

**VILLAGE OF PLEASANT PRAIRIE**

Pleasant Prairie, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

# VILLAGE OF PLEASANT PRAIRIE

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## INDEPENDENT AUDITORS' REPORT

To the Village Board  
Village of Pleasant Prairie  
Pleasant Prairie, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pleasant Prairie, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Pleasant Prairie'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 Pleasant Prairie'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 Pleasant Prairie's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Village Board  
Village of Pleasant Prairie

### ***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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pleasant Prairie, Wisconsin, as of December 31, 2016 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 Matters***

As discussed in Note I, the Village of Pleasant Prairie adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, effective January 1, 2016. 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 Pleasant Prairie's basic financial statements. The accompanying 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 accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
June 15, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Our discussion and analysis of the Village of Pleasant Prairie's financial performance provides an overview of the Village's financial activities as of and for the year ended December 31, 2016. Please read it in conjunction with the Village's financial statements following this section.

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### FINANCIAL HIGHLIGHTS

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The total net position of the Village increased by \$13 million to \$168.7 million. Events that had major impacts on the Village's 2016 financials were:

- The Village's debt decreased by \$8.9 million ending the year with \$86.6 million in general obligation bonds outstanding. The Village borrowed \$3.2 million for general government projects and equipment. The Village paid \$12.1 million of principal in 2016.
- Capital grants and contributions increased \$6.5 million from \$1.8 million in 2015 to \$8.3 million in 2016. Majority of the increase is in government activities, with \$7 million of land along the interstate given to the Village.
- TID No. 2, in its 17<sup>th</sup> year of construction, has completed \$107.3 million or 87.5% of its 2015 amended plan of \$122.6 million planned expenditures. Seventy-five percent, \$80.6 million is for costs that can't be capitalized as governmental activities type assets, which has caused unrestricted net position of the governmental activities to decrease greatly. These costs are recoverable through future TID No. 2 tax increments.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual financial report consists of four parts:

- *Management's discussion and analysis*
- *Basic financial statements*
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- *Required supplementary information,*
- *Supplementary information*

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Village's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of Village government and report the Village's operations in *more detail* than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a supplementary information section with combining statements that provide details about our non-major governmental funds. The non-major funds are added together and presented in single columns in the basic financial statements.

## Government-wide Statements

Government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all government assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how they have changed. Net position—the difference between the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village you need to consider additional non-financial factors such as changes in the Village's property tax base, economy and rate of growth.

The government-wide financial statements of the Village are divided into two categories:

- *Governmental activities* – The Village's basic services are included here, such as police, fire, public works, parks, community development, assessing, finance and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities* – The Pleasant Prairie Utilities and the Lakeview RecPlex charge user fees to cover the costs of services they provide. This includes water, sewer, refuse, recycling, clean water and the recreational complex.

## Fund Financial Statements

The fund financial statements provide detailed information about the Village's significant *funds*. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has three kinds of funds:

- **Governmental funds** - Most of the Village's basic services are included in governmental funds which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, governmental fund statements tell how general government services like public safety and public works were financed in the short term as well as what future spending remains. Because this information does not encompass the additional long-term focus of government-wide statements, additional information is provided at the bottom of the governmental funds statement explaining the differences between them.
- **Proprietary funds** - Services for which the Village charges customers a fee are reported in proprietary funds. These include water, sewer and clean water utilities, waste collection, and our recreational complex. Proprietary fund statements offer short and long-term financial information about activities the Village operates like a business.
- **Fiduciary funds** - The Village is the trustee, or *fiduciary*, for collection of all property taxes within the Village for all taxing districts, including the Kenosha Unified School District, Kenosha County and Gateway Technical College. The Village also has a retired employees' healthcare plan trust, which reports resources for members and beneficiaries of the benefit plan. All of the Village's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the Village's government-wide financial statements because these assets cannot be used to finance operations.

**FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**STATEMENT OF NET POSITION**

The Village's combined net position increased by \$13 million to \$168.7 million. The majority of the net position, \$139.3 million, belongs to business-type activities of the Village, primarily the sewer (\$52.1 million) and water utilities (\$53 million).

**Table A-1**  
**Village of Pleasant Prairie's Net Position**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change	
	2015	2016	2015	2016	2015	2016	2015-2016	%
Current and other assets	57.1	50.7	17.8	18.8	74.9	69.6	(5.4)	-7.1%
Capital assets	70.0	79.6	147.1	151.5	217.1	231.1	14.0	6.4%
<b>Total assets</b>	<b>127.1</b>	<b>130.3</b>	<b>164.9</b>	<b>170.3</b>	<b>292.0</b>	<b>300.7</b>	<b>8.6</b>	<b>3.0%</b>
Deferred outflow s of resources	1.7	6.3	0.6	2.2	2.3	8.5	6.2	N/A
Long-term debt outstanding	74.6	68.6	31.7	29.4	106.2	98.1	(8.2)	-7.6%
Other liabilities	9.6	13.4	2.3	2.9	11.9	16.3	4.3	37.0%
<b>Total liabilities</b>	<b>84.2</b>	<b>82.0</b>	<b>33.9</b>	<b>32.3</b>	<b>118.2</b>	<b>114.3</b>	<b>(3.9)</b>	<b>-3.3%</b>
Deferred inflow s of resources	20.5	25.2	0.0	0.8	20.5	26.1	5.6	27.3%
<b>Net Position</b>								
Net investment in capital assets	43.8	51.4	116.8	123.6	143.0	156.8	13.8	9.7%
Restricted	10.2	4.8	1.8	1.3	12.0	6.0	(5.9)	-50.0%
Unrestricted (deficit)	(29.8)	(26.8)	12.9	14.5	0.7	5.8	5.1	728.6%
<b>Total net position - end of year</b>	<b>24.2</b>	<b>29.4</b>	<b>131.5</b>	<b>139.3</b>	<b>155.7</b>	<b>168.7</b>	<b>13.0</b>	<b>8.3%</b>

Figures may not total due to rounding.

All of the governmental activities net position is either restricted to the purposes they can be used for or are invested in capital assets (buildings, roads, equipment, and so on). Consequently, *unrestricted* net position showed a \$26.8 million deficit at the end of this year. This deficit does not mean the Village does not have resources available to pay its bills next year; rather, it is the result of the TID No. 2 expense for non-capitalized costs of \$80.6 million. These non-capitalized costs represent:

- \$16.5 million - Transferred to the Community Development Authority to purchase land along I-94 for redevelopment
- \$ 37.8 million - TID No. 2 contribution of infrastructure to the sanitary sewer, water and storm utilities (business-type activities)
- \$ 12.2 million – Site improvements to promote development
- \$ 4.9 million – Grading on private property for storm water management
- \$ 3.0 million - Development loan fund for Kenosha Area Business Alliance
- \$ 6.0 million – Operational expenses of TID No. 2
- \$ .2 million – Development incentives

These improvements were financed by general obligation debt and bond anticipation notes. When future tax increments are collected, the benefit of these improvements will be realized and the net position of the Village's governmental activities will increase.

Governmental activities *current and other assets decrease* of \$6.4 million is due to spending of TID #2 bond proceeds thus decreasing the cash balance a similar amount. Additions of \$14 million of capital assets expenditures outpaced minimal disposals and depreciation (\$4.4 million) accounting for a \$9.6 million increase in the Village's governmental activities *Capital Assets*. *Other Liabilities increased* by \$3.8 million mainly because of an increase in accounts payable and other liabilities of \$3.3 million. More information concerning the increase in capital assets and long-term debt is explained starting on page ix.

The *net position* of the Village's business-type activities increased by \$7.8 million to \$139.3 million. Accounting for the majority of the increase is the water utility (\$6 million) and the sewer utility (\$1.8 million). All business and government type activities are self-supporting entities. Net position of one entity is not permanently used by other entities.

