

# **Village of Hales Corners**

Financial Statements and  
Supplementary Information

December 31, 2023

# Village of Hales Corners

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Table of Contents  
December 31, 2023

	<u>Page</u>
<b>Independent Auditors' Report</b>	i
<b>Management's Discussion and Analysis - Required Supplementary Information</b>	iv
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Fiduciary Net Position	6
Statement of Changes in Fiduciary Net Position	7
Index to Notes to Financial Statements	8
Notes to Financial Statements	9
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	40
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System	41
Schedule of Changes in the Total OPEB Liability and Related Ratios - Village Retiree Benefits Plan	42
Schedule of Employer Contributions - Village Retiree Benefits Plan	43
Schedules of Proportionate Share of the Net OPEB Liability and Employer Contributions - Local Retiree Life Insurance Fund	44
Notes to Required Supplementary Information	45

# Village of Hales Corners

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Table of Contents  
December 31, 2023

	<u>Page</u>
<b>Supplementary Information</b>	
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	47
Combining Balance Sheet - Nonmajor Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Funds	52
Combining Balance Sheet - Capital Projects Nonmajor Funds	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Nonmajor Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Capital Projects Fund by Department	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Equipment Replacement Funds	56
Combining Balance Sheet - Special Revenue Nonmajor Funds	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Special Revenue Nonmajor Funds	59
<b>Other Information</b>	
Schedule of General Obligation Long-Term Debt - Principal Payments	61
Schedule of General Obligation Long-Term Debt - Interest Payments	62
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	63
<b>Schedule of Findings and Responses</b>	65

## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Village Board of  
Village of Hales Corners

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Hales Corners (the Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the 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 as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

### ***Required Supplementary Information***

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

### **Supplementary Information**

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

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the other information included in the annual report but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Milwaukee, Wisconsin  
May 2, 2024

## **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, 2023. 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 1 and 2 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 3 through 5 of this report.

The Village of Hales Corners adopts an annual appropriated budget for all funds as required by state statute. The Detailed Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund, found on page 47 to 50, 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 8 through 39 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 47 through 60 of this report. Supplementary information can be found on pages 40 through 60 of this report. Other information can be found on pages 61 and 62.

## Government-wide Financial Analysis and Highlights

As of the year ended December 31, 2023, Village assets exceeded liabilities by \$20,791,953. Of this amount; \$287,135 was restricted; \$18,022,677 invested in capital assets, net of related debt; and due to accounting for pension obligations as required under Governmental Accounting Standards Board Statement No. 68 – Accounting and Financial Reporting for Pensions, the unrestricted balance is a surplus of \$2,482,141 due to financial market activity. Overall net position increased by \$1,689,391 as of December 31, 2023.

The following condensed financial information related to Village assets, liabilities, and net position has been derived from the Village's government-wide financial statements:

Assets:		
Capital assets	\$ 28,800,183	\$ 27,828,997
Other assets	15,008,193	17,390,440
Total assets	<u>43,808,376</u>	<u>45,219,437</u>
Deferred Outflows of Resources	<u>5,330,332</u>	<u>4,089,523</u>
Liabilities and Net Position:		
Liabilities:		
Long-term liabilities	16,514,729	16,091,201
Other liabilities	1,574,893	2,178,391
Total liabilities	<u>18,089,622</u>	<u>18,269,592</u>
Deferred Inflows of Resources	<u>10,257,133</u>	<u>11,936,806</u>
Net Position:		
Invested in capital assets, net of related debt	18,022,677	17,612,234
Restricted	287,135	2,179,083
Unrestricted	2,482,141	(688,755)
Total net position	<u>\$ 20,791,953</u>	<u>\$ 19,102,562</u>

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

Total net position increased by \$1,689,391 in 2023. The increase is primarily related to ambulance fees and interest earnings which exceeded original adopted amounts by \$458,873, decreases in pension obligations relative to actuarial adjustments and increases in fixed assets capitalized in 2023.

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>2023</u>	<u>2022</u>
Program:		
Charges for services	\$ 2,537,303	\$ 2,260,398
Operating grants and contributions	1,094,259	984,738
Capital grants and contributions	72,190	16,797
General:		
Taxes	6,195,595	5,970,224
Other	1,907,044	527,432
Total revenues	<u>11,806,391</u>	<u>9,759,589</u>
Expenses:		
General government	870,423	680,465
Public safety	4,193,932	3,619,433
Public works	2,838,620	2,516,150
Health and human services	715,458	321,761
Culture and recreation	799,309	744,157
Conservation and development	180,544	139,862
Interest on long-term debt	518,714	507,816
Total expenses	<u>10,117,000</u>	<u>8,529,644</u>
Change in net position	1,689,391	1,229,945
Net position, beginning of year	19,102,562	17,872,617
Net position, end of year	<u>\$ 20,791,953</u>	<u>\$ 19,102,562</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 \$7,170,111. This amount represents the Village's major funds: General Fund - \$2,807,734, General Capital Projects Fund - \$2,789,599 and Debt Service Fund - \$104,126 as well as Other Governmental Funds - \$1,468,552.

The General Fund balance of \$2,807,734 is comprised of \$590,160 that is considered committed, assigned or non-spendable and \$2,217,574 unassigned. The General Fund balance increased during the year by \$118,420.

The General Capital Projects Fund has a fund balance of \$2,789,599, a decrease from the 2022 fund balance of \$267,173. The 2022 Bond Proceeds remaining totaled \$2,525,164 at yearend 2023. The 2024 road program and related Infrastructure projects were awarded in February, 2024 totaling \$1,600,458 utilizing the 2022 Bond proceeds.

The Debt Service Fund has a fund balance of \$104,126, an increase from 2022 fund balance of \$29,385. The increase is attributable interest earnings from segregated accounts in the Local Government Investment Pool (LGIP) of \$34,420. Investment interest revenues village-wide totaled \$576,656 due to interest rates at the LGIP tied to the Federal Reserve rates which averaged 8.0% returns in 2023.

The non-major funds have a balance of \$1,468,552 compared to a balance of \$1,101,979 in 2022. The increase is attributable to transfers of \$250,000 towards a water design project in the Hales Happiness subdivision and \$150,000 towards an upgrade at the Lory Lane sanitary lift station to be completed in 2024.

## **General Fund Budgetary Highlights**

The Village Board amended the 2023 originally adopted General Fund operating budget as follows:

	Increase <u>(Decrease)</u>
Current Revenues:	
Permits	\$ 27,845
Licenses	10,790
Ambulance Fees	230,000
General Fund Investment	228,873
Summer Recreation	16,152
Library Revenues	1,670
Metro Sewer Charges	10,000
Net Revenues:	<u>525,330</u>
	Increase <u>(Decrease)</u>
Current expenditures:	
General government	\$ 8,071
Public Safety	30,174
Public works	14,000
Culture and recreation	3,330
Contingency	(29,245)
Transfers out	584,000
Net expenditures	<u>610,330</u>
Net Change	<u>\$ (85,000)</u>

The amendments were primarily related to transferring surplus revenues to fund one time capital items in order to reduce reliance on borrowing in the future for these projects. Other minor changes were related to departmental programs and funding for these items was from available revenues generated by functional departmental sources.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Village's investment in capital assets as of December 31, 2023 is \$28,800,183 (net of accumulated depreciation), and major categories comprising this balance are summarized as follows:

		<u>2023</u>	<u>2022</u>
Land & Construction In Progress	\$	6,155,987	6,099,660
Land improvements		242,393	194,502
Buildings		12,787,026	12,102,983
Equipment and furnishings		3,806,568	3,418,259
Infrastructure		17,010,183	16,260,615
Total		<u>40,002,158</u>	<u>38,076,018</u>
Accumulated depreciation		<u>(11,201,975)</u>	<u>(10,247,022)</u>
Net capital assets	\$	<u><u>28,800,183</u></u>	<u><u>27,828,997</u></u>

Construction in progress, totaling \$84,090 includes 2024 road improvement projects and a Village Hall elevator upgrade project. The 2024 road program consists of 116<sup>th</sup> Street in progress at the end of 2023.

### **Long-term Debt**

As of December 31, 2023 the Village had total debt outstanding of \$13,807,491. The Village previous bonds and notes total \$12,700,000 as well as a Tax Incremental District No. 4 Development Note of \$1,107,491.

## **Economic Factors Affecting the Future**

State restrictions on local tax levies for operating purposes will limit revenue capacity through 2024. The State of Wisconsin adopted Act 12 in June, 2023 which allowed sales tax revenues as part of the shared revenue formula for which the Village will receive \$199,310 in 2024. This is an increase in State funding which had been stagnate since 2004. Debt service is exempt from the state levy limits, and will not affect the Village's borrowing capacity.

Property tax levied in 2023 to support 2024 Village operations increased by 0.17% over 2022 levies. Property values due to net new construction increased by \$1,676,800 (0.21%) in 2023. State imposed levy caps tied directly to net new construction, will continue to put pressure on the Village's ability to levy taxes in the future as the Village is nearly fully developed. The Village underwent an assessment revaluation process in 2023 which increased property values by 45%. The Village last undertook a reassessment in 2016. Significant sales occurred in the past three years nationwide as well as locally. This trend has slowed somewhat in 2024 due to inflationary effects on mortgage interest rates.

