

VILLAGE OF THIENSVILLE

Thiensville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2019

VILLAGE OF THIENSVILLE

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Thiensville
Thiensville, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Thiensville, Wisconsin, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village of Thiensville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Village Board
Village of Thiensville

Opinions

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

Emphasis of Matter

As discussed in Note I, Village of Thiensville adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter. Also discussed in Note I, Village of Thiensville adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
April 22, 2020



Village of Thiensville
Management's Discussion and Analysis
(Unaudited)
As of and for the Year Ended December 31, 2019

The management of the Village of Thiensville offers this narrative overview and analysis of the Village of Thiensville's financial activities for the fiscal year ended December 31, 2019. Readers of these financial statements are encouraged to consider the information presented here in conjunction with the basic financial statements.

The Village of Thiensville is a community, that was incorporated in 1910, of approximately 3,200 residents located along the Milwaukee River in Ozaukee County, Wisconsin about 15 miles north of Milwaukee. The Village of Thiensville has benefited from this location. There is easy access to major transportation routes and many residents commute to work in Milwaukee, Waukesha, Sheboygan and other surrounding communities.

The Village of Thiensville is a progressive, historic, charming community with a commitment to maintaining assets through an aggressive capital projects program.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the Village of Thiensville exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$23,318,149.
- ❖ As of December 31, 2019 the Village's governmental funds reported combined ending fund balance of \$3,615,422. Of this balance, \$1,052,737 was unassigned and available for spending at the government's discretion.
- ❖ The general fund unassigned fund balance is \$1,052,737 which includes \$457,959 set aside for working capital and \$552,460 set aside into a Corporate Reserve Fund. The total general fund unassigned fund balance at year end is equal to 39.47% of total general fund expenditures and transfers out.
- ❖ Net position decreased by \$77,859 for 2019 as compared to an increase of \$464,966 for 2018.
- ❖ The general fund increased by \$16,033 for 2019 as compared to a decrease of \$38,067 for 2018. The Village did budget the use of fund balance in the amount of \$180,000; however, the Village did not have a need to utilize contingency funds in 2019.
- ❖ In 2016, the Village Board approved the creation of a special revenue fund for park improvements. The enhancements to Village Park are ongoing. In 2019, the Village completed construction on the Port Washington River Stage. This project was funded by both public and private funds, including a naming rights contribution from local business, Port Washington State Bank.

Overview of the Financial Statements

The information in this discussion and analysis is intended to serve as an introduction to the Village of Thiensville's basic financial statements. The Village of Thiensville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements (Pages 12- 14)

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, liabilities and deferred inflows/outflows 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 Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., sick pay benefits and other long-term liabilities).

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, health and sanitation, highway and transportation, library and park. The business-type activities of the Village include a Sewer Utility.

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 three categories; governmental funds, proprietary funds and fiduciary funds.

Governmental Funds (Pages 15 – 19)

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 financial year. Such information may be useful in evaluating the Village's near-term financing requirements.

Because of the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare 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 currently has 11 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 and the Capital Improvement Fund which are considered to be major funds.

Data from the other nine funds are combined into a single, aggregate presentation under the heading "Nonmajor Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the form of "combining statement" elsewhere in this report.

Proprietary Funds (Pages 22 – 23)

The Village maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses an enterprise fund to account for its Sewer Utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Utility which is considered to be a major fund of the Village of Thiensville.

Fiduciary Fund (Pages 24 - 25)

Custodial funds are used to account for assets held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's operations. The Village maintains a custodial fund, the Tax Collection Fiduciary Fund which records the tax roll and tax collections for other taxing jurisdictions within the Village.

Notes to the Financial Statements (Pages 27 – 56)

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (Pages 57 - 59)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's compliance with its adopted budgets for the general fund and major special revenue funds.

Supplementary Information (Pages 60 – 66)

The combining statements referred to earlier in connection with nonmajor governmental funds and detailed schedules of revenues and expenditures of the general fund compared to budget is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The Village's total net position exceeded liabilities by \$23,318,149 at the close of 2019. The largest segment of net position (76.5%) is the Village's net investment in capital assets. The Village reports land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures and infrastructure.

Village of Thiensville's Statement of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current & other assets	\$ 7,102,110	\$ 7,379,445	\$ 1,358,462	\$ 1,463,978	\$ 8,460,572	\$ 8,843,423
Capital assets	12,474,798	12,469,436	5,365,809	5,245,013	17,840,607	17,714,449
Total assets	19,576,908	19,848,881	6,724,271	6,708,991	26,301,179	26,557,872
Pension related amounts	896,480	491,454	19,425	10,927	915,905	502,381
Total deferred outflow s of resources	896,480	554,180	19,425	13,475	915,905	567,655
Long term liabilities outstanding	800,082	576,598	6,597	-	806,679	576,598
Other liabilities	178,856	190,675	4,831	3,836	183,687	194,511
Total liabilities	978,938	767,273	11,428	3,836	990,366	771,109
Unearned revenues	2,444,730	2,360,779	-	-	2,444,730	2,360,779
Pension related amounts	453,686	521,056	10,123	11,301	463,809	532,357
Total deferred inflow s of resources	2,898,416	2,881,835	10,123	11,301	2,908,539	2,893,136
Net Position:						
Net investment in capital assets	12,474,798	12,469,436	5,365,809	5,245,013	17,840,607	17,714,449
Restricted	430,467	840,159	301,161	289,991	731,628	1,130,150
Unrestricted	3,690,739	3,381,632	1,055,175	1,169,777	4,745,914	4,551,409
Total net position	\$ 16,596,004	\$ 16,691,227	\$ 6,722,145	\$ 6,704,781	\$ 23,318,149	\$ 23,396,008

Net position decreased by \$77,859 in 2019. In a time where local municipalities are strained by state levy limits the Village maintained its strong financial position and provided its residents and businesses with the same high level of service. The majority of the decrease in net position is attributed to loss of revenue from the recently closed TIF District. The Tax Increment District #1 was terminated March 19, 2018.

Village of Thiensville's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues						
Charges for services	\$ 375,157	\$ 381,003	\$ 1,065,964	\$ 1,002,315	\$ 1,441,121	\$ 1,383,318
Operating grants and contributions	311,737	314,792	-	-	311,737	314,792
Capital grants and contributions	10,473	4,891	-	-	10,473	4,891
General revenues						
General taxes	2,357,244	2,181,614	-	-	2,357,244	2,181,614
Taxes generated from TID increment	-	806,915	-	-	-	806,915
Intergovernmental revenues						
not restricted to specific programs	108,134	107,694	-	-	108,134	107,694
Public gifts and grants	2,700	9,494	-	-	2,700	9,494
Investment income	116,815	95,056	18,588	16,859	135,403	111,915
Miscellaneous	104,891	155,127	-	-	104,891	155,127
	<u>3,387,151</u>	<u>4,056,586</u>	<u>1,084,552</u>	<u>1,019,174</u>	<u>4,471,703</u>	<u>5,075,760</u>
Expenses						
General government	792,943	1,284,283	-	-	792,943	1,284,283
Public safety	1,532,341	1,534,643	-	-	1,532,341	1,534,643
Public works	842,175	539,942	-	-	842,175	539,942
Health and human services	28,243	79,145	-	-	28,243	79,145
Culture, recreation and education	275,959	255,579	-	-	275,959	255,579
Interest and fiscal charges	10,713	13,310	-	-	10,713	13,310
Sewer Utility	-	-	1,067,188	903,892	1,067,188	903,892
	<u>3,482,374</u>	<u>3,706,902</u>	<u>1,067,188</u>	<u>903,892</u>	<u>4,549,562</u>	<u>4,610,794</u>
Increase (decrease) in						
net position before transfers	(95,223)	349,684	17,364	115,282	(77,859)	464,966
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	<u>(95,223)</u>	<u>520,662</u>	<u>17,364</u>	<u>52,764</u>	<u>(77,859)</u>	<u>464,966</u>
Net position - beginning	<u>16,691,227</u>	<u>16,341,543</u>	<u>6,704,781</u>	<u>6,589,499</u>	<u>23,296,008</u>	<u>22,931,042</u>
Net position - ending	<u>\$ 16,596,004</u>	<u>\$ 16,691,227</u>	<u>\$ 6,722,145</u>	<u>\$ 6,704,781</u>	<u>\$ 23,218,149</u>	<u>\$ 23,396,008</u>