**STATEMENT OF ACTIVITIES**

The Village's 2016 revenues total \$54.4 million and expenses total \$49.7 million resulting in an increase in net position of \$4.7 million prior to capital contributions and transfers. Table A-2 and the narrative that follow consider the operations of governmental and business-type activities separately.

**Table A-2**  
**Change in Village of Pleasant Prairie's Net Position**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change	
	2015	2016	2015	2016	2015	2016	Dollar	%
<b>Revenues</b>								
Program revenues								
Charges for services	3.4	4.2	24.0	25.7	27.5	29.9	2.4	8.7%
Operating grants and contributions	1.0	0.9	0.1	0.1	1.1	1.1	0.0	0.0%
General revenues								
Property taxes	18.5	20.3	0.0	0.0	18.5	20.3	1.9	9.7%
Other taxes	0.1	0.2	0.0	0.0	0.1	0.2	0.1	100.0%
Intergovernmental (not restricted)	2.7	2.4	0.0	0.0	2.7	2.4	-0.3	-11.1%
Investment income	0.1	0.2	0.2	0.2	0.3	0.3	0.1	0.0%
Others	4.7	0.2	0.0	0.0	4.7	0.2	-4.5	-95.7%
<b>Total revenues</b>	<b>30.5</b>	<b>28.4</b>	<b>24.3</b>	<b>26.0</b>	<b>54.8</b>	<b>54.4</b>	<b>-0.4</b>	<b>-0.7%</b>
<b>Expenses</b>								
General government	3.5	3.6	0.0	0.0	3.5	3.6	0.0	2.9%
Public safety	8.7	9.7	0.0	0.0	8.7	9.7	1.0	11.5%
Public works	5.9	10.5	0.0	0.0	5.9	10.5	4.5	78.0%
Parks	0.5	0.3	0.0	0.0	0.5	0.3	-0.2	-40.0%
Community development	0.9	1.1	0.0	0.0	0.9	1.1	0.2	22.2%
Interest and fiscal charges	2.1	1.6	0.0	0.0	2.1	1.6	-0.6	-23.8%
Water	0.0	0.0	4.1	4.3	4.1	4.3	0.2	4.9%
Sewer	0.0	0.0	4.8	4.7	4.8	4.7	-0.1	-2.1%
Clean Water	0.0	0.0	1.4	1.4	1.4	1.4	0.0	0.0%
LakeView RecPlex	0.0	0.0	10.2	10.8	10.2	10.8	0.6	5.9%
Waste collection	0.0	0.0	1.6	1.7	1.6	1.7	0.1	6.2%
<b>Total expenses</b>	<b>21.7</b>	<b>26.8</b>	<b>22.0</b>	<b>22.9</b>	<b>43.8</b>	<b>49.7</b>	<b>5.9</b>	<b>13.5%</b>
Increase (deficiency) before contributions & transfers	8.8	1.6	2.3	3.1	11.1	4.7	-6.3	-57.7%
Capital contributions	1.6	7.6	0.2	0.7	1.8	8.3	6.5	361.1%
Transfers	-5.1	-4.0	5.1	4.0	0.0	0.0	0.0	0.0%
<b>CHANGE IN NET POSITION</b>	<b>5.3</b>	<b>5.2</b>	<b>7.6</b>	<b>7.8</b>	<b>12.9</b>	<b>13.0</b>		
<b>ENDING NET POSITION</b>	<b>24.2</b>	<b>29.4</b>	<b>131.5</b>	<b>139.3</b>	<b>155.7</b>	<b>168.7</b>		

Figures may not total due to rounding.



**Governmental Activities**

Revenues for the Village’s governmental activities total \$28.4 million, with property taxes accounting for over half followed by charges for services. Building permits account for the majority of the user charges, followed by engineering services fees, municipal court fees, franchisee fees, and rescue billing.

Governmental activities expenses total \$26.8 million, \$5.1 million more than 2015 expenses, with public works increasing by \$4.6 million, largely capital, an equipment storage building; general government, public safety, and community development increasing by \$1.2 million, offset by decreases in parks and interest charges (\$.7 million).

Capital contributions increased from \$1.6 million in 2015 to \$7.6 million in 2016, primarily due to a land donation of \$6.9 million. The water utility (business activity) transferred \$.8 million to the general government for payment in lieu of taxes and the enterprise funds (business activity) transferred \$1.3 million to general government capital for an equipment storage building. To offset the transfer in to general government, \$6 million was transferred out of TID #2 (government activity) to the Village’s utilities (business activity) for utility infrastructure purchased by TID #2.

Table A-3 presents the total cost of each of the Village’s activities (\$26.8 million) as well as each activity’s net cost (\$14.1 million). Activity’s net cost is total cost minus fees generated by the activities and direct intergovernmental aid. The net cost shows the financial burden placed on Village taxpayers or indirect revenue sources by each of these activities.

The net cost of services decreased from 2015 to 2016. General government net cost of service was down because of a combination of a \$6 million land donation offset by increase in public works of \$5.3 million. The public works cost increase was mainly capital spending on an equipment storage building of \$2.92 million

Sources of general revenue to cover net cost of services are:

- Village property taxes (\$20.3 million)
- State of Wisconsin shared revenue (\$2.4 million)

**Table A-3**  
**Net Cost of Village of Pleasant Prairie Governmental Activities**  
(in millions of dollars)

	Total Cost of Services		Change		Net Cost of Services		Change	
	2015	2016	Dollar	%	2015	2016	Dollar	%
General government	3.5	3.6	0.0	0.7%	3.1	(3.9)	(7.0)	-224.6%
Public safety	8.7	9.7	1.0	12.0%	7.5	8.3	0.8	11.0%
Public works	5.9	10.5	4.5	76.6%	2.9	8.2	5.3	185.3%
Parks	0.5	0.3	(0.2)	-38.3%	0.5	0.1	(0.5)	-88.0%
Community development	0.9	1.1	0.2	23.2%	(0.4)	(0.2)	0.3	-59.4%
Other	2.1	1.6	(0.6)	-26.4%	2.1	1.6	(0.6)	-26.4%
<b>Grand Total</b>	<b>21.7</b>	<b>26.8</b>	<b>5.1</b>	<b>23.3%</b>	<b>15.7</b>	<b>14.1</b>	<b>(1.6)</b>	<b>-10.4%</b>

Figures may not total due to rounding.

**Business-type Activities**

Revenue from the Village’s business-type activities total \$25.9 million with user fees accounting for 99%. The RecPlex celebrated its 16<sup>th</sup> year anniversary in 2016. In 2016, the RecPlex’s user fee revenues increased \$.3 million. This impressive facility offers a family-oriented recreation destination

with five main activity areas: an aquatics center, fitness center, athletic field house, two ice rinks and a 50-meter competitive indoor swimming pool. The RecPlex experienced an increase in memberships (170 memberships or 3.5% increase), ending the year at 5,019 memberships. Memberships are a major revenue source (\$4.4 million) accounting for 40% of actual operating revenues. Business-type expenses total \$22.9 million, up \$.8 from 2015. The RecPlex is the largest business type fund, accounting for 47% of all business-type expense activity. The sewer utility is a distant second at 21% of the business-type expenses. No property tax revenue was used to support business-type activities.