### **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 Changes in Fiduciary Net Position – Custodial Fund on page 7. 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

December 31, 2023

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments	\$ 7,207,696
Receivables:	
Taxes	7,094,843
Accounts (net)	608,465
Inventories	2,731
Prepaid items	94,458
Capital assets:	
Land	6,071,897
Construction in progress	84,090
Property and equipment (net of accumulated depreciation)	<u>22,644,196</u>
 Total assets	 <u>43,808,376</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to OPEB	67,244
Deferred outflows related to pension	<u>5,263,088</u>
 Total deferred outflows of resources	 <u>5,330,332</u>
<b>Liabilities</b>	
Accounts payable and other liabilities	600,256
Accrued interest payable	82,046
Unearned revenues	17,591
Noncurrent liabilities:	
Due within one year	875,000
Due in more than one year	<u>16,514,729</u>
 Total liabilities	 <u>18,089,622</u>
<b>Deferred Inflows of Resources</b>	
Unearned revenue property taxes	7,153,335
Deferred inflows related to OPEB	130,846
Deferred inflows related to pension	<u>2,972,952</u>
 Total deferred inflows of resources	 <u>10,257,133</u>
<b>Net Position</b>	
Net investment in capital assets	18,022,677
Restricted for debt service	22,080
Restricted for TIF activities	135,432
Restricted for other	129,623
Unrestricted	<u>2,482,141</u>
 Total net position	 <u>\$ 20,791,953</u>

See notes to financial statements

# Village of Hales Corners

Statement of Activities

Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General government	\$ 870,423	\$ 277,260	\$ 21,407	\$ -	\$ (571,756)
Public safety	4,193,932	811,058	175,841	39,505	(3,167,528)
Public works	2,838,620	1,335,164	639,340	32,685	(831,431)
Health and human services	715,458	5,928	256,015	-	(453,515)
Library, parks and recreation	799,309	102,553	1,656	-	(695,100)
Conservation and development	180,544	5,340	-	-	(175,204)
Interest and fiscal charges	518,714	-	-	-	(518,714)
<b>Total governmental activities</b>	<b>\$ 10,117,000</b>	<b>\$ 2,537,303</b>	<b>\$ 1,094,259</b>	<b>\$ 72,190</b>	<b>(6,413,248)</b>

## General Revenues

Taxes:

Property taxes levied for general purposes	4,624,121
Property taxes levied for tax increment financing districts	294,474
Property taxes levied for debt service	1,277,000
Intergovernmental revenues not restricted to specific programs	1,215,866
Investment income	574,182
Miscellaneous	93,585
Gain on disposal of capital assets	23,411

Total general revenues 8,102,639

Change in net position 1,689,391

**Net Position, Beginning** 19,102,562

**Net Position, Ending** \$ 20,791,953

See notes to financial statements

## Village of Hales Corners

Balance Sheet -  
Governmental Funds  
December 31, 2023

	General	General Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 2,722,077	\$ 2,843,732	\$ 95,971	\$ 1,545,916	\$ 7,207,696
Receivables:					
Taxes	5,635,252	-	1,199,315	260,276	7,094,843
Accounts (net)	569,365	-	-	39,100	608,465
Due from other funds	90,718	-	8,155	1,047	99,920
Inventories	2,731	-	-	-	2,731
Prepaid items	94,458	-	-	-	94,458
	<u>9,114,601</u>	<u>2,843,732</u>	<u>1,303,441</u>	<u>1,846,339</u>	<u>15,108,113</u>
Total assets	<u>\$ 9,114,601</u>	<u>\$ 2,843,732</u>	<u>\$ 1,303,441</u>	<u>\$ 1,846,339</u>	<u>\$ 15,108,113</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 261,553	\$ 54,133	\$ -	\$ -	\$ 315,686
Accrued liabilities	254,590	-	-	-	254,590
Unearned revenues	-	-	-	17,591	17,591
Due to other funds	-	-	-	99,920	99,920
Deposits	29,980	-	-	-	29,980
	<u>546,123</u>	<u>54,133</u>	<u>-</u>	<u>117,511</u>	<u>717,767</u>
Total liabilities	<u>546,123</u>	<u>54,133</u>	<u>-</u>	<u>117,511</u>	<u>717,767</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	67,000	-	-	-	67,000
Unearned revenues	5,693,744	-	1,199,315	260,276	7,153,335
	<u>5,760,744</u>	<u>-</u>	<u>1,199,315</u>	<u>260,276</u>	<u>7,220,335</u>
Total deferred inflows of resources	<u>5,760,744</u>	<u>-</u>	<u>1,199,315</u>	<u>260,276</u>	<u>7,220,335</u>
<b>Fund Balances</b>					
Nonspendable	113,233	-	-	-	113,233
Restricted	-	-	104,126	265,055	369,181
Committed	269,927	2,789,599	-	1,089,446	4,148,972
Assigned	207,000	-	-	117,496	324,496
Unassigned (deficit)	2,217,574	-	-	(3,445)	2,214,129
	<u>2,807,734</u>	<u>2,789,599</u>	<u>104,126</u>	<u>1,468,552</u>	<u>7,170,011</u>
Total fund balances	<u>2,807,734</u>	<u>2,789,599</u>	<u>104,126</u>	<u>1,468,552</u>	<u>7,170,011</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,114,601</u>	<u>\$ 2,843,732</u>	<u>\$ 1,303,441</u>	<u>\$ 1,846,339</u>	

### 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 4.	28,800,183
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.	67,000
Deferred outflows of resources related to pension and OPEBs do not related to current financial resources and are not reported in the governmental funds.	5,330,332
Deferred inflows of resources related to pension and OPEBs do not related to current financial resources and are not reported in the governmental funds.	(3,103,798)
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 2.	<u>(17,471,775)</u>
Net position of governmental activities	<u>\$ 20,791,953</u>

See notes to financial statements

## Village of Hales Corners

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

	General	General Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 4,623,382	\$ -	\$ 1,277,000	\$ 294,474	\$ 6,194,856
Other taxes	739	-	-	-	739
Intergovernmental	970,783	10,849	-	1,264,295	2,245,927
Licenses and permits	160,866	-	-	-	160,866
Fines, forfeitures and penalties	123,439	-	-	-	123,439
Public charges for services	2,004,252	-	-	197,343	2,201,595
Investment income	324,311	145,393	34,421	72,530	576,655
Miscellaneous revenue	106,940	-	32,620	140,006	279,566
	<u>8,314,712</u>	<u>156,242</u>	<u>1,344,041</u>	<u>1,968,648</u>	<u>11,783,643</u>
Total revenues					
<b>Expenditures</b>					
Current:					
General government	699,604	-	-	252,451	952,055
Public safety	4,022,602	-	-	365,822	4,388,424
Public works	1,943,060	-	-	170,887	2,113,947
Health and human services	322,130	-	-	420,358	742,488
Library, parks and recreation	718,056	-	-	38,001	756,057
Conservation and development	-	-	-	158,735	158,735
Capital outlay	4,199	798,415	-	263,928	1,066,542
Debt service:					
Principal	-	-	855,000	-	855,000
Interest and fiscal charges	-	-	459,656	69,634	529,290
	<u>7,709,651</u>	<u>798,415</u>	<u>1,314,656</u>	<u>1,739,816</u>	<u>11,562,538</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	605,061	(642,173)	29,385	228,832	221,105
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	-	-	-	26,100	26,100
Transfers out	(737,000)	-	-	(254,359)	(991,359)
Transfers in	250,359	375,000	-	366,000	991,359
	<u>(486,641)</u>	<u>375,000</u>	<u>-</u>	<u>137,741</u>	<u>26,100</u>
Total other financing sources (uses)					
Net changes fund balances	118,420	(267,173)	29,385	366,573	247,205
<b>Fund Balances, Beginning</b>	<u>2,689,314</u>	<u>3,056,772</u>	<u>74,741</u>	<u>1,101,979</u>	<u>6,922,806</u>
<b>Fund Balances, Ending</b>	<u>\$ 2,807,734</u>	<u>\$ 2,789,599</u>	<u>\$ 104,126</u>	<u>\$ 1,468,552</u>	<u>\$ 7,170,011</u>

See notes to 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  
Year Ended December 31, 2023

**Net Change in Fund Balances, Total Governmental Funds** \$ 247,205

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide statements	1,066,542
Some items reported as operating expenditures in the fund statements are capitalized in the government-wide financial statements	983,839
Some items reported as capital outlay were not capitalized	(54,213)
Depreciation is reported in the government-wide statements	(1,022,293)
Net book value of assets retired	(2,689)

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.

(663)

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

Principal repaid	855,000
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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.

Amortization	24,821
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Vested compensated absences	(2,596)
Other postemployment benefits, health and life	83,920
Net pension liability	(3,438,579)
Deferred outflows of resources related to OPEB	(25,515)
Deferred inflows of resources related to OPEB	(95,235)
Deferred outflows of resources related to pension	1,266,324
Deferred inflows of resources related to pension	1,817,768
Accrued interest on debt	(14,245)

**Change in Net Position of Governmental Activities** \$ 1,689,391

# Village of Hales Corners

Statement of Fiduciary Net Position  
December 31, 2023

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	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
<b>Assets</b>	
Cash and investments	\$ 9,498,179
Taxes receivable	<u>1,986,650</u>
Total assets	<u>11,484,829</u>
<b>Liabilities</b>	
Due to other governmental units	<u>11,484,829</u>
Net position	<u><u>\$ -</u></u>

See notes to financial statements

## Village of Hales Corners

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

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	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
<b>Additions</b>	
Tax collections	\$ 8,607,019
<b>Deductions</b>	
Payments to overlying districts	<u>8,607,019</u>
Net change in net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Village of Hales Corners

Index to Notes to Financial Statements  
December 31, 2023

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	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	9
Reporting Entity	9
Government-Wide and Fund Financial Statements	9
Measurement Focus, Basis of Accounting and Financial Statement Presentation	11
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	12
Deposits and Investments	12
Receivables	13
Inventories and Prepaid Items	13
Restricted Assets	13
Capital Assets	13
Deferred Outflows of Resources	14
Compensated Absences	14
Long-Term Obligations	14
Deferred Inflows of Resources	15
Equity Classifications	15
Pension	16
Postemployment Benefits Other Than Pensions (OPEB)	16
<b>2. Reconciliation of Government-Wide and Fund Financial Statements</b>	17
Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	17
<b>3. Stewardship, Compliance and Accountability</b>	17
Deficit Balances	17
Limitations on the Village's Tax Levy	18
<b>4. Detailed Notes on All Funds</b>	18
Deposits and Investments	18
Receivables	19
Capital Assets	20
Interfund Receivables/Payables and Transfers	21
Long-Term Obligations	23
Net Position/Fund Balances	24
<b>5. Other Information</b>	26
Employees' Retirement System	26
Risk Management	31
Commitments and Contingencies	32
Other Postemployment Benefits	32
Tax Abatement	39
Effect of New Accounting Standards on Current-Period Financial Statements	39

# Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

## 1. Summary of Significant Accounting Policies

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

### Reporting Entity

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

### Government-Wide and Fund Financial Statements

#### Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. 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.

