlights

The Village Board amended the 2019 originally adopted General Fund operating budget as follows:

	Increase <u>(Decrease)</u>
Current Revenues:	
Building Permits	\$ 45,000
Electrical Permits	6,000
Plumbing Permits	4,000
Ambulance Fees	25,000
General Fund Investment	80,500
Miscellaneous	1,000
Plan Commission Fees	1,500
Net Revenues:	<u>\$ 163,000</u>
Current expenditures:	
General government	\$ (201,054)
Public Safety	273,978
Public works	16,597
Health and human services	3,132
Culture and recreation	14,347
Transfers out	<u>56,000</u>
Other financing sources and uses:	
Net expenditures	<u>163,000</u>
Net Change	<u><u>\$ -</u></u>

The amendments were related to increases in activity levels which generate fees to support the activities such as building inspection permits, ambulance revenues and investment earnings. Funds were utilized to fund a new position in the Police Department for Information Technology needs and expenditures in the Fire Department to address staffing level minimums.

Capital Asset and Debt Administration

Capital Assets

The Village’s investment in capital assets as of December 31, 2019, amounts to \$25,582,150 (net of accumulated depreciation), and major categories comprising this balance are summarized as follows:

	<u>2019</u>	<u>2018</u>
Land & Construction In Progress	\$ 10,877,776	6,785,883
Land improvements	194,502	199,502
Buildings	6,573,623	6,681,038
Equipment and furnishings	3,137,379	3,079,312
Infrastructure	12,930,574	12,464,199
Total	<u>33,713,854</u>	<u>29,209,934</u>
Accumulated depreciation	<u>(8,140,097)</u>	<u>(7,630,487)</u>
Net capital assets	<u>\$ 25,573,757</u>	<u>21,579,447</u>

Construction in progress, totaling \$4,848,379 includes the salt storage and public works facility of \$4,617,364 and several road improvement projects in progress at the end of 2019 totaling \$192,242 for programs on 108th Street, 113th Street, and 124th Street. In addition, \$38,773 for equipment purchases that was not fully fabricated for use on December 31, 2019. The increase in equipment is primarily related to a Public Works Department and Police Department equipment purchased in 2019 to replace aging vehicles. Infrastructure increases are related to completion of road improvement projects on segments of 113th and 122nd Streets.

Long-term Debt

As of December 31, 2019, the Village had total debt outstanding of \$12,900,000. The Village issued \$3,000,000 in General Obligation Debt in November, 2019 for public works road construction projects over the next three years. The Village has been addressing aging infrastructure and the bonds were issued with no impact on tax levy as resurfacing capital transfers in previous budgets will be used to fund principal and interest on this debt. The Village completed the final payment on 2009 General Obligation Debt in 2019. The 2009 debt was primarily incurred for the reconstruction of 116th Street. In addition, the Village completed the final payment to the developer in Tax Incremental District No. 3 which will allow for closure of the district in 2020.

General Obligation Debt:		
Bonds and notes	\$	12,900,000

Economic Factors Affecting the Future

Ongoing state restrictions on local tax levies for operating purposes will limit revenue capacity through 2019. Debt service is exempt from the state levy limits, and will not affect the Village's borrowing capacity.

The Village will be closing Tax Incremental District No. 3 in 2020. The base value of this district when it was opened in January 2008 was \$6,149,800 and the value as of December 31, 2019 of incremental growth was \$3,684,000 representing 160% growth overall during the life of the district. The district would be closing ten years earlier than the legal closing date of 2030. Taxes collected over the life of the district, included taxes levied in 2019 but collected in 2019, were approximately \$680,324. The district is primarily comprised of a strip mall located in the Village's downtown area on State Highway 100.

Property tax levied in 2019 to support 2020 Village operations increased by 0.89% over 2018 levies. Property values due to net new construction increased by \$4,020,600 in 2019 projects along the Highway 100 corridor for the Hales Corners Shopping Center. Festival Foods grocery store, inclusive of improvements to the other adjacent lots located in the developer's boundary agreement were completed in 2019 with anticipated increased property values at that site of approximately \$12 million in Tax Incremental District No. 4.

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 Fiduciary Net Position 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 Sandra M. Kulik, Village of Hales Corners, 5635 S. New Berlin Road, Hales Corners, WI 53130.

BASIC FINANCIAL STATEMENTS

VILLAGE OF HALES CORNERS

STATEMENT OF NET POSITION As of December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 8,251,139
Receivables	
Taxes	6,458,307
Accounts (net)	227,830
Special assessments	1,005
Prepaid items	73,826
Capital assets	
Land	6,029,397
Construction in progress	4,848,379
Property and equipment (net of accumulated depreciation)	<u>14,695,981</u>
Total Assets	<u>40,585,864</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEBs	25,641
Deferred outflows related to pension	<u>2,264,471</u>
Total Deferred Outflows of Resources	<u>2,290,112</u>
LIABILITIES	
Accounts payable and other liabilities	1,105,073
Accrued interest payable	57,582
Net pension liability	833,442
Noncurrent liabilities	
Due within one year	920,000
Due in more than one year	<u>14,875,866</u>
Total Liabilities	<u>17,791,963</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue property taxes	6,430,620
Deferred inflows related to OPEBs	38,456
Deferred inflows related to pensions	<u>1,147,419</u>
Total Deferred Inflows of Resources	<u>7,616,495</u>
NET POSITION	
Net investment in capital assets	16,277,418
Restricted for debt service	119,810
Restricted for TIF activities	106,367
Restricted for other	172,364
Unrestricted	<u>791,559</u>
TOTAL NET POSITION	<u>\$ 17,467,518</u>

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 710,806	\$ 272,377	\$ -	\$ -
Public safety	3,963,957	618,901	83,846	13,113
Health and human services	238,274	348,218	59,114	-
Public works	2,342,727	796,696	441,119	-
Library, parks and recreation	788,413	174,209	69,098	-
Conservation and development	50,719	-	-	-
Interest and fiscal charges	388,400	-	-	-
Total Governmental Activities	<u>\$ 8,483,296</u>	<u>\$ 2,210,401</u>	<u>\$ 653,177</u>	<u>\$ 13,113</u>
				(5,606,605)
General revenues				
Taxes:				
Property taxes levied for general purposes				4,553,020
Property taxes levied for tax increment financing districts				141,854
Property taxes levied for debt service				797,000
Intergovernmental revenues not restricted to specific programs				240,576
Investment income				257,413
Miscellaneous				38,207
Gain on disposal of capital assets				3,533
Total General Revenues				<u>6,031,603</u>
				424,998
				CHANGE IN NET POSITION
NET POSITION - Beginning of Year				<u>17,042,520</u>
				NET POSITION - END OF YEAR
				<u>\$ 17,467,518</u>