**Table A-4**  
**Change in Business Type Activity Net Position**  
(in millions of dollars)

	Water Utility		Sewer Utility		Clean Water		LakeView RecPlex		Waste Collection		Total		Change	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	Dollar	%
<b>Revenues</b>														
Program revenues														
Charge for services	5.1	5.6	5.4	6.0	1.2	1.4	10.8	11.1	1.5	1.6	24.0	25.7	1.6	7.1%
Intergovernmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	NA
General Revenues														
Investment Income	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0%
<b>Total revenue</b>	<b>5.1</b>	<b>5.7</b>	<b>5.5</b>	<b>6.1</b>	<b>1.3</b>	<b>1.4</b>	<b>10.8</b>	<b>11.1</b>	<b>1.6</b>	<b>1.7</b>	<b>24.3</b>	<b>25.9</b>	<b>1.7</b>	<b>6.6%</b>
<b>Expenses</b>	<b>4.1</b>	<b>4.4</b>	<b>4.8</b>	<b>4.7</b>	<b>1.4</b>	<b>1.4</b>	<b>10.1</b>	<b>10.7</b>	<b>1.6</b>	<b>1.7</b>	<b>22.1</b>	<b>22.9</b>	<b>0.8</b>	<b>3.6%</b>
Excess (deficiency) before contributions & transfers	1.0	1.3	0.7	1.4	-0.1	0.0	0.6	0.4	0.0	0.0	2.2	3.0	0.8	36.4%
Capital contribution	2.6	5.9	1.4	0.8	2.1	0.1	0.0	0.0	0.0	0.0	6.1	6.9	0.8	13.1%
Transfers	-1.0	-1.2	0.0	-0.4	0.0	-0.6	0.1	0.1	0.0	0.0	(0.8)	(2.1)	-1.3	162.5%
Internal service fund charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.1	-0.5	-83.3%
<b>CHANGE IN NET POSITION</b>	<b>2.6</b>	<b>6.0</b>	<b>2.1</b>	<b>1.8</b>	<b>2.0</b>	<b>(0.5)</b>	<b>0.7</b>	<b>0.5</b>	<b>(0.0)</b>	<b>0.0</b>	<b>8.0</b>	<b>7.8</b>	<b>-0.2</b>	<b>-2.5%</b>
<b>ENDING NET POSITION</b>	<b>47.0</b>	<b>53.0</b>	<b>50.3</b>	<b>52.1</b>	<b>26.3</b>	<b>25.8</b>	<b>6.6</b>	<b>7.1</b>	<b>0.7</b>	<b>0.7</b>	<b>131.5</b>	<b>138.7</b>	<b>7.2</b>	<b>5.5%</b>

Figures may not total due to rounding.

All the Village’s business-type funds experienced an increase in net position during 2016 except for our clean water fund, with a decrease in net position (\$510,687).

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## FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

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As the Village completed the year, its governmental funds closed the year at a fund balance of \$14.7 million, down from \$25.8 million at the end of 2015. The decrease is primarily in TID No. 2 capital project fund (\$11.1 million) and TID No. 2 debt service fund (\$1.6 million) offset by an increase of \$1.2million in the general capital project fund. The decrease in the TID No. 2 capital project funds is due to spending of bond proceeds.

The general fund balance increased slightly by \$318,572 to \$5.16 million, which represents 33% of the expenditures for year-end December 31, 2016. The 2017 general fund budget uses \$52,800 fund balance reserves for first time expenditures in 2017. Unassigned general fund balance was \$4.8 million or 94%. The non-spendable balance \$334,358 is delinquent taxes and prepaid items.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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Budgets are adopted at the department level of expenditures. Budget amendments were made through the year within each department between expenses or sometimes against the department’s revenues. The 2016 general government operating net budget came in under budget by \$318,572

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The Village had investments of \$231.1 million at the end of 2016 in capital assets, a net increase of \$14 million. (See table A5). Additions of \$23.1 million offset depreciation of \$9 million, and disposals of \$71,446 causing this increase in capital assets.

**Table A-5  
Village of Pleasant Prairie Capital Assets**  
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Change	
	2015	2016	2015	2016	2015	2016	Dollar	Percent
Land	18.3	25.7	2.1	2.0	20.3	27.7	7.4	37%
Buildings and improvements	13.5	17.9	49.5	48.5	63.0	66.4	3.4	5%
Equipment / Intangible Assets	6.6	6.8	4.1	4.0	10.8	10.7	(0.0)	0%
Infrastructure	27.2	28.7	91.0	95.8	118.2	124.5	6.3	5%
Construction in progress	4.5	0.5	0.4	1.2	4.9	1.8	(3.1)	-64%
<b>Total</b>	<b>70.0</b>	<b>79.6</b>	<b>147.1</b>	<b>151.5</b>	<b>217.1</b>	<b>231.1</b>	<b>14.0</b>	<b>6%</b>

Figures may not total due to rounding.

In 2016 \$14 million was spent for government-type capital expenditures with donated land (\$6.9 million) and equipment storage building (\$2.9 million) being the largest expenditures. The business-type activities additions totaled \$9.1 million, with the water utility (\$6.2 million) topping the list. The sewer, clean water, and RecPlex each spent around \$1 million each.

Listed below are major additions for 2016.

Project Description	Type	Source	Millions	Fund Totals
Paving Program Adjustments	Clean Water	Operating	\$0.22	
Various Small Projects	Clean Water	Operating	\$0.57	\$0.79
Cooper Road Extension Roads	Governmental	TID	\$0.47	
Equipment Sotrage	Governmental	Borrowed/Enterprise Funds	\$2.92	
Fire Station #1	Governmental	Borrowed	\$0.18	
Land	Governmental	Donated	\$6.92	
Other	Governmental	Levy/ Impact Fees etc.	\$1.37	
Paving Program	Governmental	Levy	\$1.46	\$13.32
Heat Harvester	RecPlex	Operating	\$0.77	\$0.77
Relay Sewer Force Main	Sewer	Operating	\$0.21	
Various Small Projects	Sewer	Operating	\$0.54	\$0.75
Sheridan Road Trans Relief Line	Water	TID	\$3.51	
Sringbrook Water Main Extension	Water	TID	\$1.24	
Various Small Projects	Water	Operating	\$0.48	\$5.23
		<b>Total</b>	<b>\$20.9</b>	<b>\$20.9</b>

Long-term Debt

At year-end the Village had \$86.6 million in general obligation bonds, an decrease of \$8.9 million (See table A-6). Borrowed \$3.2 million, and principal payments of \$12.1 million.

**Table A-6**  
**Village of Pleasant Outstanding Debt**  
(in millions of dollars)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Change Dollar %</b>	
	2015	2016	2015	2016	2015	2016	2015 -2016	
General obligation bonds (backed by the Village)	66.4	59.6	29.1	27.0	95.4	86.6	(8.9)	-9.3%
<b>Total</b>	<b>66.4</b>	<b>59.6</b>	<b>29.1</b>	<b>27.0</b>	<b>95.4</b>	<b>86.6</b>	<b>(8.9)</b>	<b>-9.3%</b>

Figures may not total due to rounding.

The Village has the power to incur indebtedness for Village purposes specified by statute in an aggregate amount, not to exceed 5 percent of the equalized value of taxable property in the Village. Our legal debt capacity is \$158.8 million, so the Village is at 55% of capacity at 2016 year-end. We have additional borrowing capacity of \$72.2 million.

The majority of the governmental activities’ outstanding debt, \$48.1 million or 81%, is fully supported by TID No. 2. Based on a cash flow projection for TID No. 2, we expect all debt paid by tax incremental collections and district No. 2 land sales by 2023. The general government has \$11.5 million of outstanding debt that will be paid by tax levy. The business-type activities’ debt is supported by user fees from the Village’s Sewer Utility (\$3.9 million) and RecPlex (\$23.1 million). General obligation bonds are issued for our business-type activities to obtain a lower interest rate.

The Village has been rated since 2001 with the following rating changes. Standard & Poor’s jumped the Village two levels in 2008, from an A+ to AA. In 2010, all municipality ratings were re-evaluated by Moody’s Investor Services and our rating increased to AA2 in 2010. Our ratings have not changed since 2010.