#### Fund Financial Statements

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

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

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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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

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

Debt Service Fund is 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

Capital Projects Fund - General Capital Projects Fund is 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

Special Revenue Funds are 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	Fire
Police	Public Works
Health	Library
July 4th Activities	COVID Grant
ARPA	Communicable Diseases
Maternal Child Health	Immunization Grant
Enhance COVID Detection	COVID Vaccine Grant
PHEP Workforce Grant	Farmers Market

## Capital Projects Funds

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

Equipment Replacement	Computer Replacement
Tax Incremental Financing (TIF) District No. 4	Sewer Rehab
Stormwater	

# Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

In addition, the Village reports the following fund types:

## **Custodial Fund**

Custodial Fund is 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

## **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.

### **Fund Financial Statements**

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

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

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

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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## All Financial Statements

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

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

### Deposits and Investments

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 was in compliance with the investment policy. 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, 2023, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

See Note 4 for further information.

## Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the 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 - 2023 tax roll:

Lien date and levy date	December 2023
Tax bills mailed	December 2023
Payment in full, or	January 31, 2024
First installment due	January 31, 2024
Second installment due	April 30, 2024
Third installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Tax sale - 2023 delinquent real estate taxes	October 2026

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

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

## Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the purchases method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## Restricted Assets

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

## Capital Assets

### Government-Wide Financial Statements

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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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

Lease assets are typically amortized over the lease term.

## Fund Financial Statements

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

## Deferred Outflows of Resources

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

## Compensated Absences

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.

Accrued vacations are considered to be liquidated with expendable available financial resources and are reported as an accrued liability in both the government-wide financial statements and the fund financial statements. At December 31, 2023, the liability for accumulated vacation pay was \$146,312.

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, 2023, the liability for accumulated sick pay was \$77,055.

## Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of 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, 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.

# Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

## Deferred Inflows of Resources

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

## Equity Classifications

### Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

## Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- 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.

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

The Village 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, 2023, the unassigned general fund fund balance was \$2,217,574 which was 27.7% of the general fund operating budget.

See Note 4 for further information.

## Pension

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

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

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of 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 following:

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

Information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## 2. Reconciliation of Government-Wide and Fund Financial Statements

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

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.

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	\$ 12,700,000
Vested compensated absences	77,055
Accrued interest	82,046
Unamortized debt premium and discount	355,132
Other post employment benefits, health	2,691,363
Other post employment benefits, life	161,506
Net pension liability	<u>1,404,673</u>
Combined adjustment for long-term liabilities	<u>\$ 17,471,775</u>

## 3. Stewardship, Compliance and Accountability

### Deficit Balances

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

As of December 31, 2023, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Fund - Maternal Child Health	\$ 909	Expenditures exceeded revenue
Special Revenue Fund - Enhance COVID Detection	997	Expenditures exceeded revenue
Special Revenue Fund - COVID Vaccine Grant	1,539	Expenditures exceeded revenue

The deficits are anticipated to be funded with future contributions, general tax revenues or long-term borrowing.

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Limitations on the Village's Tax Levy

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

## 4. Detailed Notes on All Funds

### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 4,580,605	\$ 4,713,773	Custodial credit
LGIP	12,124,620	12,124,620	Credit
Petty cash	650	-	N/A
	<u>\$ 16,705,875</u>	<u>\$ 16,838,393</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 7,207,696		
Per statement of net position, fiduciary fund:			
Tax Collection Fund	<u>9,498,179</u>		
	<u>\$ 16,705,875</u>		

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

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

### Custodial Credit Risk

#### Deposits

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

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

As of December 31, 2023, \$4,416,987 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,416,987
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### Credit Risk

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

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

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

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year except for \$16,044 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	\$ 7,153,335	\$ -
Milwaukee County Federated Library System payments	-	67,000
Grant funds received prior to meeting eligibility requirements	<u>17,591</u>	<u>-</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 7,170,926</u>	<u>\$ 67,000</u>
Unearned revenue included in liabilities	\$ 17,591	
Unearned revenue included in deferred inflows	<u>7,153,335</u>	
Total unearned revenue for governmental funds	<u>\$ 7,170,926</u>	

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 6,029,397	\$ 42,500	\$ -	\$ 6,071,897
Construction in progress	70,262	611,081	597,253	84,090
Total capital assets not being depreciated	<u>6,099,659</u>	<u>653,581</u>	<u>597,253</u>	<u>6,155,987</u>
Capital assets being depreciated:				
Land improvements	194,502	47,891	-	242,393
Buildings	12,102,983	684,043	-	12,787,026
Machinery and equipment	3,418,259	458,338	70,028	3,806,569
Infrastructure	16,260,615	749,568	-	17,010,183
Total capital assets being depreciated	<u>31,976,359</u>	<u>1,939,840</u>	<u>70,028</u>	<u>33,846,171</u>
Total capital assets	<u>38,076,018</u>	<u>2,593,421</u>	<u>667,281</u>	<u>40,002,158</u>
Less accumulated depreciation for:				
Land improvements	(108,791)	(5,402)	-	(114,193)
Buildings	(3,222,840)	(248,048)	-	(3,470,888)
Machinery and equipment	(2,310,317)	(284,948)	67,339	(2,527,926)
Infrastructure	(4,605,073)	(483,895)	-	(5,088,968)
Total accumulated depreciation	<u>(10,247,021)</u>	<u>(1,022,293)</u>	<u>67,339</u>	<u>(11,201,975)</u>
Net capital assets being depreciated	<u>21,729,338</u>	<u>917,547</u>	<u>2,689</u>	<u>22,644,196</u>
Total governmental activities capital assets, net as reported in the statement of net position	<u>\$ 27,828,997</u>	<u>\$ 1,571,128</u>	<u>\$ 599,942</u>	<u>\$ 28,800,183</u>

Depreciation expense was charged to functions as follows:

### Governmental Activities

General government	\$ 55,434
Public safety	254,786
Health and human services	15,470
Public works	667,197
Library, parks and recreation	<u>29,406</u>
Total governmental activities depreciation expense	<u>\$ 1,022,293</u>

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Interfund Receivables/Payables and Transfers

### Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue, ARPA	\$ 51,969
Special Revenue, Library	Special Revenue, ARPA	1,047
General Fund	Special Revenue, COVID Vaccine Grant Fund	1,539
General Fund	Special Revenue, Maternal Child Health Fund	909
General Fund	Special Revenue, Enhance COVID Detection	36,301
Debt Service Fund	Special Revenue, ARPA	<u>8,155</u>
Total, fund financial statements		99,920
Less fund eliminations		<u>(99,920)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

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  
December 31, 2023

## 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 Fund	Special Revenue Fund, Library	\$ 67,000	Milwaukee County Federated Library System transfer
General Fund	Special Revenue Fund, Health	25,418	Transfers for grant expenditures
General Fund	Special Revenue Fund, Communicable Diseases	2,287	Transfers for grant expenditures
General Fund	Special Revenue Fund, Maternal Child Health	2,765	Transfers for grant expenditures
General Fund	Special Revenue Fund, Enhance COVID Detection	151,064	Transfers for grant expenditures
General Fund	Special Revenue, Farmers Market	904	Transfers for grant expenditures
General Fund	Special Revenue Fund, PHEP Workforce Grant	921	Transfers for expenditures
Capital Projects Fund	General Fund	375,000	Fund projects
Capital Projects Fund, Equipment Replacement	Capital Projects Fund, Stormwater	4,000	Sinking fund for equipment related to Stormwater
Capital Projects Fund, Equipment Replacement	General Fund	97,000	Fund projects
Capital Projects Fund, Sewer Rehab	General Fund	235,000	Support Sewer Rehab projects
Special Revenue Fund, General Government	General Fund	18,000	Transfers for grant expenditures
Special Revenue Fund, COVID Grant Funds	General Fund	<u>12,000</u>	Transfers for grant expenditures
Total, fund financial statements		991,359	
Less fund eliminations		<u>(991,359)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt (Discounts)/premiums:	\$ 13,555,000	\$ -	\$ 855,000	\$ 12,700,000	\$ 875,000
Bond premium	379,953	-	24,821	355,132	-
Total bonds and notes payable	<u>13,934,953</u>	<u>-</u>	<u>879,821</u>	<u>13,055,132</u>	<u>875,000</u>
Other liabilities:					
Other postemployment benefits, Health	2,666,549	24,814	-	2,691,363	-
Other postemployment benefits, Life	270,240	-	108,734	161,506	-
Net pension liability	-	1,404,673	-	1,404,673	-
Vested compensated absences	74,459	4,023	1,427	77,055	-
Total other liabilities	<u>3,011,248</u>	<u>1,433,510</u>	<u>110,161</u>	<u>4,334,597</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 16,946,201</u>	<u>\$ 1,433,510</u>	<u>\$ 989,982</u>	<u>\$ 17,389,729</u>	<u>\$ 875,000</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, 2023, was \$46,445,160. Total general obligation debt outstanding at year end was \$12,700,000.