Governmental Activities

Governmental activities decreased the Village's net position by \$95,223. General taxes increased by \$175,630; however, the Village terminated Tax Increment District #1 in 2018 resulting in a loss of TIF increment revenue of \$806,915. This resulted in net effect of a \$631,285 reduction in the Village's tax levy revenue. Taxes accounted 78.3% of the Village's total revenue. Charges for Services, Operating Grants & Contributions, and Capital Grants & Contributions revenues remained relatively flat.

Investment income increased by 22.6% for 2019, as interest rates continued to be higher than previous years.

The Village contracts with many services it provides, including attorney, engineer and inspection services and does not have large fixed personnel and assets costs allowing flexibility in times of market change.

The Capital Improvement/Equipment Fund had been used to make infrastructure repairs with funds transferred from the TID Fund. With the termination of the TIF, 2019 was the first year that the Capital Improvement/Equipment Fund did not receive funds which drastically reducing its budget. The Village continues to focus on the various capital needs including planning for future road improvement projects and continued enhancements to Village Park.

Funds continue to be budgeted for police, fire and public works equipment replacement. The Village of Thiensville budgets over several years for the capital improvements and equipment and then utilizes multi-year budgets to complete the project. It is management's belief that this is how the Village achieved the enviable position of being debt free.

The Village continues to consider programs jointly with the City of Mequon. Areas of mutual cooperation include the school district, library, fish ladder, dam, historical society, municipal water, paramedic program, topographical maps, emergency sirens, sewer interceptor repair, and accommodating a request for sanitary sewer extension to a City of Mequon condominium development. The Village, City of Mequon, and the Mequon-Thiensville School District recently agreed to cooperatively implement the School Resource Officer program beginning in 2020.

The Village continues to aggressively promote its revised website for postings of agendas and minutes, electronic newsletter, permit forms, ordinances, election information and forms, and online payment availability.

The Village continues to control expenses and looks for operating efficiencies in an environment of increasing general costs and raising health insurance costs. The village continues to use the State of Wisconsin Group Health Insurance Program.

Financial Analysis of the Government's Funds

Governmental Funds

As of December 31, 2019, the Village of Thiensville's governmental funds reported combined ending fund balances of \$3,615,422, an increase of \$15,945. Due to the large amount of special projects that have "fluid" fund balances, the combined fund balances fluctuate dramatically year to year.

The general fund balance is \$1,577,708. Of this amount, \$94,553 is nonspendable, \$190,418 is committed for compensated balances due to Village employees, \$240,000 is assigned to the 2020 budget and \$1,052,737 is unassigned. Included in unassigned fund balance, \$457,959 is set aside for working capital and \$552,460 is set aside into a Corporate Reserve Fund. The remaining unassigned balance is available for future uses at the Village's discretion.

Proprietary Funds

The Sewer Utility fund increased \$17,364. The Village has taken aggressive steps and investment over the past 20 years to solve sanitary sewer problems within its boundaries, which include mainline rehabilitation and a manhole rehabilitation program. Within the next 3-4 years every sanitary sewer manhole will have been repaired, replaced or lined. All spot relays were completed. Once the manholes are complete then steps to annually inspect the manholes and annual televising will maintain the Village's excellent system. In addition, test cleaning and grouting of the system is a future project. This program has received accolades from the Milwaukee Metropolitan Sewerage District. Lift Station repairs were completed in 2019 resulting in reductions to utility expenses for the building itself along with gaining some efficiencies system-wide. The Village has approved the request for a City of Mequon condominium development to connect to the Village's sanitary sewer system. Construction of this development began in 2019 and is ongoing. The sewer utility has an unrestricted net position of \$1,055,175.

General Fund Budgetary Highlights

The year end results of operations compared to the 2019 budget for the Village of Thiensville show that revenues exceeded the budgeted amount by \$101,222 and the expenditures were \$94,811 less than budgeted. This was due to increasing interest revenues and the Village not needing to use budgeted contingency funds in 2019.

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$17,840,607 (net of accumulated depreciation) \$126,158 greater than the 2019 balance.

Village of Thiensville's Capital Assets

	Net of Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 416,177	\$ 416,177	\$ -	\$ -	\$ 416,177	\$ 416,177
Construction in progress	82,359	27,621	-	32,418	82,359	60,039
Intangible and other	60,122	60,122	47,610	57,495	107,732	117,617
Buildings and structures	1,345,861	1,075,822	348,037	363,143	1,693,898	1,438,965
Improvements other than buildings	1,249,357	1,333,941	-	-	1,249,357	1,333,941
Machinery, equipment and vehicles	1,595,431	1,731,306	242,700	15,381	1,838,131	1,746,687
Furniture and fixtures	31,962	35,400	-	2,700	31,962	38,100
Infrastructure	7,693,529	7,789,047	4,727,462	4,782,066	12,420,991	12,571,113
	\$ 12,474,798	\$ 12,469,436	\$ 5,365,809	\$ 5,253,203	\$ 17,840,607	\$ 17,722,639

Additional information on the Village's capital assets can be found in Note III D on pages 43 - 45 of this report.

Long-Term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$280,000. None of this debt is backed by the full faith and credit of the Village, rather it is payable solely from the related special assessments levied and is not a general obligation of the Village.

Village of Thiensville's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Special assessment B bonds	\$ 280,000	\$ 375,000	\$ -	\$ -	\$ 280,000	\$ 375,000

Additional information on the Village's long-term debt can be found in Note III F on pages 46 - 47 of this report.

The Village of Thiensville is very proud to be in the enviable position of having no outstanding general obligation debt. This was accomplished in 2007. Prior to 2007 the general fund was paying a large portion of the Tax Incremental District #1 debt. Net costs of the district due to the general fund were fully recovered in 2018 resulting in the District being terminated on March 19, 2018.

The Village of Thiensville paid the entire prior service cost for the Wisconsin Retirement Fund in 2004.

In 2011, the Village borrowed Special Assessment B Bonds on behalf of the Century Estates Water Co-op #3 (CE#3) and in 2013 borrowed Special Assessment B Bonds on behalf of the Laurel Acres Water Distribution System (LAWDS). The Co-ops were under Wisconsin Department of Natural Resources orders to repair or replace the system due to an elevated level of arsenic in the wells. The 87 property owners of CE#3 and 92 property owners of LAWDS were having difficulty funding the project and approached the Village to allow the property owners to pay their costs through the special assessment process over a 10-year period. Four adjacent property owners also elected to connect. Each of the homes property values were discounted \$5,000 in the CE#3 area due to the arsenic issue. This amounted to a loss of assessed property value of \$435,000. Now that the problem has been corrected the Village has a higher tax base for all property owners to benefit.