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	General	General Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 1,609,387	\$ 5,549,767	\$ 129,708	\$ 962,277	\$ 8,251,139
Receivables					
Taxes	5,113,638	-	1,147,000	197,669	6,458,307
Accounts (net)	227,830	-	-	-	227,830
Special assessments	-	-	-	1,005	1,005
Prepaid items	73,826	-	-	-	73,826
Due from other funds	886,629	-	47,684	43,894	978,207
TOTAL ASSETS	\$ 7,911,310	\$ 5,549,767	\$ 1,324,392	\$ 1,204,845	\$ 15,990,314
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 171,751	\$ 600,686	\$ -	\$ 97,797	\$ 870,234
Accrued liabilities	206,612	-	-	-	206,612
Deposits	28,228	-	-	-	28,228
Due to other funds	91,578	796,070	-	90,559	978,207
Total Liabilities	498,169	1,396,756	-	188,356	2,083,281
Deferred Inflows of Resources					
Unavailable resources	75,195	-	-	1,006	76,201
Unearned property taxes	5,087,018	-	1,147,000	196,602	6,430,620
Total Deferred Inflows of Resources	5,162,213	-	1,147,000	197,608	6,506,821
Fund Balances					
Nonspendable	77,182	-	-	-	77,182
Restricted	-	-	177,392	278,731	456,123
Committed	240,892	4,153,011	-	494,651	4,888,554
Assigned	207,000	-	-	45,957	252,957
Unassigned	1,725,854	-	-	(458)	1,725,396
Total Fund Balances	2,250,928	4,153,011	177,392	818,881	7,400,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,911,310	\$ 5,549,767	\$ 1,324,392	\$ 1,204,845	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.	25,573,757
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	76,201
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(833,442)
Deferred outflows of resources related to pension and OPEBs do not related to current financial resources and are not reported in the governmental funds.	2,290,112
Deferred inflows of resources related to pension and OPEBs do not related to current financial resources and are not reported in the governmental funds.	(1,185,874)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.	(15,853,448)
NET POSITION OF GOVERNMENTAL FUNDS	\$ 17,467,518

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	General	General Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 4,552,112	\$ -	\$ 797,000	\$ 141,854	\$ 5,490,966
Other taxes	908	-	-	-	908
Intergovernmental	761,754	-	-	114,217	875,971
Licenses and permits	204,713	-	-	-	204,713
Fines, forfeitures and penalties	175,256	-	-	-	175,256
Public charges for services	1,601,200	-	-	103,017	1,704,217
Investment income	137,028	102,623	2,885	17,188	259,724
Miscellaneous revenue	141,830	-	-	46,085	187,915
Total Revenues	<u>7,574,801</u>	<u>102,623</u>	<u>799,885</u>	<u>422,361</u>	<u>8,899,670</u>
EXPENDITURES					
Current					
General government	643,558	14	-	-	643,572
Public safety	3,578,875	42,000	-	19,036	3,639,911
Public works	1,754,978	-	-	42,952	1,797,930
Health and human services	173,212	-	-	30,217	203,429
Library, parks and recreation	676,804	6,653	-	97,809	781,266
Conservation and development	-	21,600	-	300	21,900
Capital Outlay	56,872	4,383,445	-	427,411	4,867,728
Debt Service					
Principal	-	-	560,000	58,037	618,037
Interest and fiscal charges	-	-	390,480	-	390,480
Total Expenditures	<u>6,884,299</u>	<u>4,453,712</u>	<u>950,480</u>	<u>675,762</u>	<u>12,964,253</u>
Excess (deficiency) of revenues over expenditures	<u>690,502</u>	<u>(4,351,089)</u>	<u>(150,595)</u>	<u>(253,401)</u>	<u>(4,064,583)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	21,700	21,700
Debt issued	-	3,000,000	-	-	3,000,000
Premium on debt issued	-	-	77,085	-	77,085
Transfers in	-	338,000	34,750	338,200	710,950
Transfers out	(672,200)	-	-	(38,750)	(710,950)
Total Other Financing Sources (Uses)	<u>(672,200)</u>	<u>3,338,000</u>	<u>111,835</u>	<u>321,150</u>	<u>3,098,785</u>
Net Changes Fund Balances	18,302	(1,013,089)	(38,760)	67,749	(965,798)
FUND BALANCES - Beginning of Year	<u>2,232,626</u>	<u>5,166,100</u>	<u>216,152</u>	<u>751,132</u>	<u>8,366,010</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,250,928</u>	<u>\$ 4,153,011</u>	<u>\$ 177,392</u>	<u>\$ 818,881</u>	<u>\$ 7,400,212</u>

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds	\$ (965,798)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	4,867,728
Some items reported as capital outlay were not capitalized	(126,376)
Depreciation is reported in the government-wide statements	(728,875)
Net book value of assets retired	(18,167)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>	
	5,091
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Principal repaid	618,037
Debt issued	(3,000,000)
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position these are deferred and reported as additions or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>	
Premium on debt issued	(77,085)
Amortization	10,214
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Vested compensated absences	34,601
Other postemployment benefits - health and life	163,305
Net pension liability	(1,522,697)
Deferred outflows of resources related to OPEB	3,756
Deferred inflows of resources related to OPEB	(30,882)
Deferred outflows of resources related to pension	990,752
Deferred inflows of resources related to pension	209,530
Accrued interest on debt	(8,136)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 424,998

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
As of December 31, 2019

	<u>Custodial Fund</u>
	Tax Collection Fund
	<u> </u>
ASSETS	
Cash and investments	\$ 10,169,447
Taxes receivable	1,874,134
Total Assets	<u>\$ 12,043,581</u>
LIABILITIES	
Due to other governmental units	<u>\$ 12,043,581</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND

For the Year Ended December 31, 2019

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
ADDITIONS	
Tax collections	\$ 9,021,960
DEDUCTIONS	
Payments to overlying districts	<u>9,021,960</u>
Net Change in Net Position	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

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VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

- General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TIF debt.
- Capital Projects Fund - General Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Village reports the following nonmajor governmental funds:

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

General Government
Police
Health
July 4th Activities

Fire
Public Works
Library
Other Recreation Programs

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following nonmajor governmental and enterprise funds: (cont.)

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

Special Assessments	Equipment Replacement
Tax Incremental Financing (TIF) District No.3	Tax Incremental Financing (TIF) District No.4
Computer Replacement	Sewer Rehab

In addition, the Village reports the following fund types:

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

Tax Collection Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

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

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

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

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

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

All Financial Statements

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. The Village's investment policy addresses in general terms custodial credit risk, credit risk, and interest rate risk. At year end, the village did not comply with the investment policy provision concerning the maximum limit of \$500,000 at any financial institution, except at those institutions specified in the investment policy. At December 31, 2019, one financial institution that was not granted an exception held \$1,377,487. All funds throughout the year and at year end were invested in locally approved banks and the LGIP.

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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2019, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

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

Property tax calendar - 2019 tax roll:

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full, or	January 31, 2020
First installment due	January 31, 2020
Second installment due	April 30, 2020
Third installment due	July 31, 2020
Personal property taxes in full	January 31, 2020
Tax sale - 2019 delinquent real estate taxes	October 2022

Accounts receivable have been shown net of an allowance of \$60,000 for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

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

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 4 years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Buildings	50 Years
Land Improvements	35 Years
Machinery and Equipment	4-20 Years
Infrastructure	30-65 Years

Fund Financial Statements

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

5. Deferred Outflows of Resources

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

6. Compensated Absences

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. At December 31, 2019, the liability for accumulated vacation pay was \$140,408.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. *Compensated Absences* (cont.)

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. At December 31, 2019, the liability for accumulated sick pay was \$128,955.

7. *Long-Term Obligations*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of general obligation debt, net pension liability, other postemployment benefits and vested compensated absences.

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

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

8. *Deferred Inflows of Resources*

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

9. *Equity Classifications*

Government-Wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Government-Wide Statements (cont.)

- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements (cont.)

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

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital reserve of 25% of the general fund operating budget to provide funds for cash flow needs. At December 31, 2019, the unassigned general fund fund balance was \$1,725,854 which was 24.43% of the general fund operating budget.

See Note IV. F. for further information.

10. Pension

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

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, the Village OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The details of this reconciliation include the following items.

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$	6,029,397
Construction in progress		4,848,379
Land improvements		194,502
Buildings		6,573,623
Machinery and equipment		3,137,379
Infrastructure		12,930,574
Less: Accumulated depreciation		<u>(8,140,097)</u>
Combined Adjustment for Capital Assets	\$	<u>25,573,757</u>

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

General obligation debt	\$	12,900,000
Vested compensated absences		128,955
Accrued interest		57,584
Unamortized debt premium and discount		259,639
Other post employment benefits - health		2,381,125
Other post employment benefits - life		<u>126,145</u>
Combined Adjustment for Long-Term Liabilities	\$	<u>15,853,448</u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE III - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Capital Project Funds			
Equipment Replacement	\$ 145,165	\$ 273,281	\$ 128,116
Sewer Rehab	148,416	182,774	34,358
Computer Replacement	5,650	6,106	456
Special Revenue Funds			
Police	10,000	15,441	5,441
Library	-	65,279	65,279
Debt Service Fund	878,428	950,480	72,052

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. DEFICIT BALANCES

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

As of December 31, 2019, the following individual funds held a deficit balance:

Fund	Amount	Reason
Other Recreation Programs	\$ 458	Expenditures exceeded revenue

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 1,037,599	\$ 1,588,576	Custodial Credit
LGIP	17,382,437	17,382,437	Credit
Petty cash	550	-	N/A
 Total Deposits and Investments	 \$ 18,420,586	 \$ 18,971,013	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 8,251,139		
Per statement of assets and liabilities - agency fund			
Tax Collection Fund	10,169,447		
 Total Deposits and Investments	 \$ 18,420,586		

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

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

Custodial Credit Risk

Deposits

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

As of December 31, 2019, \$1,100,344 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,100,344
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VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk

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

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

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year except for \$1,006 of special assessments and \$3,356 delinquent personal property taxes.

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 6,430,620	\$ -
Milwaukee County Federated Library System payments	-	75,195
Special assessments not yet due	-	1,006
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 6,430,620	 \$ 76,201
 Total Unearned Revenue for Governmental Funds	 \$ 6,430,620	

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,029,397	\$ -	\$ -	\$ 6,029,397
Construction in progress	756,486	4,558,268	466,375	4,848,379
Total Capital Assets Not Being Depreciated	6,785,883	4,558,268	466,375	10,877,776
Capital assets being depreciated				
Land Improvements	199,502	-	5,000	194,502
Buildings	6,681,038	-	107,415	6,573,623
Machinery and equipment	3,079,312	183,085	125,018	3,137,379
Infrastructure	12,464,199	466,375	-	12,930,574
Total Capital Assets Being Depreciated	22,424,051	649,460	237,433	22,836,078
Total Capital Assets	29,209,934	5,207,728	703,808	33,713,854
Less: Accumulated depreciation for				
Land Improvements	(94,990)	(5,272)	5,000	(95,262)
Buildings	(2,462,435)	(131,472)	89,248	(2,504,659)
Machinery and equipment	(2,196,418)	(203,194)	125,018	(2,274,594)
Infrastructure	(2,876,644)	(388,938)	-	(3,265,582)
Total Accumulated Depreciation	(7,630,487)	(728,876)	219,266	(8,140,097)
Net Capital Assets Being Depreciated	14,793,564	(79,416)	18,167	14,695,981
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 21,579,447	\$ 4,478,852	\$ 484,542	\$ 25,573,757

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 41,967
Public safety	205,665
Health and human services	4,237
Public works	451,431
Library, parks and recreation	25,576
Total Governmental Activities Depreciation Expense	\$ 728,876

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects - Equipment Replacement Fund	\$ 13,206
General Fund	Capital Projects - Sewer Rehab Fund	37,631
Debt Service Fund	General Fund	47,684
Capital Projects - Computer Replacement Fund	General Fund	43,894
General Fund	General Capital Projects Fund	796,070
General Fund	Special Revenue Fund - General Government	39,722
Total - Fund Financial Statements		978,207
Less: Fund eliminations		(978,207)
Total Internal Balances - Government-Wide Statement of Net Position		\$ -

All amounts are due within one year.

Interfund balances are the result of a time lag between the dates the transactions are recorded and the dates payments are made between funds which are settled on a monthly basis.

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Capital Projects	General Fund	\$ 338,000	2018 Road Rehabilitation
Capital Projects - Equipment Replacement Fund	Special Revenue Fund - Public Works	4,000	Support Stormwater Utility projects
Capital Projects - Equipment Replacement Fund	General Fund	238,200	Support equipment purchases for various departments
Capital Projects - Sewer Rehab	General Fund	85,000	Support Sewer Rehab projects
Special Revenue Fund - Library	General Fund	1,000	Software sinking fund
Special Revenue Fund - July 4th Activities	General Fund	10,000	Community Bash funding
Debt Service Fund	Capital Projects -Special Assessments Fund	<u>34,750</u>	Return of collected special assessments from debt funded projects
Total - Fund Financial Statements		710,950	
Less: Fund eliminations		<u>(710,950)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ -</u></u>	

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,518,037	\$ 3,000,000	\$ 618,037	\$ 12,900,000	\$ 920,000
Other long-term liabilities	192,768	77,085	10,214	259,639	-
Sub-totals	<u>10,710,805</u>	<u>3,077,085</u>	<u>628,251</u>	<u>13,159,639</u>	<u>920,000</u>
Other Liabilities					
Other postemployment benefits					
- Health	2,528,152	252,660	399,687	2,381,125	-
- Life	142,423	-	16,278	126,145	-
Vested Compensated Absences	163,556	4,264	38,865	128,955	-
Total Other Liabilities	<u>2,834,131</u>	<u>256,924</u>	<u>454,830</u>	<u>2,636,225</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 13,544,936</u>	<u>\$ 3,334,009</u>	<u>\$ 1,083,081</u>	<u>\$ 15,795,864</u>	<u>\$ 920,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2019, was \$36,387,580. Total general obligation debt outstanding at year end was \$12,900,000.

