

VILLAGE OF RICHFIELD

Annual Financial Report

December 31, 2015

VILLAGE OF RICHFIELD

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Richfield
Hubertus, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richfield (Village), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Richfield, as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board
Village of Richfield

Changes in Accounting Principles

As discussed in Note 1, the Village adopted the provisions of Governmental Accounting Standards Board Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* as of and for the year ended December 31, 2015. Our opinion is not modified with respected to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System on pages 3 through 8 and pages 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Richfield's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances (deficit) – nonmajor governmental funds and schedule of detailed budgetary comparison – general fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except the budget 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, combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances (deficit) – nonmajor governmental funds and schedule of detailed budgetary comparison – general fund, excluding the budget information, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budget information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


KerberRose SC
Certified Public Accountants
May 11, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2015

As management of the Village of Richfield (Village) we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2015.

Financial Highlights

- The assets of the Village exceeded its liabilities and deferred inflows of resources as of December 31, 2015, by \$14,641,644 (*net position*). Of this amount, \$2,180,068 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net position*). The total net position includes all infrastructure of the governmental funds installed from 1980 to present.
- The Village's total net position increased by a net amount of \$988,781 with a \$635,555 increase in net investment in capital assets.
- As of December 31, 2015, the Village's governmental funds reported combined ending fund balances of \$2,194,015 an increase of \$241,325 in comparison with the prior year.
- For the year ended December 31, 2015 the fund balance for the general fund increased \$279,670 in comparison with the prior year.
- The Village's total general obligation debt decreased by \$39,272.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These basic financial statements are comprised of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition, other supplementary information to the basic financial statements is provided.

Government-Wide Financial Statements

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

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 net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected special assessments and earned but unused vacation and sick leave). This method of accounting is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Village's fund financial statements. The intent of the government-wide financial statements is to give the reader a long-term view of the Village's financial condition.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, culture and recreation, and conservation and development. The Village has no business-type activities.

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

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2015

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 legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the government'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 *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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects, and park dedication fund, which are considered to be major funds. Data for the remaining governmental funds are presented under the non-major fund column. Fund data for the non-major governmental funds are provided later in this report.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Fiduciary Funds (Not included in government-wide statements)

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

The fiduciary fund financial statement can be found on page 15 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 - 36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village's budget and pension liability (asset) information. The Village adopts an annual appropriation budget for its general fund. This required supplementary information can be found immediately following the notes to the financial statements on pages 37 - 39.

This report also contains *supplementary information*. This includes detailed budget to actual information for the general fund and combining statements for the non-major governmental funds. The supplementary information can be found on pages 40 - 45.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2015

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,641,644 at the close of 2015.

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 5,133,903	\$ 4,955,450
Noncurrent Assets	12,477,454	11,823,513
Total Assets	17,611,357	16,778,963
Deferred Outflows of Resources	102,508	41,104
Current Liabilities	447,045	508,072
Long-Term Liabilities	95,893	141,254
Total Liabilities	542,938	649,326
Deferred Inflows of Resources	2,529,283	2,517,878
Net Position		
Net Investment in Capital Assets	12,198,702	11,563,147
Restricted for Pension Benefits	262,874	143,812
Unrestricted	2,180,068	1,945,904
Total Net Position	\$ 14,641,644	\$ 13,652,863

The largest portion of the Village's net position (approximately 83 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net position, \$262,874 is restricted for future pension benefits.

The remaining balance of unrestricted net position \$2,180,068 may be used to meet the Village's ongoing obligations to its citizens and creditors.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2015

Government-Wide Financial Analysis (Continued)

	Governmental Activities	
	2015	2014
Program Revenues		
Charges for Services	\$ 594,323	\$ 589,166
Operating Grants And Contributions	460,817	371,158
Capital Grants And Contributions	194,501	122,534
General Revenues		
Taxes	2,486,399	2,455,956
Intergovernmental Revenues not Restricted to Specific Programs	146,557	144,582
Other	23,611	13,070
Total Revenues	<u>3,906,208</u>	<u>3,696,466</u>
Expenses		
General Government	636,392	662,283
Public Safety	1,025,514	1,030,432
Public Works	975,336	985,953
Culture and Recreation	186,065	178,342
Conservation and Development	87,614	87,570
Interest and Fiscal Charges	6,506	8,502
Total Expenses	<u>2,917,427</u>	<u>2,953,082</u>
Change in Net Position	988,781	743,384
Net Position – Beginning of the Year - Restated	<u>13,652,863</u>	<u>12,909,479</u>
Net Position – End of the Year	<u>\$ 14,641,644</u>	<u>\$ 13,652,863</u>

Key elements of this increase are as follows:

Revenues increased by \$209,742 in 2015 as compared to 2014. This increase is largely due to the increases recognized in operating grants and contributions and capital grants and contributions. Both of these categories showed an increase of approximately \$70,000. This increase was the result of reimbursement received for the construction of the Bark Lake boat launch. The operating grants and contributions increase was to reimburse final payments on the boat launch made in 2015. The capital grants and contributions increase was a reimbursement for previous engineering and construction expenses incurred. It's important to note that this may result in a decrease in revenue in these accounts in 2016 as the construction of this project is complete, and all reimbursements have been received. Increases in building, plumbing and electrical permits continue to drive up our charges for services and we saw an additional increase in 2015 for those amounts. Finally, new construction in the Village allotted the tax levy to be increased. The Village was able to recognize a \$30,443 increase on the tax roll in 2015 which was the allotted increase based on net new construction.

Expenses decreased by \$35,655 in 2015 as compared to 2014. Almost every department recognized some sort of decrease in expenditures in 2015. This is the result of two things. One was prudent measures taken by staff in order to stay within their budget constraints, and the second was the result of decreases in election expenses for only two elections in 2015 in comparison to 2014 and the decreases in employee expenses having been down one full-time employee for half of 2015 in comparison to the year prior.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

VILLAGE OF RICHFIELD
Management's Discussion and Analysis
For the Year Ended December 31, 2015

Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the Village's governmental funds reported combined ending fund balances of \$2,194,015, an increase of \$241,325 in comparison with the prior year. Of this amount, \$558,004 is nonspendable related to a long-term advance to the park fund, delinquent personal property taxes and delinquent special assessments; \$1,441,680 is assigned and the remaining balance of \$204,331 is unassigned.