## General Obligation Debt

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

<u>Governmental Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2023</u>
GO Bond	06/07/12	04/01/31	0.5-3.0%	\$ 5,780,000	\$ 2,220,000
GO Bond	08/25/15	08/25/35	1.0-3.125	1,430,000	895,000
GO Bonds	11/05/18	11/01/38	4.0-3.25	5,300,000	4,525,000
GO Bonds	12/10/19	11/01/39	3.0-2.125	3,000,000	1,880,000
GO Notes	09/17/20	03/01/30	3.1-1.0	400,000	320,000
GO Bonds	11/17/22	11/01/39	4.75-5.0	3,000,000	2,860,000
Total governmental activities, general obligation debt					<u>\$ 12,700,000</u>

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

Debt service requirements to maturity are as follows:

<u>Years</u>	<b>Governmental Activities General Obligation Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 875,000	\$ 437,623
2025	920,000	408,728
2026	870,000	377,922
2027	870,000	350,059
2028	895,000	321,343
2029-2033	3,840,000	1,199,895
2034-2038	3,365,000	592,755
2039	<u>1,065,000</u>	<u>121,049</u>
Total	<u>\$ 12,700,000</u>	<u>\$ 3,809,374</u>

## Other Debt Information

Estimated payments of vested compensated absences, net pension liability and other postemployment benefits obligations 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.

## Net Position/Fund Balances

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

### Governmental Activities

Net investment in capital assets:

Land	\$ 6,071,897
Construction in progress	84,090
Other capital assets, net of accumulated depreciation	22,644,196
Less long-term debt outstanding	(12,700,000)
Plus unspent capital related debt proceeds	2,277,626
Less unamortized debt premium	<u>(355,132)</u>
Total net investment in capital assets	<u>\$ 18,022,677</u>

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Governmental Funds

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

	<u>General Fund</u>	<u>General Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Fund Balances</b>					
<b>Nonspendable:</b>					
Prepaid items	\$ 94,458	\$ -	\$ -	\$ -	\$ 94,458
Inventory	2,731	-	-	-	2,731
Delinquent personal property taxes	16,044	-	-	-	16,044
Subtotal	<u>113,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,233</u>
<b>Restricted for:</b>					
Debt service	-	-	104,126	-	104,126
Tax incremental financing activities	-	-	-	135,432	135,432
Police	-	-	-	3,670	3,670
Health	-	-	-	43,196	43,196
Library	-	-	-	70,737	70,737
Communicable diseases	-	-	-	963	963
Immunization grant	-	-	-	3,421	3,421
PHEP workforce	-	-	-	4,403	4,403
Farmers market	-	-	-	3,233	3,233
Subtotal	<u>-</u>	<u>-</u>	<u>104,126</u>	<u>265,055</u>	<u>369,181</u>
<b>Committed to:</b>					
Employee health and compensation reserve	269,927	-	-	-	269,927
General capital projects	-	2,789,599	-	-	2,789,599
Equipment replacement	-	-	-	263,611	263,611
Computer replacement	-	-	-	14,649	14,649
Sewer rehab	-	-	-	561,893	561,893
Stormwater	-	-	-	150,361	150,361
Public works	-	-	-	17,949	17,949
July 4th activities	-	-	-	38,454	38,454
COVID Grant	-	-	-	10,378	10,378
ARPA	-	-	-	32,151	32,151
Subtotal	<u>269,927</u>	<u>2,789,599</u>	<u>-</u>	<u>1,089,446</u>	<u>4,148,972</u>
<b>Assigned to:</b>					
2024 budget appropriation	207,000	-	-	-	207,000
General government	-	-	-	26,860	26,860
Fire	-	-	-	14,266	14,266
Police	-	-	-	76,370	76,370
Subtotal	<u>207,000</u>	<u>-</u>	<u>-</u>	<u>117,496</u>	<u>324,496</u>
<b>Unassigned (Deficit)</b>	<u>2,217,574</u>	<u>-</u>	<u>-</u>	<u>(3,445)</u>	<u>2,214,129</u>
Total fund balances (deficit)	<u>\$ 2,807,734</u>	<u>\$ 2,789,599</u>	<u>\$ 104,126</u>	<u>\$ 1,468,552</u>	<u>\$ 7,170,011</u>

# Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

## 5. Other Information

### Employees' Retirement System

#### Plan Description

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

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

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

#### Vesting

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

#### Benefits Provided

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

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

### Postretirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

### Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$317,552 in contributions from the Village.

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

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

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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

At December 31, 2023, the Village reported a liability of \$1,404,673 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.02651477%, which was an increase of 0.00128077% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized pension expense (revenue) of \$672,769.

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 2,237,210	\$ 2,939,192
Changes in assumptions	276,217	-
Net differences between projected and actual earnings on pension plan investments	2,386,217	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,245	33,760
Employer contributions subsequent to the measurement date	<u>355,199</u>	<u>-</u>
Total	<u>\$ 5,263,088</u>	<u>\$ 2,972,952</u>

\$355,199 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years Ending December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>
2024	\$ 76,151
2025	399,420
2026	406,902
2027	1,052,464

## Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

### Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Postretirement Adjustments*:	1.7%

*\* No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

### Long-Term Expected Return on Plan Assets

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

<b>Asset Allocation Targets and Expected Returns* as of December 31, 2022</b>			
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %**</b>
Public Equity	48	7.6	5
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund***	115	7.4	4.8
<b>Variable Fund Asset</b>			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

\*\* *New England Pension Consultants' Long-Term U.S. CPI (Inflation) Forecast: 2.5%*

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. This discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 4,662,067	\$ 1,404,673	\$ (836,133)

## Pension Plan Fiduciary Net Position

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

At December 31, 2023, the Village reported a payable to the pension plan of \$45,764 which represents contractually required contributions outstanding as of the end of the year.

## Risk Management

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

# Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

## Commitments and Contingencies

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

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

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

The Village has active construction projects as of December 31, 2023. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

## 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, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	8
Active plan members	<u>12</u>
Total	<u><u>20</u></u>

### Total OPEB Liability

The Village's total OPEB liability of \$2,691,363 was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.93%
Salary increases	2.5% per year
Healthcare cost trend rates	5.1% in 2023 and decreasing to 5.0% over 10 years
Healthcare participation rate	100.00%

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015-April 30, 2017.

### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balances at December 31, 2022	\$ 2,666,549
Changes for the year:	
Service cost	47,769
Interest	86,239
Changes in assumptions or other inputs	(185,905)
Effect of economic/demographic gains or losses	166,177
Benefit payments	(89,466)
Net changes	24,814
Balances at December 31, 2023	\$ 2,691,363

### 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 (2.93%) or 1-percentage-point higher (4.93%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 2,962,964	\$ 2,691,363	\$ 2,456,031

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

### Sensitivity of the Total 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 (4.1% decreasing to 4.0%) or 1-percentage-point higher (6.1% decreasing to 6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,412,643	\$ 2,691,363	\$ 3,015,150

For the year ended December 31, 2023, the Village recognized OPEB expense of \$24,418.

### Local Retiree Life Insurance Fund (LRLIF)

#### Plan Description

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

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

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

#### Benefits Provided

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

#### Contributions

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

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

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

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

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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

### Life Insurance Member Contribution Rates\* for the Plan Year

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

\*Disabled members under age 70 receive a waiver-of-premium benefit

During the reporting period, the LRLIF recognized \$850 in contributions from the employer.

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

At December 31, 2023, the Village reported a liability of \$161,506 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the Village's proportion was 0.04239200%, which was a decrease of 0.00333100% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Village recognized OPEB expense (revenue) of \$12,016.

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 15,805
Net differences between projected and actual earnings on plan investments	3,031	-
Changes in actuarial assumptions	58,025	95,333
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,270	19,708
Employer contributions subsequent to the measurement date	<u>4,918</u>	<u>-</u>
Total	<u>\$ 67,244</u>	<u>\$ 130,846</u>

\$4,918 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2024	\$ (7,403)
2025	(8,147)
2026	(5,494)
2027	(12,752)
2028	(18,067)
Thereafter	(16,657)

## Village of Hales Corners

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Notes to Financial Statements  
December 31, 2023

### Actuarial Assumptions

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

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

\*Based on the Bond Buyers GO index

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

### Long-Term Expected Return on Plan Assets

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

### State OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2022

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interm Credit	50.00%	2.45%
U.S. Mortgages	Bloomberg US MBS	50.00	2.83
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate remained unchanged from the prior year at 2.30%.