General Obligation Debt

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

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
GO Bond	06/07/12	04/01/31	0.5 - 3.0%	\$ 5,780,000	\$ 3,415,000
GO Bond	08/25/15	08/25/35	1.0 - 3.125%	1,430,000	1,185,000
GO Bonds	11/5/18	11/1/38	3.375 - 4.0%	5,300,000	5,300,000
GO Bonds	12/10/19	11/1/39	2.125 - 3%	3,000,000	<u>3,000,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 12,900,000</u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt	
	Principal	Interest
2020	\$ 920,000	\$ 379,981
2021	880,000	363,245
2022	905,000	338,890
2023	675,000	313,535
2024	690,000	294,710
2025-2029	3,665,000	1,152,500
2030-2034	2,955,000	629,063
2035-2039	2,210,000	182,089
Totals	\$ 12,900,000	\$ 3,654,013

Other Debt Information

Estimated payments of vested compensated absences, other postemployment benefits obligations and net pension liability are not included in the debt service requirement schedules. The vested compensated absences, other postemployment benefit obligations and net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

Lessor - Operating Leases

The Village has entered into lease agreements with telecommunications companies, wherein the Village has agreed to allow the use of specified property for the purpose of telecommunication relays. Lease payments received in 2019 totaled \$96,620. Future minimum lease payments are as follows:

<u>Years</u>	Governmental Activities Principal
	2020
2021	74,239
2022	74,263
2023	74,275
2024	74,415
Totals	\$ 397,396

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2019, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 6,029,397
Construction in progress	4,848,379
Other capital assets, net of accumulated depreciation	14,695,981
Less: Long-term debt outstanding	(12,900,000)
Plus: Unspent capital related debt proceeds	3,780,433
Plus: Noncapital debt proceeds	82,867
Less: Unamortized debt premium	<u>(259,639)</u>
Total Net Investment in Capital Assets	<u>16,277,418</u>
Restricted	
Restricted for debt service	119,810
Restricted for TIF activities	106,367
Restricted for other	<u>172,364</u>
Total Restricted	<u>398,541</u>
Unrestricted	
	<u>791,559</u>
Total Governmental Activities Net Position	<u><u>\$ 17,467,518</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2019, include the following:

Nonspendable	
Major Fund	
General Fund	
Delinquent personal property taxes	\$ 3,356
Prepaid items	<u>73,826</u>
Total	<u><u>\$ 77,182</u></u>
Restricted	
Major	
Debt Service Fund	
Debt service purposes	<u><u>\$ 177,392</u></u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

Governmental Activities (cont.)

Nonmajor Funds

Special Revenue Fund

Public works	\$ 110,738
Health	35,015
Library	25,739
Police	872
Sub-Total	172,364

Capital Project Funds

TIF No. 3	46,446
TIF No. 4	59,921
Sub-Total	106,367

Total	\$ 278,731
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Committed

Major Fund

General Fund

Employee health and compensation reserve	\$ 240,892
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Capital Projects Funds

General capital projects	\$ 4,153,011
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Nonmajor Funds

Committed (cont.)

Special Revenue Funds

Public works	\$ 75
Library	25,953
July 4th activities	30,646
Sub-Total	56,674

Capital Project Funds

Special assessments	48,436
Equipment replacement	222,612
Computer Replacement	43,894
Sewer rehab	123,035
Sub-Total	437,977

Total	\$ 4,888,554
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VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

Assigned	
Major Fund	
General Fund	
2020 budget appropriation	\$ <u>207,000</u>
Nonmajor Funds	
Special Revenue Funds	
General government	21,438
Fire	14,230
Police	<u>10,289</u>
Sub-Total	<u>45,957</u>
 Total	 <u>\$ 252,957</u>
 Unassigned (deficit)	
Major Funds	
General fund	\$ <u>1,725,854</u>
Nonmajor Funds	
Special Revenue Funds	
Other recreation programs	<u>(458)</u>
 Total	 <u>\$ 1,725,396</u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) 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 service 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.

The WRS also provides death and disability benefits for employees.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>
2009	(2.1)%	(42.0)%
2010	(1.3)	22.0
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$244,704 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2019 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Executives & Elected Officials)	6.7%	6.7%
Protective with Social Security	6.7%	10.7%
Protective without Social Security	6.7%	14.9%

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

At December 31, 2019, the Village reported a liability of \$833,442 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.02342652%, which was an increase of 0.00021236% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the Village recognized pension expense of \$567,173.

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 649,125	\$ 1,147,419
Changes in assumptions	140,487	-
Net differences between projected and actual earnings on pension plan investments	1,217,185	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,141	-
Employer contributions subsequent to the measurement date	<u>248,533</u>	<u>-</u>
Totals	<u>\$ 2,264,471</u>	<u>\$ 1,147,419</u>

\$248,533 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2020	\$ 316,954
2021	80,462
2022	137,458
2023	333,645

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
 <u>Variable Fund Asset Class</u>			
U.S Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability(asset)	\$3,312,186	\$833,442	\$(1,009,696)

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

At December 31, 2019, the Village reported a payable to the pension plan of \$39,622 which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The Village has active construction projects as of December 31, 2019. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

D. OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The Village's defined benefit OPEB plan, Village Retiree Benefits Plan (VRBP), provides OPEB for all permanent full-time general and public safety employees of the Village. VRBP is a single-employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided. VRBP provides healthcare benefits for retirees and their dependents. The Village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. The Village contributes 50% and 100% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses and 75% of annual increases in subsequent years.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	7
Active plan members	<u>19</u>
	<u><u>26</u></u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$2,381,125 was measured as of December 31, 2019, and was determined by the alternative measurement method as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary increases	1.5% per year
Healthcare cost trend rates	4.7% in the 2019 and staying at 4.7% until 2027

The discount rate was based on 20 year tax exempt municipal bond yield.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balances at December 31, 2018	<u>\$ 2,528,152</u>
Changes for the year:	
Service cost	70,422
Interest	79,748
Differences between expected and actual experience	(347,166)
Changes in assumptions or other inputs	102,490
Benefit payments	<u>(52,521)</u>
Net changes	<u>(147,027)</u>
Balances at December 31, 2019	<u><u>\$ 2,381,125</u></u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.7 percent) or 1-percentage-point higher (3.7 percent) than the current discount rate:

	1% Decrease (1.7%)	Discount Rate (2.7%)	1% Increase (3.7%)
Total OPEB liability	\$ 2,670,393	\$ 2,381,125	\$ 2,137,137

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.6 percent decreasing to 3.7 percent) or 1-percentage-point higher (5.6 percent decreasing to 5.7 percent) than the current healthcare cost trend rates:

	1% Decrease (3.6% Decreasing to 3.7%)	Healthcare Cost Trend Rates (4.6% Decreasing to 4.7%)	1% Increase (5.6% Decreasing to 5.7%)
Total OPEB liability	\$ 2,099,754	\$ 2,381,125	\$ 2,719,137

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the Village recognized OPEB expense of \$147,027.

Local Retiree Life Insurance Fund (LRLIF)

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

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

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

Contribution rates for the plan year reported as of December 31, 2019 are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

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

Life Insurance Employee Contribution Rates For the Plan Year

Attained Age	Basic
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

During the reporting period, the LRLIF recognized \$941 in contributions from the employer.

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

At December 31, 2019, the Village reported a liability of \$126,145 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.04888870%, which was an increase of 0.00154800% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the Village recognized OPEB expense of \$17,330.