The Village has reviewed its liability under GASB 45 for post-retirement benefits other than pension and determined that none existed. The Village has a Sick Leave Benefit (sick leave conversion for post-employment health insurance) fully funded in the accrued compensated balances account. In addition, past history indicates that once the employee utilizes this benefit that the employee finds alternative insurance options due to the high cost of the employer plan to the retiree. In 2018, the Village contracted an actuary to review post-retirement benefits, the determination was that these benefits are not material.

Economic Factors and Next Year's Budgets and Rates

The Village of Thiensville is a small community, 1.1 square miles with a population of 3,178 people just north of the City of Milwaukee allowing residents access to big city opportunities and a small town environment. Thiensville boasts of the walk-ability not only in the downtown area but in the outlying subdivisions. The Village provides residents and businesses with 24 hour public safety services through a full-time police force of 7 sworn officers and paid-on-call fire and paramedic and emergency medical departments. The Village also has a well maintained road system, sanitary sewer system, a library and park facilities. Recreation activities are provided by the Mequon-Thiensville School District.

Thiensville is a fully-developed community with equalized valuation of \$374,572,900. Residential properties comprise of 76.12% of real property values. The average equalized value of a single family residence in Thiensville is \$240,730. Due to the desirability and low housing stock in this area the Village is seeing rising home values with investment in residential properties continuing through remodeling. In 2020, the Village incentivized a new house development that will save and restore a historic building along with adding 10 new construction single family homes to an existing neighbor. The Village expects to see many of these new homes completed and occupied by the end of 2020.

The Village's 2020 operating and capital budget continues to provide for the same level of services and provide funding of these operations with a stable tax levy. The 2020 budget included a tax levy increase of \$6,256. The Village's 2020 budget did not qualify the Village to receive payment under the State's Expenditure Restraint Program due to the increased tax levy in 2019 resulting in increased expenditures.

The Village's water needs are mainly served by private wells or water co-ops using wells. In 2012 and 2013, the number of homes reliant upon water co-ops decreased by 179. The remaining two water co-ops are evaluating the possibility of converting to municipal water through the special assessment process in the future. In 2015, the Main Street and Green Bay Road water main project was completed and now provides municipal water to a majority of the Village businesses. Lake Michigan water is available through a franchise agreement with the Mequon Water Utility.

Requests for Information

This financial report is designated to provide a general overview and a supplement to the Village's Financial Statements, of the Village of Thiensville's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village Administrator of the Village of Thiensville, 250 Elm Street, Thiensville, WI 53092.

BASIC FINANCIAL STATEMENTS

VILLAGE OF THIENSVILLE

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	\$ 3,870,117	\$ 801,776	\$ 4,671,893
Receivables	2,865,830	254,435	3,120,265
Inventories and prepaid items	45,478	1,090	46,568
Equity interest in joint library	320,685	-	320,685
Restricted assets			
Cash and cash equivalents	-	301,161	301,161
Capital Assets (net of accumulated depreciation/amortization)			
Land	416,177	-	416,177
Intangible assets	12,925	-	12,925
Construction in progress	82,359	-	82,359
Other Assets not being depreciated	47,197	-	47,197
Other capital assets	<u>11,916,140</u>	<u>5,365,809</u>	<u>17,281,949</u>
Total Assets	<u>19,576,908</u>	<u>6,724,271</u>	<u>26,301,179</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>896,480</u>	<u>19,425</u>	<u>915,905</u>
Total Deferred Outflows of Resources	<u>896,480</u>	<u>19,425</u>	<u>915,905</u>
LIABILITIES			
Accounts payable and accrued liabilities	178,856	4,831	183,687
Noncurrent Liabilities			
Due within one year	113,714	-	113,714
Due in more than one year	<u>686,368</u>	<u>6,597</u>	<u>692,965</u>
Total Liabilities	<u>978,938</u>	<u>11,428</u>	<u>990,366</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	2,444,760	-	2,444,760
Pension related amounts	<u>453,686</u>	<u>10,123</u>	<u>463,809</u>
Total Deferred Inflows of Resources	<u>2,898,446</u>	<u>10,123</u>	<u>2,908,569</u>
NET POSITION			
Investment in capital assets	12,474,798	5,365,809	17,840,607
Restricted for			
Debt service	373,300	-	373,300
Park improvements	28,000	-	28,000
Donations and grants	29,167	-	29,167
Equipment replacement	-	301,161	301,161
Unrestricted	<u>3,690,739</u>	<u>1,055,175</u>	<u>4,745,914</u>
TOTAL NET POSITION	<u>\$ 16,596,004</u>	<u>\$ 6,722,145</u>	<u>\$ 23,318,149</u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 792,943	\$ 122,277	\$ -	\$ -
Public safety	1,532,341	245,960	23,804	5,473
Public works	842,175	-	218,241	5,000
Health and human services	28,243	1,290	9,503	-
Culture, education and recreation	275,959	5,630	60,189	-
Interest and fiscal charges	<u>10,713</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>3,482,374</u>	<u>375,157</u>	<u>311,737</u>	<u>10,473</u>
Business-type Activities				
Sewer Utility	<u>1,067,188</u>	<u>1,065,964</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>1,067,188</u>	<u>1,065,964</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,549,562</u>	<u>\$ 1,441,121</u>	<u>\$ 311,737</u>	<u>\$ 10,473</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Intergovernmental revenues not restricted to specific programs

Public gifts and grants

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (670,666)	\$ -	\$ (670,666)
(1,257,104)	-	(1,257,104)
(618,934)	-	(618,934)
(17,450)	-	(17,450)
(210,140)	-	(210,140)
<u>(10,713)</u>	<u>-</u>	<u>(10,713)</u>
<u>(2,785,007)</u>	<u>-</u>	<u>(2,785,007)</u>
<u>-</u>	<u>(1,224)</u>	<u>(1,224)</u>
<u>-</u>	<u>(1,224)</u>	<u>(1,224)</u>
<u>(2,785,007)</u>	<u>(1,224)</u>	<u>(2,786,231)</u>
2,357,244	-	2,357,244
108,134	-	108,134
2,700	-	2,700
116,815	18,588	135,403
<u>104,891</u>	<u>-</u>	<u>104,891</u>
<u>2,689,784</u>	<u>18,588</u>	<u>2,708,372</u>
(95,223)	17,364	(77,859)
<u>16,691,227</u>	<u>6,704,781</u>	<u>23,396,008</u>
<u>\$ 16,596,004</u>	<u>\$ 6,722,145</u>	<u>\$ 23,318,149</u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General	Capital Projects Fund Capital Improvement Fund	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,703,203	\$ 1,392,996	\$ 773,918	\$ 3,870,117
Receivables				
Taxes	1,794,562	452,397	94,556	2,341,515
Accounts (net)	31,098	5,000	75,854	111,952
Special assessments	-	280,419	85,944	366,363
Loans	46,000	-	-	46,000
Inventory and prepaid items	45,478	-	-	45,478
TOTAL ASSETS	\$ 3,620,341	\$ 2,130,812	\$ 1,030,272	\$ 6,781,425
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 53,952	\$ 14,177	\$ 43,274	\$ 111,403
Accrued liabilities	64,801	-	2,652	67,453
Total Liabilities	118,753	14,177	45,926	178,856
Deferred Inflows of Resources				
Unavailable revenues	-	332,816	209,571	542,387
Unearned revenues	1,923,880	475,880	45,000	2,444,760
Total Deferred Inflows of Resources	1,923,880	808,696	254,571	2,987,147
Fund Balances				
Nonspendable	94,553	-	-	94,553
Restricted	-	-	294,967	294,967
Committed	190,418	-	434,808	625,226
Assigned	240,000	1,307,939	-	1,547,939
Unassigned	1,052,737	-	-	1,052,737
Total Fund Balances	1,577,708	1,307,939	729,775	3,615,422
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,620,341	\$ 2,130,812	\$ 1,030,272	\$ 6,781,425