### Single Discount Rate

A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

## Village of Hales Corners

Notes to Financial Statements  
December 31, 2023

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

The following presents the Village's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the Village's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
Village's proportionate share of the net OPEB liability	\$ 220,197	\$ 161,506	\$ 116,527

### 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.

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 147,863	\$ 60,912	\$ 208,775
2025	136,645	52,780	189,425
2026	124,901	45,264	170,165
2027	126,999	38,394	165,393
2028	134,009	34,775	168,784
2029-2032	<u>498,266</u>	<u>61,819</u>	<u>560,085</u>
Total	<u>\$ 1,168,683</u>	<u>\$ 293,944</u>	<u>\$ 1,462,627</u>

### Effect of New Accounting Standards on Current-Period Financial Statements

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## Village of Hales Corners

### Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes	\$ 5,900,382	\$ 5,900,382	\$ 4,623,382	\$ (1,277,000)
Other taxes	750	750	739	(11)
Intergovernmental	975,111	975,111	970,783	(4,328)
Licenses and permits	115,465	154,100	160,866	6,766
Fines, forfeitures and penalties	170,000	170,000	123,439	(46,561)
Public charges for services	1,682,900	1,900,722	2,004,252	103,530
Investment income	33,000	301,873	324,311	22,438
Miscellaneous revenues	91,100	91,100	106,940	15,840
	<u>8,968,708</u>	<u>9,494,038</u>	<u>8,314,712</u>	<u>(1,179,326)</u>
<b>Total revenues</b>				
	<u>8,968,708</u>	<u>9,494,038</u>	<u>8,314,712</u>	<u>(1,179,326)</u>
<b>Expenditures</b>				
Current:				
General government	905,519	884,345	699,604	184,741
Public safety	4,156,693	4,186,867	4,026,801	160,066
Public works	2,036,720	2,050,720	1,943,060	107,660
Health and human services	158,651	158,651	322,130	(163,479)
Library, parks and recreation	708,125	711,455	718,056	(6,601)
	<u>7,965,708</u>	<u>7,992,038</u>	<u>7,709,651</u>	<u>282,387</u>
<b>Total expenditures</b>				
	<u>7,965,708</u>	<u>7,992,038</u>	<u>7,709,651</u>	<u>282,387</u>
Excess of revenues over (under) expenditures	<u>1,003,000</u>	<u>1,502,000</u>	<u>605,061</u>	<u>(896,939)</u>
<b>Other Financing Uses</b>				
Transfers out	(1,277,000)	(1,861,000)	(737,000)	1,124,000
Transfers in	67,000	67,000	250,359	183,359
	<u>(1,210,000)</u>	<u>(1,794,000)</u>	<u>(486,641)</u>	<u>940,641</u>
<b>Net change in fund balance</b>	<u>\$ (207,000)</u>	<u>\$ (292,000)</u>	<u>118,420</u>	<u>\$ 410,420</u>
<b>Fund Balance, Beginning</b>			<u>2,689,314</u>	
<b>Fund Balance, Ending</b>			<u>\$ 2,807,734</u>	

See notes to required supplementary information

## Village of Hales Corners

Schedule of Proportionate Share of the Net Pension Liability (Asset) -  
Wisconsin Retirement System  
Year Ended December 31, 2023

<b>WRS Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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	2,679,213	31.11 %	96.45 %
12/31/19	0.02326428 %	(750,146)	2,670,711	28.09 %	102.96 %
12/31/20	0.02447126 %	(1,527,774)	3,014,559	50.68 %	105.26 %
12/31/21	0.02523400 %	(2,033,906)	3,030,634	67.11 %	106.02 %
12/31/22	0.02651477 %	1,404,673	3,204,885	43.83%	95.72%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2023

<b>Village Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
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 %
12/31/20	301,263	301,263	-	3,014,559	9.99 %
12/31/21	304,239	304,239	-	3,030,634	10.04 %
12/31/22	318,282	318,282	-	3,204,885	9.93 %
12/31/23	355,199	355,199	-	3,294,897	10.78 %

See notes to required supplementary information

**Village of Hales Corners**

Schedule of Changes in the Total OPEB Liability and Related Ratios -  
Village Retiree Benefits Plan  
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 47,769	\$ 72,853	\$ 65,788	\$ 63,711	\$ 70,422	\$ 127,919
Interest	86,239	71,204	54,129	75,060	79,748	61,647
Prior year activity	-	-	-	-	-	192,978
Differences between expected and actual experience	166,177	92,315	346,544	(232,596)	(347,166)	(261,979)
Changes of assumptions	(185,905)	(558,143)	135,255	255,355	102,490	(317,628)
Benefit payments	<u>(89,466)</u>	<u>(68,948)</u>	<u>(39,646)</u>	<u>(47,457)</u>	<u>(52,521)</u>	<u>(72,056)</u>
Net change in total OPEB liability	24,814	(390,719)	562,070	114,073	(147,027)	(269,119)
<b>Total OPEB Liability, Beginning</b>	<u>2,666,549</u>	<u>3,057,268</u>	<u>2,495,198</u>	<u>2,381,125</u>	<u>2,528,152</u>	<u>2,797,271</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 2,691,363</u>	<u>\$ 2,666,549</u>	<u>\$ 3,057,268</u>	<u>\$ 2,495,198</u>	<u>\$ 2,381,125</u>	<u>\$ 2,528,152</u>
<b>Covered-Employee Payroll</b>	<u>\$ 3,294,897</u>	<u>\$ 3,204,885</u>	<u>\$ 3,030,634</u>	<u>\$ 3,014,559</u>	<u>\$ 2,670,711</u>	<u>\$ 2,679,213</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<u>81.68%</u>	<u>83.20%</u>	<u>100.88%</u>	<u>82.77%</u>	<u>89.16%</u>	<u>94.36%</u>

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.

See notes to requires supplementary information

**Village of Hales Corners**

Schedule of Employer Contributions -  
Village Retiree Benefits Plan  
Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually determined contribution	\$ 89,466	\$ 68,948	\$ 39,646	\$ 47,457	\$ 52,521	\$ 72,056
Contributions in relation to the contractually determined contribution	<u>89,466</u>	<u>68,948</u>	<u>39,646</u>	<u>47,457</u>	<u>52,521</u>	<u>72,056</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered-employee payroll	<u>\$ 3,294,897</u>	<u>\$ 3,204,885</u>	<u>\$ 3,030,634</u>	<u>\$ 3,014,559</u>	<u>\$ 2,670,711</u>	<u>\$ 2,679,213</u>
Contributions as a percentage of covered-employee payroll	<u>2.72%</u>	<u>2.15%</u>	<u>1.31%</u>	<u>1.57%</u>	<u>1.97%</u>	<u>2.69%</u>

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.

*See notes to required supplementary information*

## Village of Hales Corners

### Schedules of Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund

Year Ended December 31, 2023

<b>Plan Fiscal Year End</b>	<b>Proportion of the Net OPEB Liability</b>	<b>Proportionate Share of the Net OPEB Liability</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
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 %
12/31/19	0.04752310 %	201,119	2,144,000	9.38 %	37.58 %
12/31/20	0.04596700 %	252,852	2,171,000	11.65 %	31.36 %
12/31/21	0.04572300 %	270,240	2,497,000	10.82 %	29.57 %
12/31/22	0.04239200 %	161,506	2,557,000	6.32 %	38.81 %

### Schedule of Employer Contributions - Local Retiree Life Insurance Fund

Year Ended December 31, 2023

<b>Village Fiscal Year End</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/18	\$ 18,083	\$ 18,083	\$ -	\$ 2,679,213	0.67 %
12/31/19	6,961	6,961	-	2,670,711	0.26 %
12/31/20	6,495	6,495	-	3,014,559	0.22 %
12/31/21	5,326	5,326	-	3,030,634	0.18 %
12/31/22	5,734	5,734	-	3,204,885	0.18 %
12/31/23	4,918	4,918	-	3,294,897	0.15 %

See notes to required supplementary information

## Village of Hales Corners

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Notes to Required Supplementary Information  
Year Ended December 31, 2023

### **Budgetary Information**

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

The budgeted amounts presented include any amendments made. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds 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.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

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

## Village of Hales Corners

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Notes to Required Supplementary Information  
December 31, 2023

### Local Retiree Life Insurance Fund

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

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

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

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

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

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

### Village Retiree Benefit Plans

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

*Changes in assumptions.* The assumption changes that were used to measure the December 31, 2022 total OPEB liabilities, including the following:

- Decreasing the discount rate from 4.23% to 3.93%

## **SUPPLEMENTARY INFORMATION**

## Village of Hales Corners

### Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 5,900,382	\$ 5,900,382	\$ 4,623,382	\$ (1,277,000)
Other taxes	750	750	739	(11)
Total taxes	<u>5,901,132</u>	<u>5,901,132</u>	<u>4,624,121</u>	<u>(1,277,011)</u>
Licenses:				
Liquor and malt beverage	14,600	25,390	25,390	-
Operators'	2,000	2,000	1,275	(725)
Cigarette	1,400	1,400	1,500	100
Dog	2,200	2,200	3,266	1,066
Amusement device and peddler	2,525	2,525	6,655	4,130
Dance hall	60	60	60	-
Food establishment	21,755	21,755	23,921	2,166
Massage and tattoo	3,315	3,315	3,467	152
Swimming pool	910	910	1,025	115
Total licenses	<u>48,765</u>	<u>59,555</u>	<u>66,559</u>	<u>7,004</u>
Permits:				
Building	41,000	60,000	60,111	111
Electric	14,000	14,000	12,563	(1,437)
Plumbing	7,000	7,000	8,519	1,519
Sign	700	1,125	1,175	50
Culvert	3,000	7,800	7,809	9
Erosion	300	300	300	-
Street	-	3,620	3,620	-
Fire department	700	700	210	(490)
Total permits	<u>66,700</u>	<u>94,545</u>	<u>94,307</u>	<u>(238)</u>
Fines and forfeitures	<u>170,000</u>	<u>170,000</u>	<u>123,439</u>	<u>(46,561)</u>