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

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,399
Net differences between projected and actual earnings on OPEB plan investments	3,014	-
Changes in assumptions	12,036	27,343
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,630	4,714
Employer contributions subsequent to the measurement date	6,961	-
Total	\$ 25,641	\$ 38,456

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

\$6,961 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a \$6,961 of the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ (2,745)
2021	(2,745)
2022	(2,745)
2023	(3,168)
2024	(3,604)
Thereafter	(4,769)

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

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

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

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

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

	1% Decrease to Discount Rate (3.22%)	Current Discount Rate (4.22%)	1% Increase to Discount Rate (5.22%)
Village's proportionate share of the net OPEB liability	\$179,450	\$126,145	\$85,033

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

E. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Village through its Tax Incremental Financing District #4 has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TIF project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

Years	Principal	Interest	Total
2021	152,945	90,750	243,695
2022	\$ 169,787	\$ 82,338	\$ 252,125
2023	158,585	73,000	231,585
2024	147,863	64,278	212,141
2025-2029	663,958	208,715	872,673
2030-2032	356,862	34,414	391,276
2035-2024	-	-	-
Totals	<u>\$ 1,650,000</u>	<u>\$ 629,120</u>	<u>\$ 2,203,495</u>

VILLAGE OF HALES CORNERS

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE V - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF HALES CORNERS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 5,349,112	\$ 5,349,112	\$ 4,552,112	\$ (797,000)
Other taxes	921	921	908	(13)
Intergovernmental	750,947	750,947	761,754	10,807
Licenses and permits	109,640	164,640	204,713	40,073
Fines, forfeitures and penalties	178,100	178,100	175,256	(2,844)
Public charges for services	1,629,770	1,656,270	1,601,200	(55,070)
Investment income	31,924	112,424	137,028	24,604
Miscellaneous revenues	113,000	114,000	141,830	27,830
Total Revenues	<u>8,163,414</u>	<u>8,326,414</u>	<u>7,574,801</u>	<u>(751,613)</u>
Expenditures				
Current				
General government	1,004,031	802,977	700,430	102,547
Public safety	3,357,892	3,631,870	3,578,875	52,995
Public works	1,728,834	1,745,431	1,754,978	(9,547)
Health and human services	191,581	194,713	173,212	21,501
Library, parks and recreation	674,876	689,223	676,804	12,419
Total Expenditures	<u>6,957,214</u>	<u>7,064,214</u>	<u>6,884,299</u>	<u>179,915</u>
Excess of revenues over (under) expenditures	1,206,200	1,262,200	690,502	(571,698)
OTHER FINANCING USES				
Transfers out	<u>(1,413,200)</u>	<u>(1,469,200)</u>	<u>(672,200)</u>	<u>797,000</u>
Net Change in Fund Balance	<u>\$ (207,000)</u>	<u>\$ (207,000)</u>	18,302	<u>\$ 225,302</u>
FUND BALANCE - Beginning of Year			<u>2,232,626</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,250,928</u>	

See independent auditors' report and accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.02420000%	\$ (594,946)	\$ 2,689,180	22.12%	102.74%
12/31/15	0.02370000%	385,163	2,682,739	14.36%	98.20%
12/31/16	0.02353849%	194,013	2,684,261	7.23%	99.12%
12/31/17	0.02321416%	(689,255)	2,573,120	26.79%	102.93%
12/31/18	0.02342652%	833,442	2,679,253	31.11%	96.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2019

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 235,830	\$ 235,830	\$ -	2,689,180	8.77%
12/31/16	223,497	223,497	-	2,682,739	8.33%
12/31/17	235,685	235,685	-	2,573,120	9.16%
12/31/18	244,758	244,758	-	2,679,213	9.14%
12/31/19	248,533	248,533	-	2,670,711	9.31%

See independent auditors' report and accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - VILLAGE RETIREE BENEFITS PLAN For the Year Ended December 31, 2019

	2019	2018
Total OPEB Liability		
Service cost	\$ 70,422	\$ 127,919
Interest	79,748	61,647
Prior year activity	-	192,978
Differences between expected and actual experience	(347,166)	(261,979)
Changes of assumptions	102,490	(317,628)
Benefit payments	(52,521)	(72,056)
Net Change in Total OPEB Liability	(147,027)	(269,119)
Total OPEB Liability - Beginning	2,528,152	2,797,271
Total OPEB Liability - Ending	\$ 2,381,125	\$ 2,528,152
 Covered-employee payroll	 \$ 2,670,711	 \$ 2,679,213
Total OPEB liability as a percentage of covered-employee payroll	89.16%	94.36%

*Note: This schedule is to show information for 10 years.
However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.*

VILLAGE OF HALES CORNERS

SCHEDULE OF EMPLOYER CONTRIBUTIONS - VILLAGE RETIREE BENEFITS PLAN For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Contractually determined contribution	\$ 52,521	\$ 72,056
Contributions in relation to the contractually determined contribution	<u>52,521</u>	<u>72,056</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,670,711	\$ 2,679,213
Contributions as a percentage of covered-employee payroll	1.97%	2.69%

Note: This schedule is to show information for 10 years.

However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF HALES CORNERS

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December 31, 2019

Plan Fiscal Year End	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/17	0.04733900%	\$ 142,423	\$ 1,990,740	7.15%	44.81%
12/31/18	0.04888870%	126,145	2,212,000	5.70%	48.69%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - LOCAL RETIREE LIFE INSURANCE FUND For the Year Ended December, 2019

Village Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/18	\$ 18,083	\$ 18,083	\$ -	\$ 2,679,213	0.67%
12/31/19	6,961	6,961	-	2,670,711	0.26%

See independent auditors' report and accompanying notes to the financial statements.

VILLAGE OF HALES CORNERS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

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

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

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

WISCONSIN RETIREMENT SYSTEM

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

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

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

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

LOCAL RETIREE LIFE INSURANCE FUND

Changes in benefit terms. There were no changes of benefit terms for any participating employer in LRLIF.

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

VILLAGE RETIREE BENEFIT PLANS

Changes in benefit terms. There were no changes of benefit terms

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF HALES CORNERS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes				
Property taxes	\$ 5,349,112	\$ 5,349,112	\$ 4,552,112	\$ (797,000)
Other taxes	921	921	908	(13)
Total taxes	<u>5,350,033</u>	<u>5,350,033</u>	<u>4,553,020</u>	<u>(797,013)</u>
Licenses				
Liquor and malt beverage	13,500	13,500	15,472	1,972
Operators'	3,000	3,000	3,280	280
Cigarette	1,300	1,300	1,600	300
Dog	3,500	3,500	4,169	669
Amusement device and peddler	6,000	6,000	8,093	2,093
Dance hall	60	60	60	-
Food establishment	20,000	20,000	22,756	2,756
Swimming pool	1,080	1,080	1,110	30
Total licenses	<u>48,440</u>	<u>48,440</u>	<u>56,540</u>	<u>8,100</u>
Permits				
Building	40,000	85,000	97,765	12,765
Electric	12,000	18,000	26,948	8,948
Plumbing	6,500	10,500	12,823	2,323
Sign	1,500	1,500	2,912	1,412
Culvert	-	-	5,865	5,865
Erosion	-	-	450	450
Fire department	1,200	1,200	1,410	210
Total permits	<u>61,200</u>	<u>116,200</u>	<u>148,173</u>	<u>31,973</u>
Fines and Forfeitures	<u>178,100</u>	<u>178,100</u>	<u>175,256</u>	<u>(2,844)</u>