The *general fund* is the chief operating fund of the Village. As of December 31, 2015, the total fund balance of the general fund was \$1,842,157 of which \$558,004 is nonspendable; \$673,720 is assigned for capital improvements and street maintenance and the remaining balance of \$620,433 is unassigned.

General Fund Budgetary Highlights

During the year, actual revenues were more than budgeted revenues by \$52,984. This is the result of the continued increase in building, electrical and plumbing permits in comparison to the Village's originally budgeted amounts. To prevent over reliance on these revenues that are largely tied to the changing economic environment the Village takes a long-term average of building permits which has resulted in an under estimate of revenues for the last couple of years. The Village does this in order to ensure that staff continue to explore other revenue options to make up our budget. This increase is also partially the result in staff being able to seek reimbursement from developers, contractors and other entities for contracted expenses in legal, planning and engineering services. Actual expenditures were less than budgeted by \$225,686. Public works road project proposals were less than anticipated in 2015 as well as development planning and appeals and community development related expenses being less than planned and capital purchases being less than budgeted due to road projects coming in less than quoted.

Capital Assets

The Village's investment in capital assets as of December 31, 2015, is \$12,317,088 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles and public domain infrastructure (highways and roads).

Capital assets increased by \$596,283 net of depreciation in 2015.

	2015	2014
Land	\$ 1,599,552	\$ 1,599,552
Buildings and Improvements	1,362,100	1,362,100
Improvements Other than		
Buildings and Improvements	631,629	426,119
Machinery and Equipment	1,944,277	1,767,153
Infrastructure	10,969,338	10,125,117
Construction in Progress	55,689	234,606
Total Capital Assets	16,562,585	15,514,647
Less Accumulated Depreciation	4,245,497	3,793,842
Capital Assets Net of Depreciation	\$ 12,317,088	\$ 11,720,805

For further details on capital asset activity, refer to Note 7 of the notes to financial statements.

VILLAGE OF RICHFIELD
 Management's Discussion and Analysis
 For the Year Ended December 31, 2015

Long-Term Debt

At the end of the current fiscal year, the Village has total debt outstanding of \$118,386. The full amount comprises debt backed by the full faith and credit of the Village.

	Governmental Activities	
	2015	2014
General Obligation Debt:		
State Trust Funds	\$ 118,386	\$ 157,658

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village is \$75,610,240.

Economic Factors and Next Year's Budgets and Rates

- The Village of Richfield is largely residential. The Village is not yet fully built out and if the economy remains stable the Village is expecting to see a positive continued increase in new homes for the next several years. New homes means two things; new residents and new revenues. Those revenues will continue to be used in the most fiscally responsible manner to provide a stable level of services to each property owner in the Village of Richfield.

These factors were considered in preparing the Village's budget for the 2016 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village Deputy Treasurer, 4128 Hubertus Road, Hubertus, WI.

BASIC FINANCIAL STATEMENTS

VILLAGE OF RICHFIELD

Statement of Net Position

As of December 31, 2015

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 2,287,771
Restricted Cash and Investments	1,442,806
Receivables:	
Taxes	1,086,478
Special Assessments	43,469
Delinquent Personal Property Taxes	26,904
Accounts	246,475
Total Current Assets	<u>5,133,903</u>
Noncurrent Assets	
Net Pension Asset	160,366
Land	1,599,552
Construction in Progress	55,689
Buildings and Improvements	1,993,729
Machinery and Equipment	1,944,277
Infrastructure	10,969,338
Less: Accumulated Depreciation	<u>(4,245,497)</u>
Total Noncurrent Assets	<u>12,477,454</u>
TOTAL ASSETS	<u>17,611,357</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	<u>102,508</u>
LIABILITIES	
Current Liabilities	
Current Portion Long-Term Obligations	69,440
Accounts Payable	74,132
Accrued Liabilities	13,190
Accrued Interest	4,861
Deposits	285,422
Total Current Liabilities	<u>447,045</u>
Non-Current Liabilities	
Noncurrent Portion of Long-Term Obligations	<u>95,893</u>
TOTAL LIABILITIES	<u>542,938</u>
DEFERRED INFLOWS OF RESOURCES	
Taxes Levied for Subsequent Period	<u>2,529,283</u>
NET POSITION	
Net Investment in Capital Assets	12,198,702
Restricted for Pension Benefits	262,874
Unrestricted	2,180,068
TOTAL NET POSITION	<u>\$ 14,641,644</u>

See Accompanying Notes

VILLAGE OF RICHFIELD
Statement of Activities
For the Year Ended December 31, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General Government	\$ 636,392	\$ 42,082	\$ -	\$ -	\$ (594,310)
Public Safety	1,025,514	493,721	62,659	72,848	(396,286)
Public Works	975,336	42,857	363,405	-	(569,074)
Culture and Recreation	186,065	9,714	-	121,653	(54,698)
Conservation and Development	87,614	5,949	34,753	-	(46,912)
Interest on Debt	6,506	-	-	-	(6,506)
TOTAL	<u>\$ 2,917,427</u>	<u>\$ 594,323</u>	<u>\$ 460,817</u>	<u>\$ 194,501</u>	<u>(1,667,786)</u>
GENERAL REVENUES					
Taxes:					
Property Taxes, Levied for General Purposes					2,479,032
Property Taxes, Levied for Special Revenue Funds					7,367
Intergovernmental Revenues not Restricted to Specific Programs					146,557
Investment Income					15,624
Miscellaneous					7,987
Total General Revenues					<u>2,656,567</u>
CHANGE IN NET POSITION					988,781
NET POSITION - BEGINNING - RESTATED					<u>13,652,863</u>
NET POSITION - ENDING					<u>\$ 14,641,644</u>