<b>Year</b>	<b>Standard &amp; Poor’s</b>	<b>Moody’s Investor Service</b>
<b>2001</b>	A+	A3
<b>2003</b>	A+	A2
<b>2005</b>	A+	A1
<b>2008</b>	AA	A1
<b>2010</b>	AA	AA2

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**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

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The Village’s strategic location between Milwaukee and Chicago is home to one of the largest and most successful corporate parks in Wisconsin. The Village’s two largest employers are Uline and Pleasant Prairie Premium Outlets. Uline employs 1,800 corporate office and warehouse employees and Pleasant Prairie Premium Outlets employs approximately 1,200 in all their various shops located in the center.

The Village's tax base, currently \$3.1 billion, up \$316 million from 2015. Our population has also grown at a steady rate to 20,438 (2016 Estimate) versus 12,604 in 1993.

The 2017 general fund-operating budget was approved to use \$52,800 of Village's surpluses for one time expenditures per our fund balance policy because surplus level were above 25%. Revenues were budgeted at \$16.1 million (3.6% increase) and expenditures of \$16.2 million (2.5% increase). Total general government property tax contribution increased from \$11 to \$11.5 million.

Our business-type funds, sewer, water, solid waste, clean water and RecPlex didn't implement any rate changes in 2017.

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#### CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

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This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Village of Pleasant Prairie, Finance Director, 9915 39<sup>th</sup> Avenue, Pleasant Prairie, WI 53158.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF NET POSITION  
As of December 31, 2016

	Primary Government			Component Unit - Community Development Authority
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 26,002,281	\$ 13,509,999	\$ 39,512,280	\$ -
Receivables (net)				
Taxes	22,867,617	312,001	23,179,618	-
Delinquent taxes	60,359	-	60,359	-
Accounts	486,828	1,742,136	2,228,964	-
Special assessments	308,664	1,143,048	1,451,712	-
Delinquent special assessments	294,006	-	294,006	-
Accrued interest	18,451	1,859	20,310	-
Other	-	43,164	43,164	-
Internal balances	(647,961)	647,961	-	-
Prepaid items	273,999	16,812	290,811	-
Inventories	-	143,686	143,686	-
Restricted assets				
Cash and investments	1,073,168	1,260,578	2,333,746	-
Capital assets				
Land	12,692,451	1,788,006	14,480,457	7,653,088
Right of way	13,005,568	-	13,005,568	-
Construction in progress	533,307	1,221,725	1,755,032	-
Intangible assets, net of amortization	342,035	260,616	602,651	-
Other capital assets, net of depreciation	53,023,290	148,226,771	201,250,061	-
Total Assets	<u>130,334,063</u>	<u>170,318,362</u>	<u>300,652,425</u>	<u>7,653,088</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related amounts	6,301,440	2,181,081	8,482,521	-
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	9,310,761	2,890,927	12,201,688	-
Unearned revenue	4,050,453	3,012	4,053,465	-
Noncurrent liabilities				
Due within one year	10,569,720	2,393,048	12,962,768	-
Due in more than one year	58,071,772	27,027,438	85,099,210	-
Total Liabilities	<u>82,002,706</u>	<u>32,314,425</u>	<u>114,317,131</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	22,815,787	-	22,815,787	-
Pension-related amounts	2,433,713	847,073	3,280,786	-
Total Deferred Inflows of Resources	<u>25,249,500</u>	<u>847,073</u>	<u>26,096,573</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	51,372,100	123,582,355	156,838,901	7,653,088
Restricted				
Debt service	3,682,543	-	3,682,543	-
Impact fees	1,073,168	-	1,073,168	-
Federally forfeited property recoveries	25,822	-	25,822	-
Equipment replacement	-	1,260,578	1,260,578	-
Unrestricted (deficit)	<u>(26,770,336)</u>	<u>14,495,012</u>	<u>5,840,230</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 29,383,297</u>	<u>\$ 139,337,945</u>	<u>\$ 168,721,242</u>	<u>\$ 7,653,088</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit - Community Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-type Activities		
<b>Primary Government</b>								
Governmental Activities								
General government	\$ 3,565,958	\$ 540,205	\$ 1,836	\$ 6,915,400	\$ 3,891,483	\$ -	\$ 3,891,483	\$ -
Public safety	9,717,111	1,163,788	216,733	-	(8,336,590)	-	(8,336,590)	-
Public works	10,487,445	1,207,780	719,364	398,827	(8,161,474)	-	(8,161,474)	-
Parks	316,293	-	-	254,800	(61,493)	-	(61,493)	-
Community development	1,149,931	1,323,698	-	-	173,767	-	173,767	-
Interest and fiscal charges	1,576,915	-	-	-	(1,576,915)	-	(1,576,915)	-
Total Governmental Activities	<u>26,813,653</u>	<u>4,235,471</u>	<u>937,933</u>	<u>7,569,027</u>	<u>(14,071,222)</u>	<u>-</u>	<u>(14,071,222)</u>	<u>-</u>
Business-type Activities								
Water Utility	4,347,756	5,624,426	-	205,007	-	1,481,677	1,481,677	-
Sewer Utility	4,678,373	5,989,037	-	537,798	-	1,848,462	1,848,462	-
Clean Water Utility	1,394,713	1,362,293	-	-	-	(32,420)	(32,420)	-
Lakeview Rec Plex	10,790,765	11,075,501	62,051	-	-	346,787	346,787	-
Waste Collection	1,660,876	1,633,214	50,651	-	-	22,989	22,989	-
Total Business-type Activities	<u>22,872,483</u>	<u>25,684,471</u>	<u>112,702</u>	<u>742,805</u>	<u>-</u>	<u>3,667,495</u>	<u>3,667,495</u>	<u>-</u>
Total Primary Government	<u>\$ 49,686,136</u>	<u>\$ 29,919,942</u>	<u>\$ 1,050,635</u>	<u>\$ 8,311,832</u>	<u>(14,071,222)</u>	<u>3,667,495</u>	<u>(10,403,727)</u>	<u>-</u>
<b>Component Unit</b>								
Community Development Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	-
<b>General Revenues</b>								
Taxes								
Property taxes, levied for general purposes					9,503,982	-	9,503,982	-
Property taxes, levied for debt service					1,520,952	-	1,520,952	-
Property taxes, levied for TIF districts					9,308,369	-	9,308,369	-
Other taxes					212,063	-	212,063	-
Intergovernmental revenues not restricted to specific programs					2,351,507	-	2,351,507	-
Investment income					181,729	167,352	349,081	-
Miscellaneous					190,525	-	190,525	-
Total General Revenues					<u>23,269,127</u>	<u>167,352</u>	<u>23,436,479</u>	<u>-</u>
<b>Transfers</b>					<u>(3,976,260)</u>	<u>3,976,260</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>					<u>5,221,645</u>	<u>7,811,107</u>	<u>13,032,752</u>	<u>-</u>
NET POSITION - Beginning of Year					<u>24,161,652</u>	<u>131,526,838</u>	<u>155,688,490</u>	<u>7,653,088</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 29,383,297</u>	<u>\$ 139,337,945</u>	<u>\$ 168,721,242</u>	<u>\$ 7,653,088</u>