## Village of Hales Corners

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Public charges for services:				
Property search requests	\$ 1,500	\$ 1,500	\$ 1,679	\$ 179
Village hall copy fees	1,000	1,000	723	(277)
Lease revenue	107,558	107,558	108,634	1,076
Board of appeals	295	295	590	295
Planning commission fees	3,000	3,000	4,750	1,750
License publication fees	300	300	308	8
Fire department fees	23,000	23,000	23,807	807
Fire department highway response fees	2,000	2,000	8,429	6,429
Weights and measures	1,980	1,980	2,355	375
Ambulance fees	270,000	460,000	571,835	111,835
Refuse collection charges	394,886	394,886	394,529	(357)
Local sewer service charges	481,646	491,646	468,386	(23,260)
Metro sewer connection charge	311,610	311,610	314,419	2,809
Landscaping fees	-	-	1,572	1,572
Health department fees	-	-	278	278
Library fines	6,625	7,505	7,515	10
Library copy fees	1,500	2,290	2,291	1
Recreation department fees	76,000	92,152	92,152	-
	<u>1,682,900</u>	<u>1,900,722</u>	<u>2,004,252</u>	<u>103,530</u>
Total public charges for services				
Intergovernmental:				
Shared taxes from state	262,012	262,012	251,964	(10,048)
State aid, highways	619,261	619,261	619,343	82
State aid, fire insurance	29,000	29,000	31,173	2,173
State aid, video provider	21,407	21,407	21,407	-
State aid, personal property	16,444	16,444	16,444	-
State aid, police	5,000	5,000	-	(5,000)
State aid, public safety	-	-	10,049	10,049
Bots enforcement/safety grant	1,987	1,987	405	(1,582)
Recycling grant	20,000	20,000	19,998	(2)
	<u>975,111</u>	<u>975,111</u>	<u>970,783</u>	<u>(4,328)</u>
Total intergovernmental				

## Village of Hales Corners

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>				
Investment income:				
General fund investments	\$ 20,000	\$ 288,873	\$ 210,197	\$ (78,676)
Tax account investments	-	-	93,254	93,254
Delinquent taxes	10,000	10,000	18,388	8,388
Sewer charge penalties	3,000	3,000	2,472	(528)
Total interest income	<u>33,000</u>	<u>301,873</u>	<u>324,311</u>	<u>22,438</u>
Miscellaneous revenues:				
Miscellaneous general revenue	6,100	6,100	6,886	786
Cable television franchise fee	69,000	69,000	66,272	(2,728)
Telephone franchise fee	16,000	16,000	14,235	(1,765)
League insurance rebate	-	-	19,547	19,547
Total other revenues	<u>91,100</u>	<u>91,100</u>	<u>106,940</u>	<u>15,840</u>
Total general fund revenues	<u>\$ 8,968,708</u>	<u>\$ 9,494,038</u>	<u>\$ 8,314,712</u>	<u>\$ (1,179,326)</u>

## Village of Hales Corners

### Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

General Fund

Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Expenditures</b>				
General government:				
Legislative	\$ 97,628	\$ 89,128	\$ 87,192	\$ 1,936
Municipal court	100,732	100,732	97,704	3,028
Administration	384,664	392,735	390,784	1,951
Maintenance and sundry	115,495	123,995	123,924	71
Contingency	207,000	177,755	-	177,755
Total general government	<u>905,519</u>	<u>884,345</u>	<u>699,604</u>	<u>184,741</u>
Public safety:				
Police department	2,829,156	2,846,476	2,708,305	138,171
Fire department	1,216,377	1,225,377	1,225,371	6
Inspection, general	111,160	111,160	88,926	22,234
Capital outlay, police	-	3,854	4,199	(345)
Total public safety	<u>4,156,693</u>	<u>4,186,867</u>	<u>4,026,801</u>	<u>160,066</u>
Public works:				
Engineering, sanitation, administration	1,236,943	1,250,943	1,168,286	82,657
Maintenance	799,777	799,777	774,774	25,003
Total public works	<u>2,036,720</u>	<u>2,050,720</u>	<u>1,943,060</u>	<u>107,660</u>
Health and human services:				
Health	158,651	158,651	322,130	(163,479)
Total health and human services	<u>158,651</u>	<u>158,651</u>	<u>322,130</u>	<u>(163,479)</u>
Library, parks and recreation:				
Library	641,643	644,973	644,925	48
Recreation	66,482	66,482	73,131	(6,649)
Total library, parks and recreation	<u>708,125</u>	<u>711,455</u>	<u>718,056</u>	<u>(6,601)</u>
Total general fund expenditures	<u>\$ 7,965,708</u>	<u>\$ 7,992,038</u>	<u>\$ 7,709,651</u>	<u>\$ 282,387</u>

## Village of Hales Corners

Combining Balance Sheet -

Nonmajor Funds

December 31, 2023

	<b>Capital Projects</b>	<b>Special Revenue</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and investments	\$ 1,122,150	\$ 423,766	\$ 1,545,916
Taxes receivable	260,276	-	260,276
Accounts (net)	3,796	35,304	39,100
Due from other funds	-	1,047	1,047
	<u>-</u>	<u>1,047</u>	<u>1,047</u>
Total assets	<u>\$ 1,386,222</u>	<u>\$ 460,117</u>	<u>\$ 1,846,339</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 99,920	\$ 99,920
Unearned revenues	-	17,591	17,591
	<u>-</u>	<u>17,591</u>	<u>17,591</u>
Total liabilities	<u>-</u>	<u>117,511</u>	<u>117,511</u>
<b>Deferred Inflows of Resources</b>			
Unearned property taxes	260,276	-	260,276
	<u>260,276</u>	<u>-</u>	<u>260,276</u>
Total deferred inflows	<u>260,276</u>	<u>-</u>	<u>260,276</u>
<b>Fund Balances</b>			
Restricted	135,432	129,623	265,055
Committed	990,514	98,932	1,089,446
Assigned	-	117,496	117,496
Unassigned (deficit)	-	(3,445)	(3,445)
	<u>-</u>	<u>(3,445)</u>	<u>(3,445)</u>
Total fund balances	<u>1,125,946</u>	<u>342,606</u>	<u>1,468,552</u>
Total deferred inflows of resources and fund balances	<u>\$ 1,386,222</u>	<u>\$ 460,117</u>	<u>\$ 1,846,339</u>

## Village of Hales Corners

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

Nonmajor Funds

Year Ended December 31, 2023

	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 294,474	\$ -	\$ 294,474
Public charges for services	114,438	82,905	197,343
Intergovernmental	-	1,264,295	1,264,295
Investment income	47,124	25,406	72,530
Miscellaneous revenue	98,308	41,698	140,006
	<u>554,344</u>	<u>1,414,304</u>	<u>1,968,648</u>
Total revenues			
<b>Expenditures</b>			
Current:			
General government	-	252,451	252,451
Public safety	-	365,822	365,822
Public works	88,147	82,740	170,887
Health and human services	-	420,358	420,358
Library, parks and recreation	-	38,001	38,001
Conservation and development	158,735	-	158,735
Capital outlay	263,928	-	263,928
Debt service:			
Interest and fiscal charges	69,634	-	69,634
	<u>580,444</u>	<u>1,159,372</u>	<u>1,739,816</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(26,100)</u>	<u>254,932</u>	<u>228,832</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from sale of capital assets	26,100	-	26,100
Transfers out	(4,000)	(250,359)	(254,359)
Transfers in	336,000	30,000	366,000
	<u>358,100</u>	<u>(220,359)</u>	<u>137,741</u>
Total other financing sources (uses)			
Net changes fund balances	332,000	34,573	366,573
<b>Fund Balances, Beginning</b>	<u>793,946</u>	<u>308,033</u>	<u>1,101,979</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,125,946</u>	<u>\$ 342,606</u>	<u>\$ 1,468,552</u>

## Village of Hales Corners

Combining Balance Sheet -  
Capital Projects Nonmajor Funds  
December 31, 2023

	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>TIF District No. 4</u>	<u>Sewer Rehab</u>	<u>Stormwater</u>	<u>Total Capital Projects Funds</u>
<b>Assets</b>						
Cash and investments	\$ 263,611	\$ 14,649	\$ 135,432	\$ 561,893	\$ 146,565	\$ 1,122,150
Taxes receivable	-	-	260,276	-	-	260,276
Accounts receivable	-	-	-	-	3,796	3,796
Total assets	<u>\$ 263,611</u>	<u>\$ 14,649</u>	<u>\$ 395,708</u>	<u>\$ 561,893</u>	<u>\$ 150,361</u>	<u>\$ 1,386,222</u>
<b>Deferred Inflows of Resources and Fund Balances</b>						
<b>Deferred Inflows of Resources</b>						
Unearned property taxes	\$ -	\$ -	\$ 260,276	\$ -	\$ -	\$ 260,276
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>260,276</u>	<u>-</u>	<u>-</u>	<u>260,276</u>
<b>Fund Balances</b>						
Restricted	-	-	135,432	-	-	135,432
Committed	<u>263,611</u>	<u>14,649</u>	<u>-</u>	<u>561,893</u>	<u>150,361</u>	<u>990,514</u>
Total fund balances	<u>263,611</u>	<u>14,649</u>	<u>135,432</u>	<u>561,893</u>	<u>150,361</u>	<u>1,125,946</u>
Total deferred inflows of resources and fund balances	<u>\$ 263,611</u>	<u>\$ 14,649</u>	<u>\$ 395,708</u>	<u>\$ 561,893</u>	<u>\$ 150,361</u>	<u>\$ 1,386,222</u>

## Village of Hales Corners

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Capital Projects Nonmajor Funds  
 Year Ended December 31, 2023