See Accompanying Notes

VILLAGE OF RICHFIELD

Balance Sheet

Governmental Funds

As of December 31, 2015

	General	Capital Projects	Park Dedication	Non-Major Governmental Funds	Total
ASSETS					
Cash and Investments	\$ 1,420,292	\$ 513,949	\$ 99,784	\$ 253,746	\$ 2,287,771
Restricted Cash and Investments	1,438,507	-	-	4,299	1,442,806
Receivables:					
Taxes	1,083,241	-	-	3,237	1,086,478
Special Assessments	43,469	-	-	-	43,469
Delinquent Personal Property Taxes	26,904	-	-	-	26,904
Accounts	246,475	-	-	-	246,475
Due from Other Funds	419	-	-	290	709
Advance to Other Fund	515,492	-	-	-	515,492
TOTAL ASSETS	\$ 4,774,799	\$ 513,949	\$ 99,784	\$ 261,572	\$ 5,650,104
LIABILITIES					
Accounts Payable	\$ 74,132	\$ -	\$ -	\$ -	\$ 74,132
Accrued Liabilities	13,190	-	-	-	13,190
Deposits	285,422	-	-	-	285,422
Due to Other Funds	290	-	-	419	709
Advance from Other Fund	-	-	515,492	-	515,492
Total Liabilities	373,034	-	515,492	419	888,945
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for Subsequent Period	2,521,747	-	-	7,536	2,529,283
Unavailable - Special Assessments	37,861	-	-	-	37,861
Total Deferred Inflows of Resources	2,559,608	-	-	7,536	2,567,144
FUND BALANCES (DEFICIT)					
Nonspendable					
Advance to Other Fund	515,492	-	-	-	515,492
Delinquent Personal Property Taxes	26,904	-	-	-	26,904
Delinquent Special Assessments	5,608	-	-	-	5,608
Assigned	673,720	513,949	-	254,011	1,441,680
Unassigned	620,433	-	(415,708)	(394)	204,331
Total Fund Balances (Deficit)	1,842,157	513,949	(415,708)	253,617	2,194,015
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	\$ 4,774,799	\$ 513,949	\$ 99,784	\$ 261,572	\$ 5,650,104

See Accompanying Notes

VILLAGE OF RICHFIELD

Reconciliation of the Balance Sheet - Governmental Fund to the Statement of Net Position
As of December 31, 2015

Total Fund Balance - Governmental Fund		\$ 2,194,015
<i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental fund balance because:</i>		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		12,317,088
Pension benefit asset not useable in the current period therefore not reported in the fund financial statements		160,366
Deferred outflows of resources are consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. Deferred outflows are reported in the statement of net position and are not reported in the fund balance sheet.		
Pension Plan - Differences Between Projected vs. Actual Experience	14,889	
Pension Plan - Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investment	46,285	
Pension Plan - Contributions After Measurement Date	41,334	102,508
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special Assessments		37,861
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds.		
General Debt	(118,386)	
Accrued Interest on General Obligation Debt	(4,861)	
Vested Compensated Absences	(46,947)	(170,194)
Total Net Position - Governmental Funds		\$ 14,641,644

VILLAGE OF RICHFIELD
Statement of Revenues, Expenditures, and Changes
in Fund Balances (Deficit) - Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Projects	Park Dedication	Non-Major Governmental Funds	Total
REVENUES					
Taxes	\$ 2,479,031	\$ -	\$ -	\$ 7,367	\$ 2,486,398
Special Assessments	27,694	-	-	-	27,694
Intergovernmental	839,094	-	-	-	839,094
Licenses and Permits	351,652	-	-	-	351,652
Fines, Forfeitures and Penalties	265	-	-	-	265
Public Charges for Services	81,986	-	41,653	72,848	196,487
Investment Income	12,172	3,063	109	282	15,626
Miscellaneous	7,983	-	-	-	7,983
Total Revenues	<u>3,799,877</u>	<u>3,063</u>	<u>41,762</u>	<u>80,497</u>	<u>3,925,199</u>
EXPENDITURES					
Current:					
General Government	690,869	-	-	-	690,869
Public Safety	1,025,514	-	-	-	1,025,514
Public Works	637,989	-	-	6,895	644,884
Culture and Recreation	139,670	-	-	-	139,670
Conservation and Development	87,614	-	-	-	87,614
Debt Service:					
Principal	12,321	-	26,951	-	39,272
Interest	3,864	-	4,249	-	8,113
Capital Outlay	922,366	125,572	-	-	1,047,938
Total Expenditures	<u>3,520,207</u>	<u>125,572</u>	<u>31,200</u>	<u>6,895</u>	<u>3,683,874</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	279,670	(122,509)	10,562	73,602	241,325
FUND BALANCES (DEFICIT) - BEGINNING	<u>1,562,487</u>	<u>636,458</u>	<u>(426,270)</u>	<u>180,015</u>	<u>1,952,690</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 1,842,157</u>	<u>\$ 513,949</u>	<u>\$ (415,708)</u>	<u>\$ 253,617</u>	<u>\$ 2,194,015</u>

See Accompanying Notes

VILLAGE OF RICHFIELD

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 241,325

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements to be capitalized	1,047,938	
Depreciation expense reported in the statement of activities	<u>(451,655)</u>	
Amount by which capital outlay is greater than depreciation in the current period:		596,283

Amounts related to the pension that are in the fund financial statements. 119,062

Governmental funds do not recognize revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

Special assessments collected during the year: (18,991)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is: 39,272

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	8,113	
The amount of interest accrued during the current period	<u>(6,506)</u>	
Interest paid is more than interest accrued by:		1,607

Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Employee benefits paid in current year	43,554	
Employee benefits earned in current year	<u>(33,331)</u>	
Amounts paid are more than amounts earned by:		<u>10,223</u>

Change in Net Position - Governmental Activities \$ 988,781

VILLAGE OF RICHFIELD

Combining Balance Sheet

Fiduciary Funds

As of December 31, 2015

	<u>Private - Purpose Trust Fund Slinger School District</u>	<u>Agency Tax Collection Fund</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash and Investments	\$ 1,502	\$ -	\$ 1,502
Tax Roll Receivable	-	8,595,336	8,595,336
Cash and Investments - Restricted	-	11,414,307	11,414,307
TOTAL ASSETS	<u>\$ 1,502</u>	<u>\$ 20,009,643</u>	<u>\$ 20,011,145</u>
LIABILITIES			
Liabilities:			
Due to Other Taxing Units	\$ -	\$ 20,009,643	\$ 20,009,643
Due to District	1,502	-	1,502
TOTAL LIABILITIES	<u>\$ 1,502</u>	<u>\$ 20,009,643</u>	<u>\$ 20,011,145</u>

There is no Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Fiduciary Funds as there was no activity in the Private - Purpose Trust Fund in the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Village of Richfield, Wisconsin (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements, except for the implementation of new accounting standards as explained later within this footnote. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Village are discussed below.