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2016

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>							
Cash and investments	\$ 8,823,704	\$ 2,315,715	\$ 4,426,660	\$ 4,539,860	\$ 5,087,910	\$ 28,578	\$ 25,222,427
Receivables (net)							
Taxes	8,695,069	1,523,502	11,282,319	1,363,579	-	3,148	22,867,617
Delinquent taxes	60,359	-	-	-	-	-	60,359
Accounts	457,085	-	-	29,743	-	-	486,828
Special assessments	-	265,169	43,495	-	-	-	308,664
Delinquent special assessments	-	294,006	-	-	-	-	294,006
Accrued interest	18,451	-	-	-	-	-	18,451
Prepaid items	273,999	-	-	-	-	-	273,999
Restricted assets	-	-	-	1,073,168	-	-	1,073,168
<b>TOTAL ASSETS</b>	<b><u>\$ 18,328,667</u></b>	<b><u>\$ 4,398,392</u></b>	<b><u>\$ 15,752,474</u></b>	<b><u>\$ 7,006,350</u></b>	<b><u>\$ 5,087,910</u></b>	<b><u>\$ 31,726</u></b>	<b><u>\$ 50,605,519</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 538,402	\$ 18,632	\$ -	\$ 757,944	\$ 4,704,682	\$ 196	\$ 6,019,856
Accrued liabilities	522,366	-	-	-	21,803	-	544,169
Unearned revenue	1,254,259	1,602,092	-	1,194,102	-	-	4,050,453
Other liabilities	1,979,497	-	-	-	-	-	1,979,497
Total Liabilities	<u>4,294,524</u>	<u>1,620,724</u>	<u>-</u>	<u>1,952,046</u>	<u>4,726,485</u>	<u>196</u>	<u>12,593,975</u>
<b>Deferred Inflows of Resources</b>							
Unearned revenue	8,656,231	1,520,952	11,271,877	1,363,579	-	3,148	22,815,787
Unavailable revenue	217,104	250,142	51,406	-	-	-	518,652
Total Deferred Inflows of Resources	<u>8,873,335</u>	<u>1,771,094</u>	<u>11,323,283</u>	<u>1,363,579</u>	<u>-</u>	<u>3,148</u>	<u>23,334,439</u>
<b>Fund Balances</b>							
Nonspendable	334,358	294,006	-	-	-	-	628,364
Restricted	-	712,568	4,429,191	1,073,168	361,425	25,822	6,602,174
Committed	-	-	-	-	-	2,560	2,560
Assigned	-	-	-	2,617,557	-	-	2,617,557
Unassigned	4,826,450	-	-	-	-	-	4,826,450
Total Fund Balances	<u>5,160,808</u>	<u>1,006,574</u>	<u>4,429,191</u>	<u>3,690,725</u>	<u>361,425</u>	<u>28,382</u>	<u>14,677,105</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 18,328,667</u></b>	<b><u>\$ 4,398,392</u></b>	<b><u>\$ 15,752,474</u></b>	<b><u>\$ 7,006,350</u></b>	<b><u>\$ 5,087,910</u></b>	<b><u>\$ 31,726</u></b>	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.							76,376,927
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.							518,652
Internal service fund is reported in the statement of net position in the governmental activities column.							3,313,365
Some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds. See Note II.A.							(69,298,857)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							6,188,622
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							(2,392,517)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>							<b><u>\$ 29,383,297</u></b>

See accompanying notes to financial statements.



## VILLAGE OF PLEASANT PRAIRIE

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

For the Year Ended December 31, 2016

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>							
Taxes	\$ 8,417,245	\$ 1,520,952	\$ 9,305,035	\$ 1,299,898	\$ -	\$ 2,236	\$ 20,545,366
Intergovernmental	2,221,253	-	220,103	841,055	-	-	3,282,411
Regulation and compliance	1,634,072	-	-	-	-	-	1,634,072
Public charges for services	2,120,188	-	-	463,317	-	-	2,583,505
Intergovernmental charges for services	261,356	-	-	-	-	-	261,356
Special assessments	-	8,785	25,497	-	-	-	34,282
Investment income	55,676	23,832	45,480	11,546	43,210	235	179,979
Miscellaneous	256,846	-	-	-	1,277	7,079	265,202
Total Revenues	<u>14,966,636</u>	<u>1,553,569</u>	<u>9,596,115</u>	<u>2,615,816</u>	<u>44,487</u>	<u>9,550</u>	<u>28,786,173</u>
<b>EXPENDITURES</b>							
Current							
General government	3,658,667	-	-	-	-	-	3,658,667
Public safety	8,407,675	-	-	-	-	33,969	8,441,644
Public works	2,001,489	-	-	-	-	-	2,001,489
Parks	525,950	-	-	-	-	-	525,950
Community development	888,140	-	-	-	-	-	888,140
Capital Outlay	-	-	-	5,935,183	11,189,033	2,236	17,126,452
Debt Service							
Principal retirement	-	1,325,000	8,700,000	-	-	-	10,025,000
Interest and fiscal charges	-	292,900	2,545,869	65,680	-	-	2,904,449
Total Expenditures	<u>15,481,921</u>	<u>1,617,900</u>	<u>11,245,869</u>	<u>6,000,863</u>	<u>11,189,033</u>	<u>36,205</u>	<u>45,571,791</u>

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ (515,285)	\$ (64,331)	\$ (1,649,754)	\$ (3,385,047)	\$ (11,144,546)	\$ (26,655)	\$ (16,785,618)
<b>OTHER FINANCING SOURCES</b>							
Debt issued	-	-	-	3,245,000	-	-	3,245,000
Premium on debt issued	-	228,591	-	40,680	-	-	269,271
Sale of property	-	-	-	54,863	-	-	54,863
Transfers in	833,857	-	-	1,305,000	-	-	2,138,857
Transfers out	-	-	-	(18,900)	-	-	(18,900)
Total Other Financing Sources	833,857	228,591	-	4,626,643	-	-	5,689,091
<b>Net Change in Fund Balance</b>	318,572	164,260	(1,649,754)	1,241,596	(11,144,546)	(26,655)	(11,096,527)
FUND BALANCES - Beginning of Year	4,842,236	842,314	6,078,945	2,449,129	11,505,971	55,037	25,773,632
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,160,808</u>	<u>\$ 1,006,574</u>	<u>\$ 4,429,191</u>	<u>\$ 3,690,725</u>	<u>\$ 361,425</u>	<u>\$ 28,382</u>	<u>\$ 14,677,105</u>

See accompanying notes to financial statements.

## VILLAGE OF PLEASANT PRAIRIE

### 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, 2016

Net change in fund balances - total governmental funds	\$ (11,096,527)
Amounts reported for governmental activities in the statement of net position 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	17,126,452
Some items reported as capital outlay were not capitalized	(4,868,249)
Depreciation is reported in the government-wide statements	(3,776,572)
Improvements transferred as assets to utility funds	(6,115,117)
Net book value of assets retired	(31,667)
Contributed capital assets are reported as revenues in the government-wide statements.	7,170,200
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.	(84,606)
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.	
Debt issued	(3,245,000)
Principal repaid	10,025,000
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.	
Net pension liability	(2,760,769)
Deferred outflows of resources related to pensions	4,476,848
Deferred inflows of resources related to pensions	(2,344,288)
Compensated absences	(42,960)
Accrued interest on debt	322,251
Other post-employment benefits	(407,484)
Governmental funds report debt premiums and discounts, as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt premium	736,012
Internal service fund is used by management to charge the costs of the fleet internal services to individual funds. The increase in net position of the internal service fund is reported with governmental activities.	138,121
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 5,221,645</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2016