	<u>Equipment Replacement</u>	<u>Computer Replacement</u>	<u>TIF District No. 4</u>	<u>Sewer Rehab</u>	<u>Stormwater</u>	<u>Total Capital Projects Funds</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ 294,474	\$ -	\$ -	\$ 294,474
Public charges for services	-	-	-	-	114,438	114,438
Miscellaneous revenue	91,579	-	-	-	6,729	98,308
Investment income	12,404	855	8,158	17,581	8,126	47,124
	<u>103,983</u>	<u>855</u>	<u>302,632</u>	<u>17,581</u>	<u>129,293</u>	<u>554,344</u>
Total revenues						
<b>Expenditures</b>						
Current:						
Public works	-	-	-	9,593	78,554	88,147
Conservation and development	-	-	158,735	-	-	158,735
Capital outlay	210,373	9,151	-	6,200	38,204	263,928
Debt service:						
Interest and fiscal charges	-	-	69,634	-	-	69,634
	<u>210,373</u>	<u>9,151</u>	<u>228,369</u>	<u>15,793</u>	<u>116,758</u>	<u>580,444</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>(106,390)</u>	<u>(8,296)</u>	<u>74,263</u>	<u>1,788</u>	<u>12,535</u>	<u>(26,100)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	26,100	-	-	-	-	26,100
Transfers out	-	-	-	-	(4,000)	(4,000)
Transfers in	101,000	-	-	235,000	-	336,000
	<u>127,100</u>	<u>-</u>	<u>-</u>	<u>235,000</u>	<u>(4,000)</u>	<u>358,100</u>
Total other financing sources (uses)						
Net changes fund balances	20,710	(8,296)	74,263	236,788	8,535	332,000
<b>Fund Balances, Beginning</b>	<u>242,901</u>	<u>22,945</u>	<u>61,169</u>	<u>325,105</u>	<u>141,826</u>	<u>793,946</u>
<b>Fund Balances, Ending</b>	<u>\$ 263,611</u>	<u>\$ 14,649</u>	<u>\$ 135,432</u>	<u>\$ 561,893</u>	<u>\$ 150,361</u>	<u>\$ 1,125,946</u>

## Village of Hales Corners

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 General Capital Projects Fund by Department  
 Year Ended December 31, 2023

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Library</u>	<u>Conservation and Development</u>	<u>Total</u>
<b>Revenues</b>							
Intergovernmental	\$ 10,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,849
Investment income	145,393	-	-	-	-	-	145,393
Total revenues	<u>156,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,242</u>
<b>Expenditures</b>							
Capital outlay	-	-	-	798,415	-	-	798,415
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>798,415</u>	<u>-</u>	<u>-</u>	<u>798,415</u>
Excess (deficiency) of revenues over expenditures	<u>156,242</u>	<u>-</u>	<u>-</u>	<u>(798,415)</u>	<u>-</u>	<u>-</u>	<u>(642,173)</u>
<b>Other Financing Sources</b>							
Transfers in	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
Total other financing sources	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
Net changes fund balances	531,242	-	-	(798,415)	-	-	(267,173)
<b>Fund Balances (Deficit), Beginning</b>	<u>(43,351)</u>	<u>(21,792)</u>	<u>-</u>	<u>3,178,664</u>	<u>(235)</u>	<u>(56,514)</u>	<u>3,056,772</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 487,891</u>	<u>\$ (21,792)</u>	<u>\$ -</u>	<u>\$ 2,380,249</u>	<u>\$ (235)</u>	<u>\$ (56,514)</u>	<u>\$ 2,789,599</u>

## Village of Hales Corners

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

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Inspection</u>	<u>Public Works</u>	<u>Library</u>	<u>Total Equipment Replacement Funds</u>
<b>Revenues</b>							
Miscellaneous revenue	\$ 3,500	\$ 67,149	\$ 20,930	\$ -	\$ -	\$ -	\$ 91,579
Investment income	12,404	-	-	-	-	-	12,404
Total revenues	<u>15,904</u>	<u>67,149</u>	<u>20,930</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,983</u>
<b>Expenditures</b>							
Capital outlay	11,515	86,686	61,048	-	23,556	27,568	210,373
Total expenditures	<u>11,515</u>	<u>86,686</u>	<u>61,048</u>	<u>-</u>	<u>23,556</u>	<u>27,568</u>	<u>210,373</u>
Excess (deficiency) of revenues over expenditures	<u>4,389</u>	<u>(19,537)</u>	<u>(40,118)</u>	<u>-</u>	<u>(23,556)</u>	<u>(27,568)</u>	<u>(106,390)</u>
<b>Other Financing Sources</b>							
Proceeds from sale of capital assets	-	26,100	-	-	-	-	26,100
Transfers in	-	-	97,000	-	4,000	-	101,000
Total other financing sources	<u>-</u>	<u>26,100</u>	<u>97,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>127,100</u>
Net changes fund balances	4,389	6,563	56,882	-	(19,556)	(27,568)	20,710
<b>Fund Balances (Deficit), Beginning</b>	<u>76,037</u>	<u>116,989</u>	<u>(24,913)</u>	<u>-</u>	<u>63,169</u>	<u>11,619</u>	<u>242,901</u>
<b>Fund Balances (Deficit), Ending</b>	<u>\$ 80,426</u>	<u>\$ 123,552</u>	<u>\$ 31,969</u>	<u>\$ -</u>	<u>\$ 43,613</u>	<u>\$ (15,949)</u>	<u>\$ 263,611</u>

**Village of Hales Corners**

Combining Balance Sheet -  
 Special Revenue Nonmajor Funds  
 Year Ended December 31, 2023

	General Government	Fire	Police	Public Works	Health	Library	July 4th Activities	COVID Grant Fund
<b>Assets</b>								
Cash and investments	\$ 26,860	\$ 15,114	\$ 80,040	\$ 17,949	\$ 43,196	\$ 74,526	\$ 38,454	\$ 10,378
Accounts (net)	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	1,047	-	-
<b>Total assets</b>	<b>\$ 26,860</b>	<b>\$ 15,114</b>	<b>\$ 80,040</b>	<b>\$ 17,949</b>	<b>\$ 43,196</b>	<b>\$ 75,573</b>	<b>\$ 38,454</b>	<b>\$ 10,378</b>
<b>Liabilities and Fund Balances (Deficit)</b>								
<b>Liabilities</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenues	-	848	-	-	-	4,836	-	-
<b>Total liabilities</b>	<b>-</b>	<b>848</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,836</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>								
Restricted	-	-	3,670	-	43,196	70,737	-	-
Committed	-	-	-	17,949	-	-	38,454	10,378
Assigned	26,860	14,266	76,370	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>26,860</b>	<b>14,266</b>	<b>80,040</b>	<b>17,949</b>	<b>43,196</b>	<b>70,737</b>	<b>38,454</b>	<b>10,378</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 26,860</b>	<b>\$ 15,114</b>	<b>\$ 80,040</b>	<b>\$ 17,949</b>	<b>\$ 43,196</b>	<b>\$ 75,573</b>	<b>\$ 38,454</b>	<b>\$ 10,378</b>

**Village of Hales Corners**

Combining Balance Sheet -  
 Special Revenue Nonmajor Funds  
 Year Ended December 31, 2023

	<u>ARPA</u>	<u>Communicable Diseases</u>	<u>Maternal Child Health</u>	<u>Immunization Grant</u>	<u>Enhance COVID Detection</u>	<u>COVID Vaccine Grant</u>	<u>PHEP Workforce Grant</u>	<u>Farmers Market</u>	<u>Total Special Revenue Funds</u>
<b>Assets</b>									
Cash and investments	\$ 105,229	\$ 963	\$ -	\$ 3,421	\$ -	\$ -	\$ 4,403	\$ 3,233	\$ 423,766
Accounts (net)	-	-	-	-	35,304	-	-	-	35,304
Due from other funds	-	-	-	-	-	-	-	-	1,047
<b>Total assets</b>	<u>\$ 105,229</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 35,304</u>	<u>\$ -</u>	<u>\$ 4,403</u>	<u>\$ 3,233</u>	<u>\$ 460,117</u>
<b>Liabilities and Fund Balances (Deficit)</b>									
<b>Liabilities</b>									
Due to other funds	\$ 61,171	\$ -	\$ 909	\$ -	\$ 36,301	\$ 1,539	\$ -	\$ -	\$ 99,920
Unearned revenues	11,907	-	-	-	-	-	-	-	17,591
<b>Total liabilities</b>	<u>73,078</u>	<u>-</u>	<u>909</u>	<u>-</u>	<u>36,301</u>	<u>1,539</u>	<u>-</u>	<u>-</u>	<u>117,511</u>
<b>Fund Balances (Deficit)</b>									
Restricted	-	963	-	3,421	-	-	4,403	3,233	129,623
Committed	32,151	-	-	-	-	-	-	-	98,932
Assigned	-	-	-	-	-	-	-	-	117,496
Unassigned (deficit)	-	-	(909)	-	(997)	(1,539)	-	-	(3,445)
<b>Total fund balances (deficit)</b>	<u>32,151</u>	<u>963</u>	<u>(909)</u>	<u>3,421</u>	<u>(997)</u>	<u>(1,539)</u>	<u>4,403</u>	<u>3,233</u>	<u>342,606</u>
<b>Total liabilities and fund balances (deficit)</b>	<u>\$ 105,229</u>	<u>\$ 963</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 35,304</u>	<u>\$ -</u>	<u>\$ 4,403</u>	<u>\$ 3,233</u>	<u>\$ 460,117</u>

**Village of Hales Corners**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Special Revenue Nonmajor Funds  
 Year Ended December 31, 2023