VILLAGE OF HALES CORNERS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Public Charges for Services				
Property search requests	\$ 800	\$ 800	\$ 978	\$ 178
Village hall copy fees	1,000	1,000	1,550	550
Lease revenue	96,995	96,995	96,620	(375)
Board of appeals	150	150	2,590	2,440
Planning commission fees	1,400	2,900	3,979	1,079
License publication fees	200	200	257	57
DARE program	-	-	950	950
Fire department fees	23,950	23,950	23,867	(83)
Fire department highway response fees	8,000	8,000	3,300	(4,700)
Weights and measures	2,170	2,170	3,362	1,192
Ambulance fees	225,000	250,000	264,001	14,001
Refuse collection charges	349,280	349,280	346,482	(2,798)
Local sewer service charges	449,018	449,018	424,259	(24,759)
Metro sewer connection charge	296,007	296,007	262,174	(33,833)
Weed cutting	-	-	538	538
Health department fees	500	500	1,198	698
Library fines	15,200	15,200	10,505	(4,695)
Library copy fees	3,800	3,800	1,864	(1,936)
MCFLS reciprocal library	64,000	64,000	64,000	-
Recreation department fees	92,300	92,300	88,726	(3,574)
Total public charges for services	<u>1,629,770</u>	<u>1,656,270</u>	<u>1,601,200</u>	<u>(55,070)</u>
Intergovernmental				
Shared taxes from state	246,273	246,273	240,037	(6,236)
State aid - highways	441,321	441,321	441,119	(202)
State aid - fire insurance	27,000	27,000	27,777	777
State aid - personal property	16,353	16,353	16,353	-
State aid - police	-	-	6,160	6,160
State aid - public safety	-	-	6,480	6,480
Bots Enforcement/safety grant	-	-	3,859	3,859
Recycling grant	20,000	20,000	19,969	(31)
Total Intergovernmental	<u>750,947</u>	<u>750,947</u>	<u>761,754</u>	<u>10,807</u>

VILLAGE OF HALES CORNERS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Investment Income				
General fund investments	\$ 17,424	\$ 97,924	\$ 99,621	\$ 1,697
Tax account investments	-	-	17,667	17,667
Investment interest	-	-	6,052	6,052
Delinquent taxes	10,000	10,000	11,378	1,378
Sewer charge penalties	4,500	4,500	2,310	(2,190)
Total interest income	<u>31,924</u>	<u>112,424</u>	<u>137,028</u>	<u>24,604</u>
Miscellaneous Revenues				
Miscellaneous general revenue	13,000	14,000	16,190	2,190
Cable television franchise fee	70,000	70,000	78,471	8,471
Telephone franchise fee	30,000	30,000	30,337	337
League insurance rebate	-	-	16,832	16,832
Total other revenues	<u>113,000</u>	<u>114,000</u>	<u>141,830</u>	<u>27,830</u>
Total general fund revenues	<u>\$ 8,163,414</u>	<u>\$ 8,326,414</u>	<u>\$ 7,574,801</u>	<u>\$ (751,613)</u>

VILLAGE OF HALES CORNERS

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES				
General government				
Legislative	\$ 98,406	\$ 122,406	\$ 114,881	\$ 7,525
Municipal court	86,912	87,294	81,383	5,911
Administration	354,905	357,337	347,517	9,820
Maintenance and sundry	102,653	102,653	99,777	2,876
Capital outlay	16,000	16,000	56,872	(40,872)
Contingency	345,155	117,287	-	117,287
Total general government	<u>1,004,031</u>	<u>802,977</u>	<u>700,430</u>	<u>102,547</u>
Public safety				
Police department	2,267,774	2,479,263	2,372,980	106,283
Fire department	1,015,930	1,040,930	1,083,830	(42,900)
Inspection - general	74,188	111,677	122,065	(10,388)
Total public safety	<u>3,357,892</u>	<u>3,631,870</u>	<u>3,578,875</u>	<u>52,995</u>
Public works				
Engineering, sanitation, administration	1,032,128	1,034,103	1,034,833	(730)
Maintenance	696,706	711,328	720,145	(8,817)
Total public works	<u>1,728,834</u>	<u>1,745,431</u>	<u>1,754,978</u>	<u>(9,547)</u>
Health and human services				
Health	191,581	194,713	173,212	21,501
Total health and human services	<u>191,581</u>	<u>194,713</u>	<u>173,212</u>	<u>21,501</u>
Library, parks and recreation				
Library	578,946	593,293	588,745	4,548
Recreation	95,930	95,930	88,059	7,871
Total library, parks and recreation	<u>674,876</u>	<u>689,223</u>	<u>676,804</u>	<u>12,419</u>
Total general fund expenditures	<u>\$ 6,957,214</u>	<u>\$ 7,064,214</u>	<u>\$ 6,884,299</u>	<u>\$ 179,915</u>

VILLAGE OF HALES CORNERS

COMBINING BALANCE SHEET NON-MAJOR FUNDS As of December 31, 2019

	Capital Projects	Special Revenue	Total Non-major Funds
ASSETS			
Cash and investments	\$ 648,018	\$ 314,259	\$ 962,277
Taxes receivable	197,669	-	197,669
Special assessments receivable	1,005	-	1,005
Due from other funds	43,894	-	43,894
TOTAL ASSETS	\$ 890,586	\$ 314,259	\$ 1,204,845
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts Payable	97,797	-	97,797
Due to other funds	50,837	39,722	90,559
TOTAL LIABILITIES	148,634	39,722	188,356
Deferred Inflows of Resources			
Unavailable special assessments	1,006	-	1,006
Unearned property taxes	196,602	-	196,602
TOTAL DEFERRED INFLOWS	197,608	-	197,608
TOTAL LIABILITIES AND DEFERRED INFLOWS	346,242	39,722	385,964
Fund Balances (Deficits)			
Restricted	106,367	172,364	278,731
Committed	437,977	56,674	494,651
Assigned	-	45,957	45,957
Unassigned (Deficits)	-	(458)	(458)
TOTAL FUND BALANCES (DEFICITS)	\$ 544,344	\$ 274,537	\$ 818,881

VILLAGE OF HALES CORNERS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NON-MAJOR FUNDS

For the Year Ended December 31, 2019

	Capital Projects	Special Revenue	Total Non-major Funds
REVENUES			
Taxes	\$ 141,854	\$ -	\$ 141,854
Public charges for services	35,756	67,261	103,017
Intergovernmental	539	113,678	114,217
Investment income	11,401	5,787	17,188
Miscellaneous revenue	13,113	32,972	46,085
Total Revenues	202,663	219,698	422,361
EXPENDITURES			
Current			
Public safety	-	19,036	19,036
Public works	-	42,952	42,952
Health and human services	-	30,217	30,217
Library, parks and recreation	-	97,809	97,809
Conservation and development	300	-	300
Capital Outlay	427,411	-	427,411
Debt Service			
Principal	58,037	-	58,037
Interest and fiscal charges	-	-	-
Total Expenditures	485,748	190,014	675,762
Excess (deficiency) of revenues over expenditures	(283,085)	29,684	(253,401)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	21,700	-	21,700
Transfers in	327,200	11,000	338,200
Transfers out	(34,750)	(4,000)	(38,750)
Total Other Financing Sources (Uses)	314,150	7,000	321,150
Net Changes Fund Balances	31,065	36,684	67,749
FUND BALANCES - Beginning of Year	513,279	237,853	751,132
FUND BALANCES - END OF YEAR	\$ 544,344	\$ 274,537	\$ 818,881