	Business-type Activities						Governmental
	Major					Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Service Fund
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 3,782,621	\$ 4,806,958	\$ 2,638,386	\$ 2,088,520	\$ 193,514	\$ 13,509,999	\$ 779,854
Receivables							
Taxes	83,498	124,278	47,070	-	57,155	312,001	-
Accounts	471,093	716,978	175,904	216,882	161,279	1,742,136	-
Accrued interest	-	1,859	-	-	-	1,859	-
Other	16,918	10,054	-	16,192	-	43,164	-
Prepaid items	-	-	-	16,812	-	16,812	-
Current portion of special assessments	16,829	2,796	7,844	-	-	27,469	-
Inventories	51,171	7,516	-	84,999	-	143,686	-
Total Current Assets	<u>4,422,130</u>	<u>5,670,439</u>	<u>2,869,204</u>	<u>2,423,405</u>	<u>411,948</u>	<u>15,797,126</u>	<u>779,854</u>
Noncurrent Assets							
Restricted assets							
Replacement account	-	1,260,578	-	-	-	1,260,578	-
Other assets							
Special assessments receivable	632,532	454,940	28,107	-	-	1,115,579	-
Capital assets							
Plant in service	64,356,101	76,980,429	34,079,659	44,393,174	1,233,414	221,042,777	8,716,634
Accumulated depreciation/amortization	(15,913,158)	(27,849,702)	(11,387,920)	(14,790,017)	(826,587)	(70,767,384)	(5,496,910)
Construction work in progress	9,350	102,114	323,958	786,303	-	1,221,725	-
Total Noncurrent Assets	<u>49,084,825</u>	<u>50,948,359</u>	<u>23,043,804</u>	<u>30,389,460</u>	<u>406,827</u>	<u>153,873,275</u>	<u>3,219,724</u>
Total Assets	<u>53,506,955</u>	<u>56,618,798</u>	<u>25,913,008</u>	<u>32,812,865</u>	<u>818,775</u>	<u>169,670,401</u>	<u>3,999,578</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Pension-related amounts	166,295	190,421	99,014	1,486,104	239,247	2,181,081	112,818
<b>LIABILITIES</b>							
Current Liabilities							
Accounts payable	397,340	278,025	132,218	576,437	49,312	1,433,332	33,546
Accrued liabilities	26,119	37,251	20,148	275,905	42,151	401,574	17,556
Accrued interest	-	40,821	-	246,264	-	287,085	-
Other current liabilities	-	-	-	768,936	-	768,936	-
Current portion of customer advances for construction	43,048	-	-	-	-	43,048	-
Current portion of long-term debt	-	700,000	-	1,650,000	-	2,350,000	-
Total Current Liabilities	<u>466,507</u>	<u>1,056,097</u>	<u>152,366</u>	<u>3,517,542</u>	<u>91,463</u>	<u>5,283,975</u>	<u>51,102</u>
Noncurrent Liabilities							
Long-term debt	-	3,145,000	-	21,490,000	-	24,635,000	-
Other post-employment benefits	45,880	91,500	37,030	506,256	103,048	783,714	39,385
Unamortized debt premium	-	68,698	-	861,065	-	929,763	-
Unearned revenue	3,012	-	-	-	-	3,012	-
Net pension liability	29,924	34,337	17,515	266,557	42,721	391,054	19,387
Customer advances for construction	17,142	270,765	-	-	-	287,907	-
Total Noncurrent Liabilities	<u>95,958</u>	<u>3,610,300</u>	<u>54,545</u>	<u>23,123,878</u>	<u>145,769</u>	<u>27,030,450</u>	<u>58,772</u>
Total Liabilities	<u>562,465</u>	<u>4,666,397</u>	<u>206,911</u>	<u>26,641,420</u>	<u>237,232</u>	<u>32,314,425</u>	<u>109,874</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Pension-related amounts	64,750	74,417	37,787	577,498	92,621	847,073	41,196
Total Deferred Inflows of Resources	<u>64,750</u>	<u>74,417</u>	<u>37,787</u>	<u>577,498</u>	<u>92,621</u>	<u>847,073</u>	<u>41,196</u>
<b>NET POSITION</b>							
Net investment in capital assets	48,452,293	45,319,143	23,015,697	6,388,395	406,827	123,582,355	3,219,724
Restricted for equipment replacement	-	1,260,578	-	-	-	1,260,578	-
Unrestricted	<u>4,593,742</u>	<u>5,488,684</u>	<u>2,751,627</u>	<u>691,656</u>	<u>321,342</u>	<u>13,847,051</u>	<u>741,602</u>
<b>TOTAL NET POSITION</b>	<u>\$ 53,046,035</u>	<u>\$ 52,068,405</u>	<u>\$ 25,767,324</u>	<u>\$ 7,080,051</u>	<u>\$ 728,169</u>	<u>138,689,984</u>	<u>\$ 3,961,326</u>

Amounts reported for business-type activities in the statement of net position are different because:  
 Internal services fund net position allocated to the business-type activities

647,961

**NET POSITION OF BUSINESS-TYPE ACTIVITIES**

\$139,337,945

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities						Governmental
	Major					Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Nonmajor Waste Collection Fund		Service Fund Fleet Internal Services
<b>OPERATING REVENUES</b>	\$ 5,624,426	\$ 5,989,037	\$ 1,362,293	\$ 11,075,501	\$ 1,633,214	\$25,684,471	\$ 1,732,989
<b>OPERATING EXPENSES</b>							
Operation and maintenance	3,309,143	3,071,649	576,241	8,784,900	1,633,977	17,375,910	998,133
Depreciation/amortization	1,050,862	1,456,337	833,289	1,256,021	63,806	4,660,315	594,378
Total Operating Expenses	4,360,005	4,527,986	1,409,530	10,040,921	1,697,783	22,036,225	1,592,511
Operating Income (Loss)	1,264,421	1,461,051	(47,237)	1,034,580	(64,569)	3,648,246	140,478
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	45,290	68,412	26,094	12,763	14,793	167,352	1,750
Intergovernmental grant	-	-	-	-	50,651	50,651	-
Interest expense	-	(180,535)	-	(947,278)	-	(1,127,813)	-
Gain (loss) on disposal of assets	5,121	-	-	(8,888)	-	(3,767)	51,849
Interest subsidy	-	-	-	62,051	-	62,051	-
Amortization of premium	-	21,730	-	198,736	-	220,466	-
Total Nonoperating Revenues (Expenses)	50,411	(90,393)	26,094	(682,616)	65,444	(631,060)	53,599
Income (Loss) Before Contributions and Transfers	1,314,832	1,370,658	(21,143)	351,964	875	3,017,186	194,077
<b>CONTRIBUTIONS AND TRANSFERS</b>							
Capital contributions	205,007	537,798	-	-	-	742,805	-
Capital contributions - governmental activities	5,690,336	280,325	144,456	-	-	6,115,117	-
Transfers in	-	-	-	117,563	-	117,563	18,900
Transfers - tax equivalent	(833,857)	-	-	-	-	(833,857)	-
Transfers out	(378,563)	(410,000)	(634,000)	-	-	(1,422,563)	-
Total Contributions and Transfers	4,682,923	408,123	(489,544)	117,563	-	4,719,065	18,900
<b>CHANGE IN NET POSITION</b>	5,997,755	1,778,781	(510,687)	469,527	875	7,736,251	212,977
NET POSITION – Beginning of Year	47,048,280	50,289,624	26,278,011	6,610,524	727,294		3,748,349
<b>NET POSITION – END OF YEAR</b>	\$ 53,046,035	\$ 52,068,405	\$ 25,767,324	\$ 7,080,051	\$ 728,169		\$ 3,961,326
Internal service fund change in net position allocated to the business-type activities						74,856	
<b>CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES</b>						\$ 7,811,107	