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental Funds	\$ 3,615,422
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.D.	12,474,798
--	------------

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	542,387
--	---------

Deferred outflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	896,480
--	---------

Deferred inflows of resources related to pension do not relate to current financial resources and are not reported in the governmental funds.	(453,686)
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Equity in joint library	320,685
-------------------------	---------

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(280,000)
Compensated absences	(190,418)
Net pension liability	<u>(329,664)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 16,596,004</u>
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VILLAGE OF THIENSVILLE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	Capital Projects Fund Capital Improvement Fund	Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 1,915,244	\$ 400,000	\$ 45,000
Special assessments	-	49,529	55,626
Intergovernmental	358,091	5,000	5,473
Licenses and permits	100,930	-	-
Fines, forfeitures and penalties	40,235	-	-
Public charges for services	19,968	-	158,657
Intergovernmental charges for services	65,000	-	-
Investment income	98,144	10,327	12,059
Miscellaneous revenues	15,910	-	123,511
Total Revenues	<u>2,613,522</u>	<u>464,856</u>	<u>400,326</u>
EXPENDITURES			
Current			
General government	600,386	-	-
Public safety	1,218,406	-	171,971
Public works	607,206	-	14,475
Health and human services	2,500	-	-
Culture, recreation and education	227,803	-	31,953
Capital Outlay	-	470,663	11,683
Debt Service			
Principal	-	-	95,000
Interest and fiscal charges	-	-	10,713
Total Expenditures	<u>2,656,301</u>	<u>470,663</u>	<u>335,795</u>
Excess (deficiency) of revenues over expenditures	<u>(42,779)</u>	<u>(5,807)</u>	<u>64,531</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	70,000	119,868	-
Transfers out	(11,188)	(70,000)	(108,680)
Total Other Financing Sources (Uses)	<u>58,812</u>	<u>49,868</u>	<u>(108,680)</u>
Net Change in Fund Balances	16,033	44,061	(44,149)
FUND BALANCES - Beginning of Year	<u>1,561,675</u>	<u>1,263,878</u>	<u>773,924</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,577,708</u>	<u>\$ 1,307,939</u>	<u>\$ 729,775</u>

See accompanying notes to financial statements.

Totals
\$ 2,360,244
105,155
368,564
100,930
40,235
178,625
65,000
120,530
139,421
3,478,704

600,386
1,390,377
621,681
2,500
259,756
482,346

95,000
10,713
3,462,759

15,945

189,868
(189,868)
-

15,945
3,599,477

\$ 3,615,422

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

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

Net change in fund balances - total governmental funds	\$	15,945
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	482,346
Some items reported as capital outlay were not capitalized	(70,257)
Depreciation is reported in the government-wide financial statements	(406,728)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments and interest	(108,547)
Ambulance receivables	9,800

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

Principal repaid	95,000
------------------	--------

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

Compensated absences	11,181
Net pension liability	(593,574)
Deferred outflows of resources related to pensions	405,026
Deferred inflows of resources related to pensions	67,370

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

<u>(2,785)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

<u>\$</u>	<u>(95,223)</u>
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See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

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

	<u>Sewer Utility</u>
ASSETS	
Current Assets	
Cash and investments	\$ 801,776
Receivables	
Customer accounts receivable	214,969
Tax roll receivable	37,608
Accrued interest	1,858
Prepaid items	1,090
Total Current Assets	<u>1,057,301</u>
Noncurrent Assets	
Restricted Assets	
Cash and investments	301,161
Capital Assets	
Property and equipment	7,763,703
Less: Accumulated depreciation/amortization	<u>(2,397,894)</u>
Total Noncurrent Assets	<u>5,666,970</u>
Total Assets	<u>6,724,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	<u>19,425</u>
Total Deferred Outflows of Resources	<u>19,425</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 3,215
Accrued liabilities	1,616
Total Current Liabilities	<u>4,831</u>
Noncurrent Liabilities	
Net OPEB - LRLIF liability	<u>6,597</u>
Total Noncurrent Liabilities	<u>6,597</u>
Total Liabilities	<u>11,428</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	<u>10,123</u>
NET POSITION	
Investment in capital assets	5,365,809
Restricted for	
Equipment Replacement	301,161
Unrestricted net position	<u>1,055,175</u>
TOTAL NET POSITION	<u>\$ 6,722,145</u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the Year Ended December 31, 2019

	<u>Sewer Utility</u>
OPERATING REVENUES	
Public charges for services	\$ 1,054,318
Other operating revenue	<u>11,646</u>
Total Operating Revenues	<u>1,065,964</u>
OPERATING EXPENSES	
Operation and maintenance	986,091
Depreciation/amortization expense	<u>81,097</u>
Total Operating Expenses	<u>1,067,188</u>
Operating Loss	<u>(1,224)</u>
NONOPERATING REVENUES	
Investment income	<u>18,588</u>
Total Nonoperating Revenues	<u>18,588</u>
Change in Net Position	17,364
NET POSITION - Beginning of Year	<u>6,704,781</u>
NET POSITION - END OF YEAR	<u><u>\$ 6,722,145</u></u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended December 31, 2019**

	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers	\$ 1,041,162
Paid to suppliers for goods and services	<u>(979,559)</u>
Net Cash Flows From Operating Activities	<u>61,603</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>21,736</u>
Net Cash Flows From Investing Activities	<u>21,736</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	<u>(201,893)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(201,893)</u>
Net Change in Cash and Cash Equivalents	(118,554)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,221,491</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,102,937</u></u>

See accompanying notes to financial statements.

	<u>Sewer Utility</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (1,224)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation/amortization	81,097
Changes in assets and liabilities	
Customer accounts receivable	(23,762)
Other accounts receivable	(1,040)
Prepays	2,776
Accounts payable	505
Other current liabilities	490
Pension related deferrals and liability	<u>2,761</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 61,603</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUND	
Cash and investments	\$ 801,776
Restricted cash and investments	<u>301,161</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,102,937</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

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

	<u>Custodial Fund</u>
ASSETS	
Cash and investments	\$ 3,958,226
Total Assets	<u>3,958,226</u>
LIABILITIES	
Due to other governments	<u>3,958,226</u>
Total Liabilities	<u>3,958,226</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended December 31, 2019**

	<u>Custodial Fund</u>
ADDITIONS	
Tax collections	\$ 2,976,633
Total Additions	<u>2,976,633</u>
DEDUCTIONS	
Payments to overlying districts	<u>2,976,633</u>
Total Deductions	<u>2,976,633</u>
Change in Fiduciary Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF THIENSVILLE

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VILLAGE OF THIENSVILLE

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

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

VILLAGE OF THIENSVILLE

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

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

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

Fund Financial Statements

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

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

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

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

The Village reports the following major governmental funds:

- General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Capital Improvement - Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

The Village reports the following major enterprise fund:

- Sewer Utility - accounts for operations of the sewer system.

VILLAGE OF THIENSVILLE

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

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

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

Fund Financial Statements (cont.)

The Village reports the following nonmajor governmental funds:

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

Stormwater Management Fund	Police Donation Fund
Fire Equipment Replacement Fund	Fire Donation Fund
Act 102 Fund	Old Village Hall Fund
Park Improvement Fund	

Debt Service Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Laurel Acres Special Assessment B Bond Fund
Century Estates Special Assessment B Bond Fund

In addition, the Village reports the following fund types:

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

Tax Collection Fund

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

Government-Wide Financial Statements

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

VILLAGE OF THIENSVILLE

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

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

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

Government-Wide Financial Statements (cont.)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

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

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF THIENSVILLE

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

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

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

All Financial Statements

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

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

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

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

The Village has adopted an investment policy. That policy contains the following additional guidelines for allowable investments. Not more than \$500,000 shall be deposited in any one public depository, unless specifically authorized by the Board of Trustees. Village funds may be invested in certificates of deposit maturing within 3 years or less. A maximum of \$500,000 may be invested in each institution unless the certificate is collateralized by U.S. Government or U.S. Government Agency securities having a market value of 110% of the certificate or collateralization shall have been waived by the Board of Trustees.