REPORTING ENTITY

This report includes all of the funds of the Village of Richfield. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village has not identified any component units that are required to be included in the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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 included 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and impact fees. Taxes and other items not included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS (Continued)

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

- a. Total assets, liabilities and deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element 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.

Governmental Funds

Governmental funds are identified as either general, special revenue or capital project funds based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

Capital Project Funds are used to account for property taxes, bond proceeds, and other financial resources available to implement the Village's capital improvement plans.

Fiduciary Funds (Not included in government-wide statements)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net position and changes in net position and are reported using the full accrual method of accounting. Because by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Fiduciary Funds (Not included in government-wide statements) (Continued)

Private-Purpose Trust Funds

Private-purpose Trust funds are used to account for resources held in trust for others. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Agency Funds

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The Village reports the following major governmental funds:

The *general fund*, which accounts for the Village's primary operating activities.

The *capital projects fund*, which accounts for revenue and expenditures specific to carry out the capital improvement plan.

The *park dedication fund*, which accounts for revenue and expenditures specified for park development.

Non-Major Funds

The Village reports the following non-major funds:

Special Revenue Funds –

Richfield Utility No. 1 – Account for revenue and expenditures for lighting of a Village subdivision.

Bark Lake Utility – Account for revenue and expenditures for lighting the Village.

Richfield Utility No. 2 – Account for revenue and expenditures for lighting of a Village subdivision.

Fire Station – Account for revenue and expenditures specified for a new fire station building.

Fiduciary Funds

The Village reports the following Private Purpose Trust Fund:

Slinger School District – Accounts for assets being held for the Slinger School District.

The Village reports the following agency fund:

Tax Collection – Accounts for tax revenue held for other taxing jurisdictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, current liabilities, and current deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and private-purpose trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund financial statements have no measurement focus and utilize the accrued basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly, receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No allowance for uncollectible delinquent personal property taxes has been provided since it is believed that the amount of such allowance would be immaterial.

CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations.

Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Capital assets are defined by the Village as assets with initial, individual cost of \$5,000 or more for machinery and equipment and \$25,000 or more for buildings, improvements and infrastructure and an estimated useful life in excess of one year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS (Continued)

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 of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 Years
Improvements	7-20 Years
Machinery and Equipment	5-15 Years
Infrastructure	40 Years

Fund Financial Statements

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

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In addition to assets, the balance sheet and/or statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has three deferred outflows of resources, which arise under the full accrual basis of accounting. Accordingly, pension plan – expected vs. actual experience; pension plan – expected vs. actual investment income; pension plan – contributions after measurement date are reported in the statements of net position.

In addition to liabilities, the balance sheet and/or statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Village has two types of deferred inflows of resources, one which arises under both modified accrual and the full accrual basis of accounting and one that only arises under the modified accrual basis of accounting on the governmental funds balance sheet. Taxes levied for the subsequent period have not met the time requirement to be recognized as an acquisition of resources and is therefore reported as deferred inflows of resources on both the governmental funds balance sheet and the governmental activities statement of net position. The governmental funds report unavailable revenues from special assessments. Special assessments are deferred and recognized as an inflow of resources in the period that the amounts become available.

LONG-TERM OBLIGATIONS

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term obligation consists of state trust fund loans and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

COMPENSATED ABSENCES

Governmental Funds

The Village's policy allows employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused vacation. Vacation payments are made based on the salary levels at time of termination.

Accrued vacation pay is recognized as an expenditure in governmental funds when liquidated with expendable available financial resources. Personal leave is accrued yearly at 96 hours per year. If all personal hours are not used by year end, they are converted to sick leave with a maximum of 600 hours. Accrued sick leave is not paid upon resignation, dismissal or retirement. Sick leave is recorded as an expenditure or expense when paid. Vacation is earned and taken based on a calendar year. Compensated absences earned as of December 31, 2015 are estimated to be \$57,170.

Government-Wide Statements

Compensated absences are accrued when incurred in the government-wide financial statements.

Payments for vacation and sick leave will be made at rates in effect when benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

EQUITY CLASSIFICATIONS

Equity is classified as net position and displayed in three (3) components in the government-wide financial statements.

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

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

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 Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has adopted a minimum fund balance policy. A minimum unassigned fund balance equal to 20-25% of total general fund expenditures should be maintained at all times. In the event that unassigned fund balance falls above or below the desired range, the Village Administrator shall report such amounts to the Village Board as soon as practical. Should the actual amount for unassigned fund balance fall below the desired range, the Village shall create a plan to restore the appropriate levels. Should the actual amount of unassigned fund balance rise above the desired range, any excess funds will remain unassigned pending the Board's final decision concerning a transfer to another fund. It is the policy of the Village that such excess funds will be, by Board action reported in the spendable category of this policy. Any budget revision that will result in the unassigned fund balance dropping below the minimum level will require the approval of 2/3 vote of the Village Board.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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 may differ from these estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Village implemented Governmental Accounting Standards Board Statements No. 68 *Accounting and Financial Reporting for Pensions* and No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* for the year ended December 31, 2015. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability/asset for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability/asset is recorded in the government-wide statements and is computed, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). In addition, Statement No. 71 eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement No. 68. It requires that when a government is transitioning to the new pension standard that it recognize a beginning deferred outflow of resources for its pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation.

NOTE 2 - CASH AND INVESTMENTS

The Village's current investment policy allows investments in accordance with Wisconsin Statutes. The investment policy of the Village also limits the portfolio of the Village not to exceed the following diversification limits unless specifically authorized by the Village Board:

- No financial institution shall hold more than 40% of the Village's investment portfolio, exclusive of U.S. Treasury securities in safekeeping.
- Monies deposited at a financial institution shall not exceed 25% of the capital stock and surplus of that institution.
- Deposits in any one public investment pool shall not exceed 50% of the Village's investment portfolio.