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2016

	Business-type Activities						Governmental
	Major					Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Nonmajor Waste Collection Fund		Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Received from customers	\$ 5,641,972	\$ 5,893,925	\$ 1,359,969	\$ 11,078,758	\$ 1,692,215	\$ 25,666,839	\$ 1,732,989
Paid to suppliers for goods and services	(2,719,986)	(2,394,015)	(181,203)	(4,110,051)	(952,560)	(10,357,815)	(712,041)
Paid to employees for services	(507,228)	(671,656)	(263,952)	(4,392,612)	(627,714)	(6,463,162)	(249,874)
Net Cash Flows From Operating Activities	<u>2,414,758</u>	<u>2,828,254</u>	<u>914,814</u>	<u>2,576,095</u>	<u>111,941</u>	<u>8,845,862</u>	<u>771,074</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Paid to municipality for tax equivalent	(833,857)	-	-	-	-	(833,857)	-
Transfers from (to) other funds	(378,563)	(410,000)	(634,000)	117,563	-	(1,305,000)	18,900
Net Cash Flows From Noncapital Financing Activities	<u>(1,212,420)</u>	<u>(410,000)</u>	<u>(634,000)</u>	<u>117,563</u>	<u>-</u>	<u>(2,138,857)</u>	<u>18,900</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Marketable securities purchased	-	(630,000)	-	-	-	(630,000)	-
Marketable securities sold	-	619,027	-	-	-	619,027	-
Investment income	45,062	69,597	26,094	11,748	14,793	167,294	1,750
Net Cash Flows From Investing Activities	<u>45,062</u>	<u>58,624</u>	<u>26,094</u>	<u>11,748</u>	<u>14,793</u>	<u>156,321</u>	<u>1,750</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Debt retired	-	(500,000)	-	(1,600,000)	-	(2,100,000)	-
Interest paid	-	(184,194)	-	(964,071)	-	(1,148,265)	-
Capital contributions received	-	211,637	-	-	-	211,637	-
Acquisition and construction of capital assets	(438,484)	(756,169)	(810,256)	(523,575)	(85,493)	(2,613,977)	(591,977)
Special assessments received	3,631	149,901	9,696	-	-	163,228	-
Interest subsidy	-	-	-	62,051	-	62,051	-
Net Cash Flows From Capital and Related Financing Activities	<u>(434,853)</u>	<u>(1,078,825)</u>	<u>(800,560)</u>	<u>(3,025,595)</u>	<u>(85,493)</u>	<u>(5,425,326)</u>	<u>(591,977)</u>
<b>Net Change in Cash and Cash Equivalents</b>	812,547	1,398,053	(493,652)	(320,189)	41,241	1,438,000	199,747
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,970,074</u>	<u>3,424,133</u>	<u>3,132,038</u>	<u>2,408,709</u>	<u>152,273</u>	<u>12,087,227</u>	<u>580,107</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,782,621</u>	<u>\$ 4,822,186</u>	<u>\$ 2,638,386</u>	<u>\$ 2,088,520</u>	<u>\$ 193,514</u>	<u>\$ 13,525,227</u>	<u>\$ 779,854</u>

	Business-type Activities						Governmental
	Major					Nonmajor	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund	Totals	Fleet Internal Services
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 1,264,421	\$ 1,461,051	\$ (47,237)	\$ 1,034,580	\$ (64,569)	\$ 3,648,246	\$ 140,479
Miscellaneous non-operating revenue	-	-	-	-	50,651	50,651	-
Noncash items included in income (loss)							
Depreciation/amortization	1,050,862	1,456,337	833,289	1,256,021	63,806	4,660,315	594,378
Depreciation charged to other funds	40,866	(40,866)	-	-	-	-	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources							
Accounts receivable	(47,965)	(246,199)	(14,128)	3,257	(1,147)	(306,182)	-
Other accounts receivable	11,003	164,846	-	-	-	175,849	-
Prepaid items	-	-	-	(2,471)	-	(2,471)	-
Inventories	176	995	-	9,321	-	10,492	-
Accounts payable	59,536	(28,068)	121,262	17,768	11,885	182,383	16,571
Due from other funds	13,642	27,107	11,804	-	9,497	62,050	-
Other current and accrued liabilities	(2,410)	1,018	5,491	81,806	5,174	91,079	1,656
Pension-related amounts	10,413	19,105	(1,898)	128,323	23,150	179,093	12,959
Other post employment benefits	14,214	12,928	6,231	47,490	13,494	94,357	5,031
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 2,414,758</b>	<b>\$ 2,828,254</b>	<b>\$ 914,814</b>	<b>\$ 2,576,095</b>	<b>\$ 111,941</b>	<b>\$ 8,845,862</b>	<b>\$ 771,074</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>							
Cash and investments	\$ 3,782,621	\$ 4,806,958	\$ 2,638,386	\$ 2,088,520	\$ 193,514	\$ 13,509,999	\$ 779,854
Restricted cash and investments	-	1,260,578	-	-	-	1,260,578	-
Less: Noncash equivalents	-	(1,245,350)	-	-	-	(1,245,350)	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,782,621</b>	<b>\$ 4,822,186</b>	<b>\$ 2,638,386</b>	<b>\$ 2,088,520</b>	<b>\$ 193,514</b>	<b>\$ 13,525,227</b>	<b>\$ 779,854</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital costs special assessed to customers	\$ 7,366	\$ -	\$ -	\$ -	\$ -	\$ 7,366	\$ -
Capital additions contributed to the utility by the municipality, customers, and TID districts	5,690,336	280,325	144,456	-	-	6,115,117	-
Deferred special assessments	51,614	156,485	-	-	-	208,099	-
Special assessments adjustments	(7,878)	31,675	-	-	-	23,797	-
Right of recovery agreements	212,885	8,552	-	-	-	221,437	-
Interest subsidy receivable	-	-	-	16,192	-	16,192	-
Capital accounts payable	19,636	74,677	-	346,960	-	441,273	-

See accompanying notes to financial statements.

# VILLAGE OF PLEASANT PRAIRIE

## STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2016

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	Retired Employees Healthcare Plan Trust	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 931,012	\$ 18,159,652
Receivables		
Taxes	-	25,428,957
Accounts	-	15,089
Total Assets	<u>931,012</u>	<u>43,603,698</u>
<b>LIABILITIES</b>		
Accounts payable	-	27,915
Due to other taxing units	-	43,575,783
Total Liabilities	<u>-</u>	<u>43,603,698</u>
<b>NET POSITION</b>		
Held in trust	<u>931,012</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 931,012</u>	<u>\$ -</u>

See accompanying notes to financial statements.



## VILLAGE OF PLEASANT PRAIRIE

### STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND For the Year Ended December 31, 2016

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	Retired Employees Healthcare Plan Trust
<b>ADDITIONS</b>	
Investment earnings (loss)	\$ <u>17,667</u>
<b>DEDUCTIONS</b>	<u>-</u>
<b>Change in Net Position</b>	17,667
NET POSITION - Beginning	<u>913,345</u>
<b>NET POSITION - ENDING</b>	<u>\$ 931,012</u>

See accompanying notes to financial statements.

# VILLAGE OF PLEASANT PRAIRIE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the Village of Pleasant Prairie, 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 primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

#### ***Discretely Presented Component Unit***

##### *Community Development Authority*

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. See Note IV. I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2016. Separately issued financial statements for the CDA are not prepared.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

#### ***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. Likewise the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

#### ***Fund Financial Statements***

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### ***Fund Financial Statements*** (cont.)

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 all financial resources except those accounted for and reported in another fund.
- General Debt Service Fund – used to account for resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Tax Incremental District (TID) No. 2 Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs.
- General Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.
- Tax Incremental District (TID) No. 2 Capital Projects Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

The village reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system
- Sewer Utility – accounts for operations of the sewer system
- Clean Water Utility – accounts for operations of the storm sewer system
- Lakeview Rec Plex Fund – accounts for operations of the recreational complex

The village reports the following nonmajor governmental and enterprise 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).

- Fire and Rescue Fund
- Police Canine Unit
- Federally Forfeited Property Fund

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 equipment and/or major capital facilities.

- Tax Incremental District (TID) No. 4

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### ***Fund Financial Statements (cont.)***

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

Enterprise Funds – used to report any activity for which a fee is charged to external users for goods or services.

Waste Collection Fund

In addition, the village reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the village, or to other governmental units, on a cost reimbursement basis.