VILLAGE OF HALES CORNERS

COMBINING BALANCE SHEET
CAPITAL PROJECTS NON-MAJOR FUNDS
As of December 31, 2019

	Special Assessments	Equipment Replacement	Computer Replacement	TIF District No. 3	TIF District No. 4	Sewer Rehab	Total Capital Projects Funds
ASSETS							
Cash and investments	\$ 47,370	\$ 333,615	\$ -	\$ 46,446	\$ 59,921	\$ 160,666	\$ 648,018
Taxes receivable	1,067	-	-	94,369	102,233	-	197,669
Special assessments receivable	1,005	-	-	-	-	-	1,005
Due from other funds	-	-	43,894	-	-	-	43,894
TOTAL ASSETS	\$ 49,442	\$ 333,615	\$ 43,894	\$ 140,815	\$ 162,154	\$ 160,666	\$ 890,586
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	-	97,797	-	-	-	-	97,797
Due to other funds	-	13,206	-	-	-	37,631	50,837
TOTAL LIABILITIES	-	111,003	-	-	-	37,631	148,634
Deferred Inflows of Resources							
Unavailable special assessments	1,006	-	-	-	-	-	1,006
Unearned property taxes	-	-	-	94,369	102,233	-	196,602
TOTAL DEFERRED INFLOWS	1,006	-	-	94,369	102,233	-	197,608
TOTAL LIABILITIES AND DEFERRED INFLOWS	1,006	111,003	-	94,369	102,233	37,631	346,242
Fund Balances							
Restricted	-	-	-	46,446	59,921	-	106,367
Committed	48,436	222,612	43,894	-	-	123,035	437,977
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	\$ 48,436	\$ 222,612	\$ 43,894	\$ 46,446	\$ 59,921	\$ 123,035	\$ 544,344

VILLAGE OF HALES CORNERS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS NON-MAJOR FUNDS
For the Year Ended December 31, 2019

	Special Assessments	Equipment Replacement	Computer Replacement	TIF District No. 3	TIF District No. 4	Sewer Rehab	Total Capital Projects Funds
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 80,857	\$ 60,997	\$ -	\$ 141,854
Public charges for services	1,006	-	-	-	-	34,750	35,756
Intergovernmental	-	-	-	539	-	-	539
Miscellaneous revenue	-	13,113	-	-	-	-	13,113
Investment income	1,092	5,381	-	-	374	4,554	11,401
Total Revenues	<u>2,098</u>	<u>18,494</u>	<u>-</u>	<u>81,396</u>	<u>61,371</u>	<u>39,304</u>	<u>202,663</u>
EXPENDITURES							
Current							
Conservation and development	-	-	-	150	150	-	300
Capital outlay	-	273,281	6,106	-	-	148,024	427,411
Debt Service							
Principal	-	-	-	58,037	-	-	58,037
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>273,281</u>	<u>6,106</u>	<u>58,187</u>	<u>150</u>	<u>148,024</u>	<u>485,748</u>
Excess (deficiency) of revenues over expenditures	<u>2,098</u>	<u>(254,787)</u>	<u>(6,106)</u>	<u>23,209</u>	<u>61,221</u>	<u>(108,720)</u>	<u>(283,085)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	21,700	-	-	-	-	21,700
Transfers out	-	-	-	-	-	(34,750)	(34,750)
Transfers in	-	242,200	-	-	-	85,000	327,200
Total Other Financing Sources (Uses)	<u>-</u>	<u>263,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,250</u>	<u>314,150</u>
Net Changes Fund Balances	<u>2,098</u>	<u>9,113</u>	<u>(6,106)</u>	<u>23,209</u>	<u>61,221</u>	<u>(58,470)</u>	<u>31,065</u>
FUND BALANCES - Beginning of Year (Deficits)	<u>46,338</u>	<u>213,499</u>	<u>50,000</u>	<u>23,237</u>	<u>(1,300)</u>	<u>181,505</u>	<u>513,279</u>
FUND BALANCES - END OF YEAR	<u>\$ 48,436</u>	<u>\$ 222,612</u>	<u>\$ 43,894</u>	<u>\$ 46,446</u>	<u>\$ 59,921</u>	<u>\$ 123,035</u>	<u>\$ 544,344</u>

VILLAGE OF HALES CORNERS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL CAPITAL PROJECTS FUND BY DEPARTMENT
 For the Year Ended December 31, 2019

	General Government	Fire	Police	Public Works	Library	Conservation and Development	Total
REVENUES							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income	102,623	-	-	-	-	-	102,623
Miscellaneous revenue	-	-	-	-	-	-	-
Total Revenues	<u>102,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,623</u>
EXPENDITURES							
Current							
General government	14	-	-	-	-	-	14
Public safety	-	-	42,000	-	-	-	42,000
Library, parks, and recreation	-	-	-	-	6,653	-	6,653
Conservation and development	21,600	-	-	-	-	-	21,600
Capital Outlay	-	-	-	4,383,445	-	-	4,383,445
Total Expenditures	<u>21,614</u>	<u>-</u>	<u>42,000</u>	<u>4,383,445</u>	<u>6,653</u>	<u>-</u>	<u>4,453,712</u>
Excess (deficiency) of revenues over expenditures	<u>81,009</u>	<u>-</u>	<u>(42,000)</u>	<u>(4,383,445)</u>	<u>(6,653)</u>	<u>-</u>	<u>(4,351,089)</u>
OTHER FINANCING SOURCES (USES)							
Debt issued	-	-	-	3,000,000	-	-	3,000,000
Intrafund transfers	(118,484)	-	-	118,484	-	-	-
Transfers out	-	-	-	-	-	-	-
Transfers in	8,000	-	-	330,000	-	-	338,000
Total Other Financing Sources (Uses)	<u>(110,484)</u>	<u>-</u>	<u>-</u>	<u>3,448,484</u>	<u>-</u>	<u>-</u>	<u>3,338,000</u>
Net Changes Fund Balances	<u>(29,475)</u>	<u>-</u>	<u>(42,000)</u>	<u>(934,961)</u>	<u>(6,653)</u>	<u>-</u>	<u>(1,013,089)</u>
FUND BALANCES - Beginning of Year	<u>147,953</u>	<u>-</u>	<u>42,000</u>	<u>4,960,343</u>	<u>13,918</u>	<u>1,886</u>	<u>5,166,100</u>
FUND BALANCES - END OF YEAR	<u>\$ 118,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,025,382</u>	<u>\$ 7,265</u>	<u>\$ 1,886</u>	<u>\$ 4,153,011</u>

VILLAGE OF HALES CORNERS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EQUIPMENT REPLACEMENT FUNDS
For the Year Ended December 31, 2019

	General Government	Fire	Police	Inspection	Public Works	Library	Total Equipment Replacement Funds
REVENUES							
Miscellaneous revenue	\$ -	\$ 13,113	\$ -	\$ -	\$ -	\$ -	\$ 13,113
Investment income	5,381	-	-	-	-	-	5,381
Total Revenues	<u>5,381</u>	<u>13,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,494</u>
EXPENDITURES							
Capital Outlay	21,805	12,236	76,257	-	162,532	451	273,281
Total Expenditures	<u>21,805</u>	<u>12,236</u>	<u>76,257</u>	<u>-</u>	<u>162,532</u>	<u>451</u>	<u>273,281</u>
Excess (deficiency) of revenues over expenditures	<u>(16,424)</u>	<u>877</u>	<u>(76,257)</u>	<u>-</u>	<u>(162,532)</u>	<u>(451)</u>	<u>(254,787)</u>
OTHER FINANCING SOURCES (USES)							
Intrafund transfers	10,000	-	-	-	(10,000)	-	-
Proceeds from sale of capital assets	-	5,900	15,800	-	-	-	21,700
Transfers in	-	-	61,200	-	172,000	9,000	242,200
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>5,900</u>	<u>77,000</u>	<u>-</u>	<u>162,000</u>	<u>9,000</u>	<u>263,900</u>
Net Changes Fund Balances	<u>(6,424)</u>	<u>6,777</u>	<u>743</u>	<u>-</u>	<u>(532)</u>	<u>8,549</u>	<u>9,113</u>
FUND BALANCES - Beginning of Year	69,720	67,776	13,317	-	58,721	3,965	213,499
FUND BALANCES - END OF YEAR	<u>\$ 63,296</u>	<u>\$ 74,553</u>	<u>\$ 14,060</u>	<u>\$ -</u>	<u>\$ 58,189</u>	<u>\$ 12,514</u>	<u>\$ 222,612</u>