The Village will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village will not directly invest in securities maturing more than five years from the date purchased. Reserve funds may be invested in securities exceeding five years to coincide with the expected use.

Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Local Government Investment Pool, an external investment pool operates as a joint venture under Section 66.0301 of the Wisconsin Statutes. Membership in the joint venture is limited to school districts, technical colleges and municipalities in Wisconsin. The governing body, the Board of Commissioners, is elected by the membership.

The Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission and does not publish credit quality ratings. An investment in the Fund is not a deposit with any bank and is neither insured nor guaranteed by the Federal Deposit Insurance Corporation, the United States Government, any state governmental agency or the Fund. Upon demand, cash can be withdrawn with interest from the Local Government Investment Pool. Investments in the Local Government Investment pool are valued at fair value.

The balance in the Local Government Investment Pool at December 31, 2015 was \$12,085,026. Of this amount approximately \$7,178,073 is invested in U.S. Treasuries within the pool. The balance is invested in commercial paper within the pool which is not insured. In the event of a credit default loss, the participants in the pool would bear the loss on the uninsured commercial paper.

As of December 31, 2015 the Village had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pool	0 Days	<u>\$ 12,085,026</u>

Interest Risk – The Village’s investment policy does limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical organizations. The Village’s investment policy does not further limit its investment choices. As of December 31, 2015, the Village’s investment in the Local Government Investment Pool is not rated.

Concentration of Credit Risk – The Village placed no limit on the amount the Village may invest in any one issuer. More than 5 percent of the Village’s investments are in the Local Government Investment Pool. This investment is 100% of the Village’s total investments.

Investments are stated at fair market value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. For investments stated at their fair value, fair values are based on quoted market prices. No investments are reported at amortized costs. Adjustments necessary to record investments at fair value are recorded in the statement of activities and the statement of revenues, expenses and changes in fund balances (deficit) as increases or decreases in investment income.

At December 31, 2015 the bank balance of cash was \$3,108,267. The Village maintains its cash accounts at three financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village’s deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Deposits in the credit union are insured by the National Credit Union Share Insurance Fund (NSUSIF). NCUA’s standard maximum share insurance amount is \$250,000.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2015, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The Village had the following deposits as of December 31, 2015:

Fully Insured Deposits	\$ 1,250,000
Collateralized with Securities held by the Pledging Financial Institution not in the Village's name	1,846,583
Uncollateralized	<u>11,684</u>
Total	<u>\$ 3,108,267</u>

NOTE 3 - PROPERTY TAXES

The Village bills and collects its own property taxes and also levies for the Richfield School District, Friess Lake School District, Germantown School District, Slinger School District, Hartford-Union School District, Milwaukee Area Technical College, Moraine Park Technical College, Washington County and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

Under Wisconsin Act 32, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Richfield Utility No. 1	\$ 419	Year End Cash Flow Timing
Bark Lake Utility	General Fund	25	Year End Cash Flow Timing
Richfield Utility No. 2	General Fund	<u>265</u>	Year End Cash Flow Timing
		<u>\$ 709</u>	

NOTE 5 - LONG-TERM ADVANCE

Long-term advance at December 31, 2015 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Park Dedication Fund	<u>\$ 515,492</u>	Capital Improvements

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 6 - RESTRICTED ASSETS

Restricted cash and investments at December 31, 2015 are as follows:

<u>Fund</u>		<u>Purpose</u>
General Fund	\$ 1,438,507	Advance tax collections to finance 2016 operations
Richfield Utility No. 1	1,960	Advance tax collections to finance 2016 operations
Bark Lake Utility	1,513	Advance tax collections to finance 2016 operations
Richfield Utility No. 2	826	Advance tax collections to finance 2016 operations
	<u>\$ 1,442,806</u>	
Agency Fund	<u>\$ 11,414,307</u>	Advance tax collections to be paid to other taxing units

NOTE 7 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2015 were as follows:

	<u>Balance 1/1/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/15</u>
Capital Assets not being Depreciated				
Land	\$ 1,599,552	\$ -	\$ -	\$ 1,599,552
Construction in Progress	234,606	-	178,917	55,689
Total Capital Assets not being Depreciated	<u>1,834,158</u>	-	<u>178,917</u>	<u>1,655,241</u>
Other Capital Assets				
Buildings and Improvements	1,362,100	-	-	1,362,100
Improvements Other than Buildings and Improvements	426,119	205,510	-	631,629
Machinery and Equipment	1,767,153	177,124	-	1,944,277
Infrastructure	10,125,117	844,221	-	10,969,338
Total Capital Assets being Depreciated	<u>13,680,489</u>	<u>1,226,855</u>	<u>-</u>	<u>14,907,344</u>
Total Capital Assets	<u>15,514,647</u>	<u>1,226,855</u>	<u>178,917</u>	<u>16,562,585</u>
Less Accumulated Depreciation for				
Buildings and Improvements	527,883	33,724	-	561,607
Improvements Other than Buildings and Improvements	130,880	22,147	-	153,027
Machinery and Equipment	1,146,961	140,897	-	1,287,858
Infrastructure	1,988,118	254,887	-	2,243,005
Total Accumulated Depreciation	<u>3,793,842</u>	<u>451,655</u>	<u>-</u>	<u>4,245,497</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 11,720,805</u>	<u>\$ 775,200</u>	<u>\$ 178,917</u>	<u>\$ 12,317,088</u>

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

General Government	\$ 15,277
Public Works	389,983
Culture and Education	<u>46,395</u>
Total Depreciation Expense	<u>\$ 451,655</u>

NOTE 8 - OPERATING LEASES

The Town is the lessee of two vehicle operating leases. Presented below is a schedule of future minimum lease payments at December 31, 2015:

<u>Year Ending</u>	<u>Amount</u>
2016	<u>\$ 5,744</u>

Rent expense for the operating leases for the year ended December 31, 2015 was \$5,744.