No policy exists for the following risks:

Credit risk

VILLAGE OF THIENSVILLE

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

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

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

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note III. A. for further information.

2. Receivables

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

Property tax calendar - 2019 tax roll:

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

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the sewer utility because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF THIENSVILLE

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

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

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

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

VILLAGE OF THIENSVILLE

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

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	20-40	Years
Land Improvements	20-30	Years
Machinery and Equipment	2-25	Years
Utility System	50-125	Years
Infrastructure	50-100	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. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Deferred Outflows of Resources

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

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

VILLAGE OF THIENSVILLE

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

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

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

7. Compensated Absences (cont.)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

The Village provides postemployment health insurance benefits for all eligible employees. Employees who leave active duty due to retirement, service disability or death are eligible to receive this benefit. The benefits are based on employee benefit policies of the Village. Employees receive sick leave termination benefit days as an incentive to maintain a good record for the use of sick leave days. Sick leave termination benefit days are accrued to employees based upon the number of sick days used by the employee in the prior year. Employees hired prior to September 20, 2011 are not limited to the number of sick leave termination benefit days they may accrue and be paid. Employees hired after September 19, 2011 are limited to 90 sick leave termination benefit days they may accrue and be paid. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village. Funding for those costs is provided out of the current operating budget of the Village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. There are 19 employees currently eligible to receive benefits.

The village has committed fund balance in the General Fund to fully fund the outstanding compensated absences.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2019, are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and compensated absences.

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

9. Deferred Inflows of Resources

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

VILLAGE OF THIENSVILLE

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

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

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

10. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

VILLAGE OF THIENSVILLE

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

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

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

10. Equity Classifications

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

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

Ordinance No. 2006-03 establishes two reserve funds, the Corporate Reserve Fund and the Tax Stabilization Fund. The Corporate Reserve Fund is maintained at an amount not less than 20% of the current year operating budget. The Tax Stabilization Fund does not have a minimum balance requirement. The annual excess of the current year operating budget is first placed in the Corporate Reserve Fund to maintain the minimum balance with the remainder then divided between the two funds by a vote of the Village board. The purpose of the Corporate Reserve fund is to maintain a working capital reserve and to provide for unanticipated expenses of a non-recurring nature. The Corporate Reserve Fund is also available for interfund loans to all other funds of the Village. The balance in the Corporate Reserve Fund at year end is \$552,460. The purpose of the Tax Stabilization Fund is to reduce the levy for the operating budget. The Village board may apply up to 10% of this fund toward the reduction of the tax levy without a public hearing and by majority vote of the Village board. Amounts greater than 10% may be applied toward the reduction of the tax levy with a public hearing and the approval of the Village board by a 2/3 vote. The balance in the Tax Stabilization Fund at year end is \$-0-. On October 19, 2015, the Village board by resolution, transferred the balance in the Tax Stabilization Fund to the Capital Improvement Fund to help fund the Main Street Water Main Project. Amounts are included with unassigned fund balance of the general fund.

Resolution No. 1986-22 establishes a Working Capital Fund equivalent to one sixth of the average of the annual budgets for the previous three years. The balance in the Working Capital Fund at year end is \$457,959. This amount is included with unassigned fund balance in the general fund.

See Note III. G. for further information.

VILLAGE OF THIENSVILLE

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

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

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

11. Pension

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

12. Basis for Existing Rates

Sewer Utility

Rates for the Sewer Utility were approved by the Village board on February 18, 2019.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Capital Projects	\$ 455,071	\$ 540,663	\$ 85,592
Debt Service Fund - Century Estates Special Assessment B Bond	55,200	55,250	50
Debt Service Fund - Laurel Acres Special Assessment B Bond	50,413	50,463	50

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

VILLAGE OF THIENSVILLE

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 8,725,843	\$ 8,945,615	Custodial credit risk
LGIP	204,937	204,937	Credit risk
Petty cash	500	-	N/A
 Total Deposits and Investments	 \$ 8,931,280	 \$ 9,150,552	
 Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 4,671,893		
Restricted cash and investments	301,161		
Per statement of net position - fiduciary fund			
Custodial fund	3,958,226		
 Total Deposits and Investments	 \$ 8,931,280		

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

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

VILLAGE OF THIENSVILLE

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

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

A. DEPOSITS AND INVESTMENTS (cont.)

The Village maintains collateral agreements with its banks. At December 31, 2019, the banks had pledged various government securities in the amount of \$11,623,025 to secure the Village's deposits.

Custodial Credit Risk

Deposits

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

As of December 31, 2019, \$7,972,121 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging financial institution's trust department or agent not in the Village's name	\$ <u>7,972,121</u>
Total	\$ <u><u>7,972,121</u></u>

Credit Risk

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

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

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, except for special assessments and loans.

VILLAGE OF THIENSVILLE

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

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

B. RECEIVABLES (cont.)

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,366,500	\$ -
Grant advance	75,880	-
Special assessments not yet due	-	468,316
Ambulance receivables	-	74,071
Cell tower lease	2,380	-
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 2,444,760	 \$ 542,387

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Equipment Replacement Account

The sewer utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

D. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 416,177	\$ -	\$ -	\$ 416,177
Construction in progress	27,621	357,344	302,606	82,359
Intangible assets	12,925	-	-	12,925
Antique fire truck	47,197	-	-	47,197
Total Capital Assets Not Being depreciated	503,920	357,344	302,606	558,658

VILLAGE OF THIENSVILLE

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Buildings	1,621,926	302,606	-	1,924,532
Improvements	1,913,234	2,882	-	1,916,116
Machinery and equipment	4,054,747	51,864	2,488	4,104,123
Furniture and fixture	67,809	-	-	67,809
Roads	4,944,412	-	-	4,944,412
Storm sewer	4,758,291	-	-	4,758,291
Total Capital Assets Being Depreciated	17,360,419	357,352	2,488	17,715,283
Total Capital Assets	17,864,339	714,696	305,094	18,273,941
Less: Accumulated depreciation for				
Buildings	(546,104)	(32,567)	-	(578,671)
Improvements	(579,293)	(87,466)	-	(666,759)
Machinery and equipment	(2,323,441)	(187,739)	2,488	(2,508,692)
Furniture and fixture	(32,410)	(3,437)	-	(35,847)
Roads	(1,522,855)	(48,650)	-	(1,571,505)
Storm sewer	(390,800)	(46,869)	-	(437,669)
Total Accumulated depreciation	(5,394,903)	(406,728)	2,488	(5,799,143)
Net Capital Assets Being Depreciated	11,965,516	(49,376)	-	11,916,140
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 12,469,436	\$ 307,968	\$ 302,606	\$ 12,474,798

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 123,470
Public safety	114,369
Public works, which includes the depreciation of infrastructure	164,254
Culture, recreation and education	4,635
Total Governmental Activities Depreciation Expense	\$ 406,728

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being Depreciated				
Construction in progress	\$ 32,418	\$ 201,725	\$ 234,143	\$ -
Total Capital Assets Not Being Depreciated	32,418	201,725	234,143	-
Capital assets being depreciated/amortized				
Structures and improvements	755,270	-	-	755,270
Sewer collection system	6,035,170	-	-	6,035,170
Machinery and equipment	520,753	234,143	-	754,896