VILLAGE OF HALES CORNERS

COMBINING BALANCE SHEET
SPECIAL REVENUE NON-MAJOR FUNDS
As of December 31, 2019

	General Government	Fire	Police	Public Works	Health	Library	July 4th Activities	Other Recreation Programs	Total Special Revenue Funds
ASSETS									
Cash and investments	\$ 295,073	\$ -	\$ -	\$ -	\$ -	\$ 19,186	\$ -	\$ -	\$ 314,259
Intrafund due (to) / Due from	(233,913)	14,230	11,161	110,813	35,015	32,506	30,646	(458)	-
Due (to) / Due from	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 61,160	\$ 14,230	\$ 11,161	\$ 110,813	\$ 35,015	\$ 51,692	\$ 30,646	\$ (458)	\$ 314,259
LIABILITIES AND FUND BALANCES (DEFICITS)									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	39,722	-	-	-	-	-	-	-	39,722
TOTAL LIABILITIES	39,722	-	-	-	-	-	-	-	39,722
FUND BALANCES (DEFICITS)									
Fund Balances									
Restricted	-	-	872	110,738	35,015	25,739	-	-	172,364
Committed	-	-	-	75	-	25,953	30,646	-	56,674
Assigned	21,438	14,230	10,289	-	-	-	-	-	45,957
Unassigned (deficit)	-	-	-	-	-	-	-	(458)	(458)
TOTAL FUND BALANCES (DEFICITS)	\$ 21,438	\$ 14,230	\$ 11,161	\$ 110,813	\$ 35,015	\$ 51,692	\$ 30,646	\$ (458)	\$ 274,537

VILLAGE OF HALES CORNERS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE NON-MAJOR FUNDS
For the Year Ended December 31, 2019

	General Government	Fire	Police	Public Works	Health	Library	July 4th Activities	Other Recreation Programs	Total Special Revenue Funds
REVENUES									
Public charges for services	\$ -	\$ -	\$ -	\$ 64,244	\$ -	\$ 3,017	\$ -	\$ -	\$ 67,261
Intergovernmental	-	4,110	1,325	-	39,145	69,098	-	-	113,678
Miscellaneous revenue	-	2,071	7,114	-	-	-	23,787	-	32,972
Investment income	5,787	-	-	-	-	-	-	-	5,787
Total Revenues	<u>5,787</u>	<u>6,181</u>	<u>8,439</u>	<u>64,244</u>	<u>39,145</u>	<u>72,115</u>	<u>23,787</u>	<u>-</u>	<u>219,698</u>
EXPENDITURES									
Current									
Public safety	-	3,595	15,441	-	-	-	-	-	19,036
Public works	-	-	-	42,952	-	-	-	-	42,952
Health and human services	-	-	-	-	30,217	-	-	-	30,217
Library, parks and recreation	-	-	-	-	-	65,281	32,528	-	97,809
Total Expenditures	<u>-</u>	<u>3,595</u>	<u>15,441</u>	<u>42,952</u>	<u>30,217</u>	<u>65,281</u>	<u>32,528</u>	<u>-</u>	<u>190,014</u>
Excess (deficiency) of revenues over expenditures	<u>5,787</u>	<u>2,586</u>	<u>(7,002)</u>	<u>21,292</u>	<u>8,928</u>	<u>6,834</u>	<u>(8,741)</u>	<u>-</u>	<u>29,684</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	1,000	10,000	-	11,000
Transfers out	-	-	-	(4,000)	-	-	-	-	(4,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>1,000</u>	<u>10,000</u>	<u>-</u>	<u>7,000</u>
Net Changes Fund Balances	<u>5,787</u>	<u>2,586</u>	<u>(7,002)</u>	<u>17,292</u>	<u>8,928</u>	<u>7,834</u>	<u>1,259</u>	<u>-</u>	<u>36,684</u>
FUND BALANCES (DEFICITS) - Beginning of Year	<u>15,651</u>	<u>11,644</u>	<u>18,163</u>	<u>93,521</u>	<u>26,087</u>	<u>43,858</u>	<u>29,387</u>	<u>(458)</u>	<u>237,853</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 21,438</u>	<u>\$ 14,230</u>	<u>\$ 11,161</u>	<u>\$ 110,813</u>	<u>\$ 35,015</u>	<u>\$ 51,692</u>	<u>\$ 30,646</u>	<u>\$ (458)</u>	<u>\$ 274,537</u>

OTHER INFORMATION

VILLAGE OF HALES CORNERS

SCHEDULE OF GENERAL OBLIGATION LONG-TERM DEBT - PRINCIPAL PAYMENTS AS OF DECEMBER 31, 2019

YEAR	2012 GENERAL OBLIGATION BOND	2015 GENERAL OBLIGATION BOND	2018 GENERAL OBLIGATION BOND	2019 GENERAL OBLIGATION BOND	TOTALS
2020	\$ 285,000	\$ 70,000	\$ 230,000	\$ 335,000	\$ 920,000
2021	295,000	70,000	180,000	335,000	880,000
2022	305,000	75,000	180,000	345,000	905,000
2023	310,000	75,000	185,000	105,000	675,000
2024	320,000	75,000	190,000	105,000	690,000
2025-2029	1,700,000	385,000	1,045,000	535,000	3,665,000
2030-2034	200,000	365,000	1,785,000	605,000	2,955,000
2035-2039	-	70,000	1,505,000	635,000	2,210,000
	\$ 3,415,000	\$ 1,185,000	\$ 5,300,000	\$ 3,000,000	\$ 12,900,000

VILLAGE OF HALES CORNERS

SCHEDULE OF GENERAL OBLIGATION LONG-TERM DEBT - INTEREST PAYMENTS AS OF DECEMBER 31, 2019

YEAR	2012 GENERAL OBLIGATION BOND	2015 GENERAL OBLIGATION BOND	2018 GENERAL OBLIGATION BOND	2019 GENERAL OBLIGATION BOND	TOTALS
2020	\$ 76,280	\$ 32,913	\$ 197,956	\$ 72,832	\$ 379,981
2021	71,345	31,513	188,756	71,631	363,245
2022	65,640	30,113	181,556	61,581	338,890
2023	59,335	28,613	174,356	51,231	313,535
2024	52,560	27,113	166,956	48,081	294,710
2025-2029	142,400	102,113	714,981	193,006	1,152,500
2030-2034	6,000	43,675	460,619	118,769	629,063
2035-2039	-	2,188	132,370	47,531	182,089
	\$ 473,560	\$ 298,241	\$ 2,217,550	\$ 664,662	\$ 3,654,013