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2015:

	<u>Outstanding 1/1/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding 12/31/15</u>	<u>Due Within One Year</u>
Governmental Activities					
Notes Payable					
General Obligation Debt	\$ 157,658	\$ -	\$ 39,272	\$ 118,386	\$ 41,272
Other Liabilities					
Vested Compensated Absences	57,170	33,331	43,554	46,947	28,168
Total Long-Term Liabilities	<u>\$ 214,828</u>	<u>\$ 33,331</u>	<u>\$ 82,826</u>	<u>\$ 165,333</u>	<u>\$ 69,440</u>

The general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Village. General obligation debt at December 31, 2015, is comprised of the individual issues listed below.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/15</u>
Governmental Activities					
Long-Term Obligations					
2006 State Trust Loan	12/14/06	03/15/21	5.50%	\$ 134,225	\$ 43,804
2007 State Trust Loan	12/18/07	03/15/17	5.00%	219,225	58,006
2008 State Trust Loan	11/12/08	03/15/26	4.75%	24,326	16,576
					<u>\$ 118,386</u>

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2014

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Debt service requirements to maturity are as follows:

	Long-Term Debt		Total
	Principal	Interest	
2016	\$ 41,272	\$ 6,114	\$ 47,386
2017	43,408	3,977	47,385
2018	14,438	1,748	16,186
2019	7,909	964	8,873
2020	1,462	541	2,003
2021-2025	8,425	1,588	10,013
2026	1,472	70	1,542
Total	\$ 118,386	\$ 15,002	\$ 133,388

The 2015 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$1,512,204,800. The legal debt limit and margin of indebtedness as of December 31, 2015, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$1,512,204,800)	\$ 75,610,240
Deduct long-term debt applicable to debt margin	118,386
Remaining Margin of Indebtedness Available	\$ 75,491,854

NOTE 10 - NET POSITION/FUND BALANCES

Net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

	Governmental Activities
Net Investment in Capital Assets	
Capital Assets, Net of Accumulated Depreciation	\$ 12,317,088
Less: Related Long-Term Debt Outstanding	118,386
Total Net Investment in Capital Assets	12,198,702
Net Position	
Restricted for Pension Benefits	262,874
Unrestricted	2,180,068
Total Net Position - Government-Wide Statements	\$ 14,641,644

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 10 - NET POSITION/FUND BALANCES (Continued)

Fund balances (deficits) reported in the governmental funds balance sheet at December 31, 2015 are further classified as follows:

Non-Spendable	
General Fund	
Advance to Other Fund	\$ 515,492
Delinquent Personal Property Taxes	26,904
Delinquent Special Assessments	5,608
Total Non-Spendable Fund Balance	<u>548,004</u>
Assigned	
General Fund	
Capital Improvements	516,122
Street Maintenance	157,598
Capital Projects	513,949
Non-Major Funds	
Richfield Utility No. 2	265
Fire Station Fund	253,746
Total Assigned Fund Balance	<u>1,441,680</u>
Unassigned	
General Fund	
Park Dedication Fund	620,433
Non-Major Fund	(415,708)
Richfield Utility No. 1	(419)
Bark Lake Utility	25
Total Unassigned Fund Balance	<u>204,331</u>
Total Governmental Fund Balance	<u>\$ 2,194,015</u>

Deficit Fund Balances

The Village had the following funds with negative fund balances which will be covered by future revenues and the general fund if necessary:

Park Dedication	\$ 415,708
Richfield Utility No. 1	419

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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 prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

During the reporting period, the WRS recognized \$41,105 in contributions from the Village.

Contribution rates as of December 31, 2015 are:

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

Pension Asset, Pension Expense, and Deferred Outflows of Resources Related to Pensions

At December 31, 2015, the Village reported an asset of \$160,366 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was 0.00418144%, which was an decrease of 0.00011385% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$39,518.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources
Differences between expected and actual experiences	\$ 14,889
Changes in assumptions	-
Net differences between projected and actual earnings on pension plan investments	46,285
Changes in proportionate and differences between employer contributions and proportionate share of contributions	-
Employer contributions subsequent to the measurement date	41,334
Total	\$ 102,508

The \$41,334 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ending December 31,	Deferred Outflow of Resources
2016	\$ 12,071
2017	12,071
2018	12,071
2019	12,071
2020	12,071
Thereafter	819

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

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

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

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 11 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$289,756	(\$160,366)	(\$412,659)

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

Payables to the Pension Plan

The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. The amount due to WRS as of December 31, 2015 is 2,711.

NOTE 12 - 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Village has an agreement with Washington County Sheriff's Department to provide law enforcement services for the Village. The Village has budgeted \$335,000 for law enforcement services in 2016.

The Village entered into a contract for fire and emergency services with the Richfield Volunteer Fire Company for 2016 for \$472,390.

The Village has two agreements with the Richfield Joint School District. One agreement is for the Village to perform lawn maintenance at the District's buildings and the other agreement is a snow equipment lease agreement. The total of these agreements is approximately \$17,000 in revenues.

The Village has entered into a contract for road improvements with Payne & Dolan, Inc. for 2016 for \$550,429.

The Village has approved the purchase of a 2016 International chasis for \$91,797.

The Village has approved the purchase of an excavator for \$143,125.

The Village has entered into an agreement with the Richfield Volunteer Fire Company to construct a fire station on Village property. The Village will construct the building with financial assistance from the Richfield Volunteer Fire Company in the amount of \$1,844,167. The building is still in the planning stages and an engineering contract has been approved in the amount of \$45,050.

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's 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.

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENT

The GASB issued Statement No. 72, *Fair Value Measurement and Application*. Statement No. 72 defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and what information about fair value should be reported in the notes to the financial statements. Additionally, GASB Statement No. 72 utilizes a three-level hierarchy for measuring fair value. The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2016.

VILLAGE OF RICHFIELD
Notes to Financial Statements
December 31, 2015

NOTE 15 - RESTATEMENT OF BEGINNING NET POSITION

The restatement of net position in the government-wide financial statements was the result of implementing Governmental Accounting Standards Board Statements No. 68 and No. 71, which required government entities to recognize their pension benefit obligation as an asset for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The follow table shows the effect of the implementation:

Net Position - As of December 31, 2014	\$ 13,509,051
Pension Asset	102,708
Pension Plan - Contributions After Measurement Date	<u>41,104</u>
Net Position - As Restated December 31, 2014	<u>\$ 13,652,863</u>

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF RICHFIELD
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability (Asset)

	2015
Village's proportion of the net pension liability (asset)	0.00418144%
Village's propoartionate share of the net pension liability (asset)	\$ (160,366)
Village's covered-employee payroll	\$ 587,205
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-17.49%
Plan fiduciary net position as a percentage fo the total pension liability (asset)	102.74%

Schedule of Employer Contributions

	2015
Contractually required contributions	\$ 41,105
Contributions in relation to the contractually required contributions	(41,105)
Contribution deficiency (excess)	\$ -
Village's covered-employee payroll	\$ 587,205
Contributions as a percentage of covered-employee payroll	7.00%

*The amounts presented for each year were determined as of the calendar year-end from the the prior calendar year. Presented data is all that is available for 2015. Ten years of data will be accumulated beginning with 2015.