VILLAGE OF THIENSVILLE

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

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities (cont.)				
Capital assets being Depreciated (cont.)				
Furniture and fixture	\$ 68,556	\$ -	\$ -	\$ 68,556
Vehicles	49,193	-	-	49,193
Intangible asset	<u>100,450</u>	<u>168</u>	-	<u>100,618</u>
Total Capital Assets Being Depreciated/Amortized	<u>7,529,392</u>	<u>234,311</u>	-	<u>7,763,703</u>
Total Capital Assets	<u>7,561,810</u>	<u>436,036</u>	<u>234,143</u>	<u>7,763,703</u>
Less: Accumulated depreciation/ amortization for				
Structures and improvements	(392,127)	(15,106)	-	(407,233)
Sewer collection system	(1,253,104)	(54,604)	-	(1,307,708)
Machinery and equipment	(505,372)	(6,823)	-	(512,195)
Furniture and fixture	(74,044)	-	5,487	(68,557)
Vehicles	(49,193)	-	-	(49,193)
Intangible asset	<u>(42,955)</u>	<u>(10,053)</u>	-	<u>(53,008)</u>
Total Accumulated depreciation/ amortization	<u>(2,316,795)</u>	<u>(86,586)</u>	<u>5,487</u>	<u>(2,397,894)</u>
Net Capital Assets Being Depreciated/Amortized	<u>5,212,597</u>	<u>147,725</u>	<u>(5,487)</u>	<u>5,365,809</u>
Business-type Capital Assets, Net of Accumulated depreciation/ amortization	<u>\$ 5,245,015</u>	<u>\$ 349,450</u>	<u>\$ 228,656</u>	<u>\$ 5,365,809</u>

E. INTERFUND TRANSFERS

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General Fund	Capital Projects Fund - Capital Improvement	\$ 70,000	To purchase capital equipment
Capital Projects Fund - Capital Improvement	Special Revenue Fund - Park Improvement	108,680	Finance project costs
Capital Projects Fund - Capital Improvement	General Fund	<u>11,188</u>	Finance project costs
Total - Fund Financial Statements		189,868	
Less: Fund eliminations		<u>(189,868)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

VILLAGE OF THIENSVILLE

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

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

E. INTERFUND TRANSFERS (cont.)

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

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Tax increment financing bonds	\$ 375,000	\$ -	\$ 95,000	\$ 280,000	\$ 95,000
Sub-totals	375,000	-	95,000	280,000	95,000
Other Liabilities					
Accumulated compensatory time	8,324	-	1,110	7,214	7,213
Accumulated sick pay	172,979	-	77,213	95,766	-
Accumulated vacation time	20,294	-	8,793	11,501	11,501
Net pension liability	-	329,664	-	329,664	-
Paid annuitant sick leave	-	94,927	18,990	75,937	-
Total Other Liabilities	201,597	424,591	106,106	520,082	18,714
Total Governmental Activities Long-Term Liabilities	\$ 576,597	\$ 424,591	\$ 201,106	\$ 800,082	\$ 113,714
Business-type Activities					
Other Liabilities					
Net pension liability	\$ -	\$ 6,597	\$ -	\$ 6,597	\$ -
Total Business-type Activities Long-Term Liabilities	\$ -	\$ 6,597	\$ -	\$ 6,597	\$ -

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2019, was \$18,728,645. Total general obligation debt outstanding at year end was \$-0-.

VILLAGE OF THIENSVILLE

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

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

F. LONG-TERM OBLIGATIONS (cont.)

Special Assessment B-Bonds

B-Bonds are payable only from special assessments levied on affected properties.

Special assessment B-Bonds at December 31, 2019, consists of the following:

Governmental Activities	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
Special Assessment B Bonds, Series 2011	11/3/2011	4/1/2021	1.3 - 4.0%	\$ 500,000	\$ 100,000
Special Assessment B Bonds, Series 2013	6/12/2013	4/1/2023	1.0 - 2.7	460,000	<u>180,000</u>
Total Governmental Activities Special Assessment B-Bonds					<u>\$ 280,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Special Assessment B-Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 95,000	\$ 7,117
2021	95,000	4,038
2022	45,000	1,822
2023	<u>45,000</u>	<u>608</u>
Totals	<u>\$ 280,000</u>	<u>\$ 13,585</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences attributable to governmental activities will be liquidated primarily by the general fund and Special Assessment B-Bonds will be liquidated by their respective debt service funds.

VILLAGE OF THIENSVILLE

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

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

G. NET POSITION/FUND BALANCES

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

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 416,177
Construction in progress	82,359
Intangible assets	12,925
Other assets not being depreciated	47,197
Other capital assets, net of accumulated depreciation	11,916,140
Less: Long-term debt outstanding	(280,000)
Plus: Noncapital debt proceeds	<u>280,000</u>
Total Net Investment in Capital Assets	<u>12,474,798</u>
Restricted	
Debt service	373,300
Park improvements	28,000
Donations and grants	<u>29,167</u>
Total Restricted	<u>430,467</u>
Unrestricted	<u>3,690,739</u>
Total Governmental Activities Net Position	<u>\$ 16,596,004</u>

VILLAGE OF THIENSVILLE

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

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

G. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

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

	General Fund	Capital Improvement Fund	Nonmajor Funds	Totals
Fund Balances				
Nonspendable:				
Prepaid items	\$ 42,378	\$ -	\$ -	\$ 42,378
Inventories	3,100	-	-	3,100
Loan receivable	46,000	-	-	46,000
Delinquent personal property taxes	3,075	-	-	3,075
Sub-total	94,553	-	-	94,553
Restricted for:				
Debt service	-	-	237,800	237,800
Park improvements	-	-	28,000	28,000
Donations and grants	-	-	29,167	29,167
Sub-total	-	-	294,967	294,967
Committed to:				
Accrued compensated absences	190,418	-	-	190,418
Fire equipment replacement	-	-	86,519	86,519
Old village hall	-	-	12,236	12,236
Stormwater management	-	-	231,932	231,932
Park improvement	-	-	104,121	104,121
Sub-total	190,418	-	434,808	625,226
Assigned to:				
Budget appropriations	240,000	1,307,939	-	1,547,939
Unassigned:				
	1,052,737	-	-	1,052,737
Total Fund Balances	\$ 1,577,708	\$ 1,307,939	\$ 729,775	\$ 3,615,422

VILLAGE OF THIENSVILLE

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

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Investment in Capital Assets	
Other capital assets, net of accumulated depreciation	\$ 5,365,809
Total Investment in Capital Assets	<u>5,365,809</u>
Restricted	
Equipment Replacement	<u>301,161</u>
Unrestricted	<u>1,055,175</u>
Total Business-type Activities Net Position	<u>\$ 6,722,145</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

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

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before 12/31/2016) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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:

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

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

During the reporting period, the WRS recognized \$104,123 in contributions from the Village.

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

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

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

At December 31, 2019, the Village reported a liability of \$336,261 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the Village's proportion was 0.00945170%, which was an increase of 0.00036651% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Village recognized pension expense of \$229,346.

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,897	\$ 462,939
Changes in assumptions	56,681	-
Net differences between projected and actual earnings on pension plan investments	491,088	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,552	870
Employer contributions subsequent to the measurement date	104,687	-
Totals	\$ 915,905	\$ 463,809

\$104,687 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 125,642
2021	31,558
2022	55,364
2023	134,845

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. The total pension liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability	\$1,336,339	\$336,261	\$(407,373)

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

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

B. RISK MANAGEMENT

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

C. COMMITMENTS AND CONTINGENCIES

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

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

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

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

D. JOINT VENTURES

Frank L. Weyenberg Library of Mequon-Thiensville

The Village of Thiensville and City of Mequon jointly operate the Frank L. Weyenberg Library of Mequon-Thiensville, which is called the Weyenberg Library (Library) and provides library services to the residents of the Village of Thiensville and the City of Mequon.