	<u>General Government</u>	<u>Fire</u>	<u>Police</u>	<u>Public Works</u>	<u>Health</u>	<u>Library</u>	<u>July 4th Activities</u>	<u>COVID Grant Funds</u>
<b>Revenues</b>								
Public charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,905	\$ -	\$ -
Intergovernmental	-	37,376	83,257	32,685	44,584	165	-	311,852
Miscellaneous revenue	-	1,410	12,172	-	-	-	21,656	810
Investment income	4,834	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>4,834</b>	<b>38,786</b>	<b>95,429</b>	<b>32,685</b>	<b>44,584</b>	<b>83,070</b>	<b>21,656</b>	<b>312,662</b>
<b>Expenditures</b>								
Current:								
General government	7,268	-	-	-	-	-	-	-
Public safety	-	41,239	48,320	-	-	-	-	-
Public works	-	-	-	32,685	-	-	-	-
Health and human services	-	-	-	-	3,873	-	-	349,431
Library, parks and recreation	-	-	-	-	-	2,645	35,356	-
<b>Total expenditures</b>	<b>7,268</b>	<b>41,239</b>	<b>48,320</b>	<b>32,685</b>	<b>3,873</b>	<b>2,645</b>	<b>35,356</b>	<b>349,431</b>
Excess (deficiency) of revenues over expenditures	(2,434)	(2,453)	47,109	-	40,711	80,425	(13,700)	(36,769)
<b>Other Financing Sources (Uses)</b>								
Transfers in	18,000	-	-	-	-	-	-	12,000
Transfers out	-	-	-	-	(25,418)	(67,000)	-	-
<b>Total other financing sources (uses)</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,418)</b>	<b>(67,000)</b>	<b>-</b>	<b>12,000</b>
Net changes fund balances	15,566	(2,453)	47,109	-	15,293	13,425	(13,700)	(24,769)
<b>Fund Balances (Deficit), Beginning</b>	<b>11,294</b>	<b>16,719</b>	<b>32,931</b>	<b>17,949</b>	<b>27,903</b>	<b>57,312</b>	<b>52,154</b>	<b>35,147</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 26,860</b>	<b>\$ 14,266</b>	<b>\$ 80,040</b>	<b>\$ 17,949</b>	<b>\$ 43,196</b>	<b>\$ 70,737</b>	<b>\$ 38,454</b>	<b>\$ 10,378</b>

**Village of Hales Corners**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Special Revenue Nonmajor Funds  
 Year Ended December 31, 2023

	ARPA	Communicable Diseases	Maternal Child Health	Immunization Grant	Enhance COVID Detection	COVID Vaccine Grant	PHEP Workforce Grant	Farmers Market	Total Special Revenue Funds
<b>Revenues</b>									
Public charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,905
Intergovernmental	622,280	2,477	2,829	2,104	120,560	-	4,126	-	1,264,295
Miscellaneous revenue	-	-	-	-	-	-	-	5,650	41,698
Investment income	20,572	-	-	-	-	-	-	-	25,406
<b>Total revenues</b>	<b>642,852</b>	<b>2,477</b>	<b>2,829</b>	<b>2,104</b>	<b>120,560</b>	<b>-</b>	<b>4,126</b>	<b>5,650</b>	<b>1,414,304</b>
<b>Expenditures</b>									
Current:									
General government	245,183	-	-	-	-	-	-	-	252,451
Public safety	276,263	-	-	-	-	-	-	-	365,822
Public works	49,865	190	-	-	-	-	-	-	82,740
Health and human services	50,969	-	525	-	11,061	-	2,986	1,513	420,358
Library, parks and recreation	-	-	-	-	-	-	-	-	38,001
<b>Total expenditures</b>	<b>622,280</b>	<b>190</b>	<b>525</b>	<b>-</b>	<b>11,061</b>	<b>-</b>	<b>2,986</b>	<b>1,513</b>	<b>1,159,372</b>
Excess (deficiency) of revenues over expenditures	20,572	2,287	2,304	2,104	109,499	-	1,140	4,137	254,932
<b>Other Financing Sources (Uses)</b>									
Transfers in	-	-	-	-	-	-	-	-	30,000
Transfers out	-	(2,287)	(2,765)	-	(151,064)	-	(921)	(904)	(250,359)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(2,287)</b>	<b>(2,765)</b>	<b>-</b>	<b>(151,064)</b>	<b>-</b>	<b>(921)</b>	<b>(904)</b>	<b>(220,359)</b>
Net changes fund balances	20,572	-	(461)	2,104	(41,565)	-	219	3,233	34,573
<b>Fund Balances (Deficit), Beginning</b>	<b>11,579</b>	<b>963</b>	<b>(448)</b>	<b>1,317</b>	<b>40,568</b>	<b>(1,539)</b>	<b>4,184</b>	<b>-</b>	<b>308,033</b>
<b>Fund Balances (Deficit), Ending</b>	<b>\$ 32,151</b>	<b>\$ 963</b>	<b>\$ (909)</b>	<b>\$ 3,421</b>	<b>\$ (997)</b>	<b>\$ (1,539)</b>	<b>\$ 4,403</b>	<b>\$ 3,233</b>	<b>\$ 342,606</b>

## **OTHER INFORMATION**

## Village of Hales Corners

Schedule of General Obligation Long-Term Debt -  
Principal Payments  
December 31, 2023

<b>Year</b>	<b>2012 General Obligation Bond</b>	<b>2015 General Obligation Bond</b>	<b>2018 General Obligation Bond</b>	<b>2019 General Obligation Bond</b>	<b>2020 General Obligation Bond</b>	<b>2022 General Obligation Bond</b>	<b>Total</b>
2024	\$ 320,000	\$ 75,000	\$ 190,000	\$ 105,000	\$ 40,000	\$ 145,000	\$ 875,000
2025	335,000	75,000	200,000	105,000	45,000	160,000	920,000
2026	350,000	70,000	200,000	105,000	45,000	100,000	870,000
2027	325,000	75,000	215,000	105,000	45,000	105,000	870,000
2028	340,000	80,000	215,000	110,000	45,000	105,000	895,000
2029-2033	550,000	380,000	1,635,000	590,000	100,000	585,000	3,840,000
2034-2038	-	140,000	1,870,000	630,000	-	725,000	3,365,000
2039	-	-	-	130,000	-	935,000	1,065,000
	<u>\$ 2,220,000</u>	<u>\$ 895,000</u>	<u>\$ 4,525,000</u>	<u>\$ 1,880,000</u>	<u>\$ 320,000</u>	<u>\$ 2,860,000</u>	<u>\$ 12,700,000</u>

**Village of Hales Corners**

Schedule of General Obligation Long-Term Debt -  
Interest Payments  
December 31, 2023

<b>Year</b>	<b>2012 General Obligation Bond</b>	<b>2015 General Obligation Bond</b>	<b>2018 General Obligation Bond</b>	<b>2019 General Obligation Bond</b>	<b>2020 General Obligation Bond</b>	<b>2022 General Obligation Bond</b>	<b>Total</b>
2024	\$ 52,560	\$ 27,113	\$ 166,956	\$ 48,081	\$ 6,100	\$ 136,813	\$ 437,623
2025	45,188	24,863	159,356	44,933	4,825	129,563	408,728
2026	37,135	22,613	151,356	41,781	3,475	121,562	377,922
2027	28,872	20,513	143,356	38,631	2,125	116,562	350,059
2028	20,305	18,263	134,756	35,481	1,225	111,313	321,343
2029-2033	16,900	55,163	520,694	132,575	1,000	473,563	1,199,895
2034-2038	-	6,559	198,452	62,656	-	325,088	592,755
2039	-	-	-	3,250	-	117,799	121,049
	<u>\$ 200,960</u>	<u>\$ 175,087</u>	<u>\$ 1,474,926</u>	<u>\$ 407,388</u>	<u>\$ 18,750</u>	<u>\$ 1,532,263</u>	<u>\$ 3,809,374</u>

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

Independent Auditors' Report

To the Village Board of  
Village of Hales Corners

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Hales Corners (the Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated May 2, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001, that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Village's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
May 2, 2024

## Village of Hales Corners

Schedule of Findings and Responses

Year Ended December 31, 2023

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### Financial Statement Findings Required to Be Reported in Accordance With Government Auditing Standards

#### Finding 2023-001: Internal Control Over Financial Reporting

##### Repeat Finding of 2022-001

*Criteria:* A system of internal control should be in place that provides reasonable assurance that year-end financial statements are complete and accurate.

*Condition:* There is a lack of controls over the year-end financial reporting process. We, as your auditors, prepared the Village's financial statements. In addition, a material misstatement in the general ledger was identified during the audit.

*Cause:* The Village has chosen to have the auditors prepare its annual financial statements.

*Effect:* The annual financial statements are not available to the Village until they are completed by the auditors.

*Recommendation:* Many small governments operate with only enough staff to process monthly transactions and reports and rely on outside consultants to handle year-end financial reporting. Management and the Village Board should continue to make a reasonable effort to be knowledgeable about the Village's financial condition and financial reporting requirements.

##### *Management's Response:*

The Village Board receives quarterly reports of financial results of operations prepared by management that identifies trends, both positive and negative, and provides the opportunity for the Village Board to question management on assumptions provided as well as react to emerging issues in a more timely manner than an annual report compilation provides. A yearend statement of operations provided to the Village Board for 2023 unaudited results of operations and related fund balances reported at that time is identical to the fund balances reported in the audited statement. The capital assets, accrued compensation, estimates and actuarial assumptions that are included in auditor prepared yearend statements, are not included in the quarterly reports provided to the Village Board. These items reflect one moment in time and are not indicative of the operating results that have shown strong management and governance that has allowed the Village to exceed the adopted working capital threshold and report consistent, improving and stable reserves. The compilation of the financial report and related disclosures by contractual audit personnel is a common occurrence for entities this size. The past two years audits have resulted in only one entry adjustment per year that much larger entities, with dedicated financial teams, would be challenged to match. While the auditors identified a single transaction that was material in amount, the net effect of the entry did not alter the net position of the funds reported for yearend 2023. The adjustment was for a prior period deferred revenue received in 2022 and expended in 2023. The quarterly reports presented to the Village Board would not be enhanced by providing estimates included in full financial reports and the cost benefit of such an undertaking would not provide useful governance for the Board beyond what is currently prepared.