VILLAGE OF RICHFIELD
Schedule of Budgetary Comparison
General Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 2,476,730	\$ 2,479,031	\$ 2,301
Special Assessments	13,369	27,694	14,325
Intergovernmental	896,887	839,094	(58,793)
Licenses and Permits	277,592	351,652	74,060
Fines, Forfeitures and Penalties	405	265	(140)
Public Charges for Services	54,160	81,986	27,826
Investment Income	13,700	12,172	(1,528)
Miscellaneous	13,050	7,983	(5,067)
Total Revenues	<u>3,745,893</u>	<u>3,799,877</u>	<u>52,984</u>
EXPENDITURES			
Current:			
General Government	650,559	690,869	(40,310)
Public Safety	1,067,311	1,025,514	41,797
Public Works	772,252	637,989	134,263
Leisure Activities	143,986	139,670	4,316
Conservation and Development	131,600	87,614	43,986
Debt Service:			
Principal	12,321	12,321	-
Interest	3,864	3,864	-
Capital Outlay	964,000	922,366	41,634
Total Expenditures	<u>3,745,893</u>	<u>3,520,207</u>	<u>225,686</u>
NET CHANGE IN FUND BALANCE	-	279,670	278,670
FUND BALANCE - BEGINNING	<u>1,562,487</u>	<u>1,562,487</u>	-
FUND BALANCE - ENDING	<u>\$ 1,562,487</u>	<u>\$ 1,842,157</u>	<u>\$ 278,670</u>

VILLAGE OF RICHFIELD
Notes to Required Supplementary Information
December 31, 2015

DEFINED BENEFIT PENSION PLAN

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

Changes of assumptions. There were no changes in the assumptions.

BUDGETARY CONTROLS

The Village follows these procedures in establishing the budgetary data:

- During the year, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board with a two-thirds majority vote.

The Park Dedication Fund is a major special revenue fund but the Village does not adopt a separate budget for it.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

The following fund had an excess of actual expenditures over budget for the year ended December 31, 2015:

<u>General Fund</u>	<u>Excess Expenditures</u>
General Government	\$ 40,310

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SUPPLEMENTARY INFORMATION

VILLAGE OF RICHFIELD
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2015

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Funds</u>
	<u>Richfield Utility No.1</u>	<u>Bark Lake Utility</u>	<u>Richfield Utility No. 2</u>	<u>Fire Station Fund</u>	
ASSETS					
Cash and Investments	\$ -	\$ -	\$ -	\$ 253,746	\$ 253,746
Restricted Cash	1,960	1,513	826	-	4,299
Taxes Receivable	1,476	1,139	622	-	3,237
Due from Other Funds	-	25	265	-	290
TOTAL ASSETS	<u>\$ 3,436</u>	<u>\$ 2,677</u>	<u>\$ 1,713</u>	<u>\$ 253,746</u>	<u>\$ 261,572</u>
LIABILITIES					
Due to Other Fund	\$ 419	\$ -	\$ -	\$ -	\$ 419
DEFERRED INFLOWS OF RESOURCES					
Taxes Levied for Subsequent Period	3,436	2,652	1,448	-	7,536
FUND BALANCES (DEFICIT)					
Assigned	-	-	265	253,746	254,011
Unassigned	(419)	25	-	-	(394)
TOTAL FUND BALANCES (DEFICIT)	<u>(419)</u>	<u>25</u>	<u>265</u>	<u>253,746</u>	<u>253,617</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 3,436</u>	<u>\$ 2,677</u>	<u>\$ 1,713</u>	<u>\$ 253,746</u>	<u>\$ 261,572</u>