The governing body is made up of citizens from each community. Local representatives are appointed by the Village President, Mayor and Superintendent of the School District. The governing body has authority to adopt its own budget and control the financial affairs of the Library. The Village is obligated by the joint venture agreement to remit an amount annually to the Library. The Village made a payment to the Library of \$110,740 in 2019.

Financial information of the Library as of December 31, 2019 is available directly from the Library's office.

The Village accounts for its share of the operation in the general fund. The Village has an equity interest in the organization equal to its percentage share of participation. The equity interest relative to financial assets is reported in the general fund.

The equity interest is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

Mid-Moraine Municipal Court

The fifteen municipalities from Ozaukee and Washington Counties jointly operate the local municipal court, which is called the Mid-Moraine Municipal Court and provides non-criminal citation processing.

The governing committee is made up of citizens from each community. Local representatives are appointed by the chief executive officer of each community. The committee recommends its own budget which is ratified by each community member. The committee also controls the financial affairs of the courts.

Financial information of the court as of December 31, 2019 is available directly from the municipal court in West Bend, Wisconsin.

The Village of Thiensville does not have an equity interest in the Mid-Moraine Municipal Court.

VILLAGE OF THIENSVILLE

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

NOTE IV - OTHER INFORMATION (cont.)

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

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF THIENSVILLE

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

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,915,244	\$ 1,915,244	\$ -
Intergovernmental	355,297	358,091	2,794
Licenses and permits	113,200	100,930	(12,270)
Fines, forfeitures and penalties	45,159	40,235	(4,924)
Public charges for services	20,900	19,968	(932)
Intergovernmental charges for services	65,000	65,000	-
Investment income	60,000	98,144	38,144
Miscellaneous revenues	7,500	15,910	8,410
Total Revenues	2,582,300	2,613,522	31,222
EXPENDITURES			
Current:			
General government	676,626	600,386	76,240
Public safety	1,241,169	1,218,406	22,763
Public works	648,526	607,206	41,320
Health and human services	2,500	2,500	-
Culture, recreation and education	193,479	227,803	(34,324)
Debt Service			
Total Expenditures	2,762,300	2,656,301	105,999
OTHER FINANCING SOURCES (USES)			
Transfers in	-	70,000	70,000
Transfers out	-	(11,188)	(11,188)
Total Other Financing Sources (Uses)	-	58,812	58,812
Net Change in Fund Balance	\$ (180,000)	16,033	\$ 196,033
FUND BALANCE - Beginning of Year		1,561,675	
FUND BALANCE - END OF YEAR		\$ 1,577,708	

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF THIENSVILLE

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

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.00887185%	\$ (217,917)	\$ 1,050,177	20.75%	102.74%
12/31/15	0.00888295%	144,346	1,092,639	13.21%	98.20%
12/31/16	0.00889566%	73,321	1,075,042	6.82%	99.12%
12/31/17	0.00908519%	(269,750)	1,131,597	23.84%	102.93%
12/31/18	0.00945170%	336,261	1,220,952	27.54%	96.45%

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

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 88,179	\$ 88,179	\$ -	\$ 1,092,639	8.07%
12/31/16	83,727	83,727	-	1,075,042	7.79%
12/31/17	96,532	96,532	-	1,131,597	8.53%
12/31/18	105,407	105,407	-	1,220,952	8.63%
12/31/19	104,687	104,687	-	1,217,689	8.60%

See independent auditors' report and accompanying notes to the required supplementary information.

VILLAGE OF THIENSVILLE

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

BUDGETARY INFORMATION

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

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

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

WISCONSIN RETIREMENT SYSTEM (WRS) PENSION

The amounts presented in relation to the schedule of employer's proportionate share of the net pension asset and the schedule of employer contributions represents the specific data of the Village. The information was derived using a combination of the employer's contribution data along with the data provided by the Wisconsin Retirement System in relation to the Village as a whole.

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

Changes of assumptions. Actuarial assumptions are based on experience study conducted in 2018 using experience from 2015-2017. Based on the experience study, actuarial assumptions used to develop 1) the Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates and 2) the Total OPEB Liability changed, including the discount rate, wage inflation rate, mortality and separate rates.

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

SUPPLEMENTARY INFORMATION

VILLAGE OF THIENSVILLE

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	\$ 1,915,244	\$ 1,915,244	\$ -
Total Taxes	<u>1,915,244</u>	<u>1,915,244</u>	<u>-</u>
INTERGOVERNMENTAL REVENUES			
State shared revenues	103,956	103,955	(1)
Fire insurance tax (2% fire dues)	13,500	15,093	1,593
Exempt computer aid	4,000	4,179	179
State aid - law enforcement improvement	-	1,120	1,120
State transportation	218,341	218,241	(100)
State aid - recycling	9,500	9,503	3
Other	6,000	6,000	-
Total Intergovernmental Revenues	<u>355,297</u>	<u>358,091</u>	<u>2,794</u>
LICENSES AND PERMITS			
Liquor and malt beverage licenses	9,000	8,637	(363)
Cigarette licenses	100	100	-
Cable and cell tower	60,000	54,192	(5,808)
Dog and cat licenses	1,600	1,535	(65)
Other nonbusiness licenses	500	180	(320)
Building permits	21,000	23,874	2,874
Electrical permits	8,000	6,519	(1,481)
Plumbing permits	11,000	5,303	(5,697)
Other permits	2,000	590	(1,410)
Total Licenses and Permits	<u>113,200</u>	<u>100,930</u>	<u>(12,270)</u>
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	28,000	26,293	(1,707)
Parking violations	17,159	13,942	(3,217)
Total Fines, Forfeitures and Penalties	<u>45,159</u>	<u>40,235</u>	<u>(4,924)</u>
PUBLIC CHARGES FOR SERVICES			
Municipal center fees	2,000	1,680	(320)
Law enforcement fees	300	1,572	1,272
Dumpster service fees	2,500	1,290	(1,210)
Softball sponsor fees	2,600	2,600	-
Park fees	3,500	3,030	(470)
Other public charges for services	10,000	9,796	(204)
Total Public Charges for Services	<u>20,900</u>	<u>19,968</u>	<u>(932)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Administrative charge to sewer utility	65,000	65,000	-
Total Intergovernmental Charges for Services	<u>65,000</u>	<u>65,000</u>	<u>-</u>

VILLAGE OF THIENSVILLE

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
INVESTMENT INCOME			
Interest on investments	<u>\$ 60,000</u>	<u>\$ 98,144</u>	<u>\$ 38,144</u>
Total Investment Income	<u>60,000</u>	<u>98,144</u>	<u>38,144</u>
MISCELLANEOUS REVENUE			
Other miscellaneous revenue	<u>7,500</u>	<u>15,910</u>	<u>8,410</u>
Total Miscellaneous Revenue	<u>7,500</u>	<u>15,910</u>	<u>8,410</u>
OTHER FINANCING SOURCES			
Transfers in	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Total Other Financing Sources	<u>-</u>	<u>70,000</u>	<u>70,000</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 2,582,300</u>	<u>\$ 2,683,522</u>	<u>\$ 101,222</u>