VILLAGE OF RICHFIELD
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds				Total Nonmajor Funds
	Richfield Utility No. 1	Bark Lake Utility	Richfield Utility No. 2	Fire Station Fund	
REVENUES					
Taxes	\$ 3,375	\$ 2,622	\$ 1,370	\$ -	\$ 7,367
Impact Fees	-	-	-	72,848	72,848
Investment Income	-	-	-	282	282
Total Revenues	<u>3,375</u>	<u>2,622</u>	<u>1,370</u>	<u>73,130</u>	<u>80,497</u>
EXPENDITURES					
Street Lighting	3,159	2,437	1,299	-	6,895
NET CHANGE IN FUND BALANCES (DEFICITS)	216	185	71	73,130	73,602
FUND BALANCES (DEFICITS) - BEGINNING	<u>(635)</u>	<u>(160)</u>	<u>194</u>	<u>180,616</u>	<u>180,015</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (419)</u>	<u>\$ 25</u>	<u>\$ 265</u>	<u>\$ 253,746</u>	<u>\$ 253,617</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison
General Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES AND OTHER FINANCING SOURCES			
TAXES			
General Property Taxes	\$ 2,475,163	\$ 2,478,015	\$ 2,852
Other Taxes	1,567	-	(1,567)
Interest and Penalties on Delinquents	-	1,016	1,016
Total Taxes	<u>2,476,730</u>	<u>2,479,031</u>	<u>2,301</u>
SPECIAL ASSESSMENTS	<u>13,369</u>	<u>27,694</u>	<u>14,325</u>
INTERGOVERNMENTAL			
Shared Revenues	129,173	130,191	1,018
Fire Insurance Dues	56,000	48,485	(7,515)
Motor Oil Refund	1,000	1,077	(923)
General Highway Aids	309,357	363,405	54,048
Recycling	11,650	11,658	8
Forest Crop Land	100	76	(24)
Lake Patrol	-	1,551	1,551
Computer Aid	3,000	2,666	(334)
Ag Use Penalty	-	11,472	11,472
Payment in Lieu of Taxes	465	490	25
Other Grants	201,204	103,206	(97,998)
Building Inspection Fees	151,938	142,754	(9,184)
Fire Department Reimbursement	16,500	14,173	(2,327)
School Reimbursement	16,500	7,890	(8,610)
Total Intergovernmental	<u>896,887</u>	<u>839,094</u>	<u>(58,793)</u>
LICENSES AND PERMITS			
Liquor and Malt Beverage Licenses	12,000	11,396	(604)
Operators Licenses	7,000	6,384	(616)
Cigarette Licenses	500	715	215
Vending Machine License	3,000	2,500	(500)
Dog License	11,500	11,199	(301)
Kennel Licenses	10	144	134
Building Permits	102,400	168,635	66,235
Electrical Permit	20,000	32,919	12,919
Plumbing Permit	13,500	22,480	8,980
Zoning Permit	6,500	8,715	2,215
Right of Way Permits	2,000	5,625	3,625
Burning Permit	3,000	11,142	8,142
Other Permit	4,645	14,545	9,900
Cable Television Franchise Fee	91,537	55,253	(36,284)
Total Licenses and Permits	<u>277,592</u>	<u>351,652</u>	<u>74,060</u>
FINES AND FORFEITS			
Court Penalties and Fines	150	100	(50)
Dog Fines	255	165	(90)
Total Fines and Forfeits	<u>405</u>	<u>265</u>	<u>(140)</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
PUBLIC CHARGES FOR SERVICES			
CSM Review Fees	\$ 2,000	\$ 6,566	\$ 4,566
Tax Research	1,700	3,782	2,082
Code Book and Maps	-	5	5
Zoning Appeals	1,500	555	(945)
Rezoning Fees	2,000	1,200	(800)
Engineering Fees Reimbursed	5,000	15,035	10,035
Transfer Station Fees	7,500	8,234	734
Recycling	5,000	1,285	(3,715)
Attorney Fee Reimbursement	4,000	27,692	23,692
Publication Fees	5,260	989	(4,271)
House Numbers	400	692	292
State Seal	1,500	1,936	436
Road Bond	2,000	2,200	200
Holding Tank Agreement Fees	100	-	(100)
Site Plan Fees	4,000	1,600	(2,400)
Subdivision Plat Fees	1,000	-	(1,000)
Park Rental Fees	4,000	3,430	(570)
Boat Launch Fees	1,800	1,320	(480)
Copies	200	188	(12)
Planner Fees Reimbursed	5,000	4,349	(651)
Cable Advertising	100	-	(100)
Register Mail-Postage	100	6	(94)
Total Public Charges for Services	<u>54,160</u>	<u>81,986</u>	<u>27,826</u>
INVESTMENT INCOME			
Investment Income	10,000	8,551	(1,449)
Interest on Special Assessments	3,700	3,621	(79)
Total Investment Income	<u>13,700</u>	<u>12,172</u>	<u>(1,528)</u>
MISCELLANEOUS REVENUES			
Miscellaneous General Revenue	6,050	1,983	(4,067)
Richfield Soccer League	3,000	3,000	-
Richfield Youth Program	3,000	3,000	-
Sale of Equipment and Land	1,000	-	(1,000)
Total Miscellaneous Revenues	<u>13,050</u>	<u>7,983</u>	<u>(5,067)</u>
TOTAL REVENUES	<u>3,745,893</u>	<u>3,799,877</u>	<u>52,984</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES			
GENERAL GOVERNMENT			
Current			
Village Board	\$ 46,080	\$ 45,265	\$ 815
Administrator	119,202	116,208	2,994
Clerk	110,992	111,319	(327)
Elections	22,643	9,914	12,729
Property Assessment	49,301	47,758	1,543
Accounting and Auditing	11,000	10,900	100
Treasurer	128,988	64,031	64,957
Legal	69,000	169,953	(100,953)
Village Hall	53,550	57,605	(4,055)
Insurance	39,203	52,283	(13,080)
Miscellaneous	600	5,633	(5,033)
Total General Government	<u>650,559</u>	<u>690,869</u>	<u>(40,310)</u>
PUBLIC SAFETY			
Police Protection	335,000	311,207	23,793
Fire and Ambulance Protection	519,624	512,309	7,315
Emergency Government	500	-	500
Inspection	209,460	199,271	10,189
Pest Control	2,727	2,727	-
Total Public Safety	<u>1,067,311</u>	<u>1,025,514</u>	<u>41,797</u>
PUBLIC WORKS			
Garage and Sheds	20,000	18,537	1,463
Highway and Street Maintenance	708,320	579,806	128,514
Street Lighting	26,400	20,472	5,928
Transfer Station	17,532	19,174	(1,642)
Total Public Works	<u>772,252</u>	<u>637,989</u>	<u>134,263</u>
LEISURE ACTIVITIES			
Parks and Recreation	143,986	139,670	4,316
CONSERVATION AND DEVELOPMENT			
Planning and Appeals	69,600	34,196	35,404
Community Development	62,000	53,418	8,582
Total Conservation and Development	<u>131,600</u>	<u>87,614</u>	<u>43,986</u>
DEBT SERVICE			
Principal	12,321	12,321	-
Interest	3,864	3,864	-
Total Debt Service	<u>16,185</u>	<u>16,185</u>	<u>-</u>

VILLAGE OF RICHFIELD
Schedule of Detailed Budgetary Comparison - Continued
General Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
CAPITAL OUTLAY			
Village Hall	\$ 14,000	\$ 13,790	\$ 210
Highway Maintenance and Equipment	950,000	881,983	68,017
Park and Recreation	-	26,593	(26,593)
Total Capital Outlay	<u>964,000</u>	<u>922,366</u>	<u>41,634</u>
TOTAL EXPENDITURES	<u>3,745,893</u>	<u>3,520,207</u>	<u>225,686</u>
NET CHANGE IN FUND BALANCE	-	279,670	278,670
FUND BALANCE - BEGINNING	<u>1,562,487</u>	<u>1,562,487</u>	-
FUND BALANCE - ENDING	<u>\$ 1,562,487</u>	<u>\$ 1,842,157</u>	<u>\$ 278,670</u>