VILLAGE OF THIENSVILLE

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Village Board	\$ 30,102	\$ 36,868	\$ (6,766)
Legal	20,000	18,748	1,252
Village administration	367,955	363,299	4,656
Elections	3,000	3,976	(976)
Village assessor	6,300	6,300	-
Special accounting and audit	21,400	27,451	(6,051)
Property and liability insurance	136,369	138,518	(2,149)
Other general government	7,500	5,226	2,274
Contingency	<u>84,000</u>	<u>-</u>	<u>84,000</u>
Total General Government	<u>676,626</u>	<u>600,386</u>	<u>76,240</u>
PUBLIC SAFETY			
Police department	922,260	931,062	(8,802)
Fire department	289,909	253,127	36,782
Inspection	<u>29,000</u>	<u>34,217</u>	<u>(5,217)</u>
Total Public Safety	<u>1,241,169</u>	<u>1,218,406</u>	<u>22,763</u>
PUBLIC WORKS			
Department of Public Works	489,326	426,333	62,993
Engineering	5,000	22,801	(17,801)
Tree and brush control	1,200	400	800
Snow and ice removal	32,000	49,600	(17,600)
Street lighting	37,000	27,309	9,691
Planning services	2,000	1,092	908
Sanitary landfill	40,000	43,531	(3,531)
Recycling	<u>42,000</u>	<u>36,140</u>	<u>5,860</u>
Total Public Works	<u>648,526</u>	<u>607,206</u>	<u>41,320</u>
HEALTH AND HUMAN SERVICES			
Family Service of Mequon	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total Health and Human Services	<u>2,500</u>	<u>2,500</u>	<u>-</u>
CULTURE, RECREATION AND EDUCATION			
Weyenberg Library	110,740	110,740	-
Parks	78,489	112,943	(34,454)
Celebrations - July 4th activity	<u>4,250</u>	<u>4,120</u>	<u>130</u>
Total Culture, Recreation and Education	<u>193,479</u>	<u>227,803</u>	<u>(34,324)</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>11,188</u>	<u>(11,188)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,762,300</u>	<u>\$ 2,667,489</u>	<u>\$ 94,811</u>

VILLAGE OF THIENSVILLE

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds				
	Stormwater Management Fund	Fire Equipment Replacement Fund	Act 102 Fund	Police Donation Fund	Fire Donation Fund
ASSETS					
Cash and investments	\$ 242,129	\$ 120,255	\$ 9,905	\$ 6,126	\$ 13,136
Receivables					
Taxes	42,000	-	-	-	-
Accounts (net)	-	75,854	-	-	-
Special assessments	-	-	-	-	-
TOTAL ASSETS	<u>\$ 284,129</u>	<u>\$ 196,109</u>	<u>\$ 9,905</u>	<u>\$ 6,126</u>	<u>\$ 13,136</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 10,197	\$ 32,867	\$ -	\$ -	\$ -
Accrued liabilities	-	2,652	-	-	-
Total Liabilities	<u>10,197</u>	<u>35,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenues	-	74,071	-	-	-
Unearned revenues	42,000	-	-	-	-
Total Deferred Inflows of Resources	<u>42,000</u>	<u>74,071</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	-	-	9,905	6,126	13,136
Committed	231,932	86,519	-	-	-
Total Fund Balances	<u>231,932</u>	<u>86,519</u>	<u>9,905</u>	<u>6,126</u>	<u>13,136</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 284,129</u>	<u>\$ 196,109</u>	<u>\$ 9,905</u>	<u>\$ 6,126</u>	<u>\$ 13,136</u>

VILLAGE OF THIENSVILLE

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

Special Revenue Funds		Debt Service Funds			
Old Village Hall Fund	Park Improvement Fund	Laurel Acres Special Assessment B Bond Fund	Century Estates Special Assessment B Bond Fund	Total Nonmajor Governmental Funds	
\$ 12,446	\$ 132,121	\$ 143,502	\$ 94,298	\$ 773,918	
3,000	-	23,553	26,003	94,556	
-	-	-	-	75,854	
-	-	<u>62,088</u>	<u>23,856</u>	<u>85,944</u>	
<u>\$ 15,446</u>	<u>\$ 132,121</u>	<u>\$ 229,143</u>	<u>\$ 144,157</u>	<u>\$ 1,030,272</u>	
\$ 210	\$ -	\$ -	\$ -	\$ 43,274	
-	-	-	-	2,652	
<u>210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,926</u>	
-	-	85,641	49,859	209,571	
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	
<u>3,000</u>	<u>-</u>	<u>85,641</u>	<u>49,859</u>	<u>254,571</u>	
-	28,000	143,502	94,298	294,967	
<u>12,236</u>	<u>104,121</u>	<u>-</u>	<u>-</u>	<u>434,808</u>	
<u>12,236</u>	<u>132,121</u>	<u>143,502</u>	<u>94,298</u>	<u>729,775</u>	
<u>\$ 15,446</u>	<u>\$ 132,121</u>	<u>\$ 229,143</u>	<u>\$ 144,157</u>	<u>\$ 1,030,272</u>	

VILLAGE OF THIENSVILLE

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

	Special Revenue Funds				
	Stormwater Management Fund	Fire Equipment Replacement Fund	Act 102 Fund	Police Donation Fund	Fire Donation Fund
REVENUES					
Taxes	\$ 42,000	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	-	-	5,473	-	-
Public charges for services	-	158,657	-	-	-
Investment income	-	-	-	-	-
Miscellaneous revenues	-	-	-	2,700	7,591
Total Revenues	42,000	158,657	5,473	2,700	7,591
EXPENDITURES					
Current					
Public safety	-	151,775	6,313	5,319	8,564
Public works	14,475	-	-	-	-
Culture, recreation and education	-	-	-	-	-
Capital Outlay	11,683	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	26,158	151,775	6,313	5,319	8,564
Excess (deficiency) of revenues over expenditures	15,842	6,882	(840)	(2,619)	(973)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	15,842	6,882	(840)	(2,619)	(973)
FUND BALANCES - Beginning of Year	216,090	79,637	10,745	8,745	14,109
FUND BALANCES - END OF YEAR	\$ 231,932	\$ 86,519	\$ 9,905	\$ 6,126	\$ 13,136

<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>			<u>Total Nonmajor Governmental Funds</u>
<u>Old Village Hall Fund</u>	<u>Park Improvement Fund</u>	<u>Laurel Acres Special Assessment B Bond Fund</u>	<u>Century Estates Special Assessment B Bond Fund</u>		
\$ 3,000	\$ -	\$ -	\$ -	\$ 45,000	
-	-	27,416	28,210	55,626	
-	-	-	-	5,473	
-	-	-	-	158,657	
-	2,380	5,028	4,651	12,059	
-	113,220	-	-	123,511	
<u>3,000</u>	<u>115,600</u>	<u>32,444</u>	<u>32,861</u>	<u>400,326</u>	
-	-	-	-	171,971	
-	-	-	-	14,475	
1,764	30,189	-	-	31,953	
-	-	-	-	11,683	
-	-	45,000	50,000	95,000	
-	-	5,463	5,250	10,713	
<u>1,764</u>	<u>30,189</u>	<u>50,463</u>	<u>55,250</u>	<u>335,795</u>	
<u>1,236</u>	<u>85,411</u>	<u>(18,019)</u>	<u>(22,389)</u>	<u>64,531</u>	
-	(108,680)	-	-	(108,680)	
-	(108,680)	-	-	(108,680)	
1,236	(23,269)	(18,019)	(22,389)	(44,149)	
<u>11,000</u>	<u>155,390</u>	<u>161,521</u>	<u>116,687</u>	<u>773,924</u>	
<u>\$ 12,236</u>	<u>\$ 132,121</u>	<u>\$ 143,502</u>	<u>\$ 94,298</u>	<u>\$ 729,775</u>	