Fleet Internal Services

Other employee benefit trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of other postemployment benefit plans.

Retired Employees Healthcare Plan Trust

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

Tax Collection Fund  
Mobile Home Fees

#### **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.

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 water and sewer utility 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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Certain revenues are to be considered available, such as intergovernmental grants, when collected within 180 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. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general debt service fund. At December 31, 2016, there were \$4,566,667 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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 water, sewer and clean water utilities, as well as the rec plex and waste collection funds 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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### 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 state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- 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.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

The village has adopted an investment policy. That policy follows the state statute for allowable investments. Deposits and investments held by the village have the following risks: custodial credit risk, credit risk, concentration of credit risk, and interest rate risk.

No policy exists for the following risk:

Concentration of credit risk



# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **1. Deposits and Investments (cont.)**

###### ***Custodial Credit Risk***

The village's investment policy states that collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. The collateralization level will be 110% of market value of principal and accrued interest.

###### ***Credit Risk***

The policy also states that credit risk will be mitigated by limiting investments to the safest types of securities and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

###### ***Interest Rate Risk***

The policy also states that interest rate risk may be mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs outlined in Note IV.A. 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 the 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, 2016, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

##### **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 net position – fiduciary funds.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **2. Receivables (cont.)**

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	April 30, 2017
Third installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent real estate taxes	October 2019

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 water, sewer, and clean water utilities 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.

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 government-wide financial statements as “internal balances” and/or “advances.”

##### **3. Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. Of the proprietary funds, the Rec Plex inventory is for resale. Inventories are valued at lower of cost or market, and charged to construction, and/or operation and maintenance expense when used.

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

##### **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 generally defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one 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 fair value at the date of donation.

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/amortization.

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:

Land Improvements	30 Years
Buildings	30 Years
Intangible Assets	2-50 Years
Machinery and Equipment	2-15 Years
Infrastructure	20-30 Years
Utility Systems	3-100 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 as in the government-wide statements.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### **6. 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.

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, or are payable with expendable available resources.

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, 2016 are determined on the basis of current salary rates and include salary related payments.

##### **8. Long-Term Obligations/Conduit Debt**

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 accrued 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.

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$92,392,857, made up of eight issues.

##### **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 PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### 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/amortization 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 position that does not meet the definition of “restricted” or “net investment in capital assets.”

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of “net investment in capital assets”, and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 51,372,100	\$ 123,582,355	\$ (18,115,554)	\$ 156,838,901
Unrestricted (deficit)	(26,770,336)	14,495,012	18,115,554	5,840,230

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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### 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 (cont.)**

###### **Fund Statements (cont.)**

- 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. 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 that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The village board may take official action to assign amounts. 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.

The village has a minimum fund balance policy. That policy is to maintain a working capital fund of 15% of the subsequent years' general fund expenditures. The balance at year end was \$4,826,450 or 30%, and is shown as unassigned general fund balance.

See Note IV.G. for further information.

##### **11. Basis for Existing Rates**

###### *Water Utility*

The water utility was authorized current rates by the Public Service Commission (PSC) effective June 1, 2015 and they are designed to provide a 2.00% return on rate base.

###### *Sewer Utility*

Current sewer rates were approved by the village board on April 20, 2015 to be effective June 1, 2015 for the Pleasant Prairie and Lake Michigan Sewer Districts.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

---

### 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. Basis for Existing Rates (cont.)**

###### *Clean Water Utility*

Current clean water rates were approved by the village board on December 15, 2014, effective January 1, 2015.

###### *Lakeview Rec Plex Fund*

Current membership rates were approved by Ordinance No. 14-34 on December 15, 2014.

##### **12. Pension**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/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.

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of the reconciliation explains that “Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.” The details of this reconciliation include the following items.

Capital assets per statement of net position	
Land	\$ 12,692,451
Right of way	13,005,568
Construction in progress	533,307
Intangible assets, net of amortization	342,035
Other capital assets, net of depreciation	<u>53,023,290</u>
Sub-total	79,596,651
Less: Internal service capital assets, net of depreciation	<u>(3,219,724)</u>
Net Adjustment for Capital Assets	<u>\$ 76,376,927</u>

# VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

## NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

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

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

Bonds and notes payable	\$ 59,580,000
Compensated absences	614,720
Accrued interest	716,137
Unamortized debt premium	4,149,950
Other post-employment benefits	3,135,310
Net pension liability	<u>1,102,740</u>
 Combined Adjustment for Long-Term Liabilities	 <u><u>\$ 69,298,857</u></u>

## NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TID No. 4	\$ -	\$ 2,236	\$ 2,236
Fire and Rescue	-	22,507	22,507
Federally Forfeited Property	-	5,474	5,474
Police Canine Unit	2,000	5,988	3,988

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

### B. DEFICIT BALANCES

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

As of December 31, 2016, no individual funds held a deficit balance.

### C. LIMITATIONS ON THE VILLAGE’S TAX LEVY

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



# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the village's funds.

The village's cash and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 15,391,867	\$ 16,220,702	Custodial credit risk
U.S. agencies (explicitly guaranteed)	2,960,244	2,960,244	Custodial credit risk, interest rate risk
Mutual funds – bonds	931,012	931,012	Credit risk, interest rate risk
LGIP	41,641,042	41,641,042	Credit risk
Petty cash	12,525	-	N/A
<b>Total Cash and Investments</b>	<b><u>\$ 60,936,690</u></b>	<b><u>\$ 61,753,000</u></b>	

#### Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 39,512,280
Restricted cash and investments	2,333,746
Per statement of net position –	
Fiduciary Funds	
Retired employees healthcare plan trust	931,012
Agency	<u>18,159,652</u>
<b>Total Deposits and Investments</b>	<b><u>\$ 60,936,690</u></b>

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 amounts (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 deposits.

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 been considered in computing custodial credit risk.

The village maintains collateral agreements with its banks. At December 31, 2016, the banks had pledged various government securities in the amount of \$11,339,500 to secure the village's deposits.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
U.S. agencies – explicitly guaranteed	\$ -	\$ 2,960,244	\$ -	\$ 2,960,244
Mutual funds – bonds	931,012	-	-	931,012
Totals	\$ 931,012	\$ 2,960,244	\$ -	\$ 3,891,256

***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.

The village does not have any deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**A. DEPOSITS AND INVESTMENTS (cont.)**

**Credit Risk**

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

As of December 31, 2016, the village's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service	Fitch
Mutual funds – bonds			
Vantagepoint funds	A+	A1	AA-

The village also had investments in the following external pool which is not rated:

Local Government Investment Pool (LGIP)

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2016, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	2 – 5	6 – 10
U.S. agencies (explicitly guaranteed)	\$ 2,960,244	\$ -	\$ -	\$ 2,960,244
Mutual funds – bonds	931,012	-	931,012	-
<b>Totals</b>	<b>\$ 3,891,256</b>	<b>\$ -</b>	<b>\$ 931,012</b>	<b>\$ 2,960,244</b>

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

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES**

All receivable balances are expected to be collected within one year with the exception of \$60,359 in delinquent taxes, \$298,593 in special assessments, and \$294,006 in delinquent special assessments.

Revenues of the Lakeview Rec Plex are reported net of uncollectable amounts. Total uncollectable amounts related to revenues of the current period are \$66,651.

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:

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$ -	\$ 22,759,852
Rescue accounts receivable	171,936	-
Assessing contracts receivable	-	235,008
Developer fees	-	978,008
Special assessments not yet due	301,548	1,602,092
Street light replacement	-	34,629
Transportation improvement fees receivable	-	960,661
Miscellaneous	45,168	295,990
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 518,652	\$ 26,866,240
Unearned revenue included in liabilities		\$ 4,050,453
Unearned revenue included in deferred inflows		22,815,787
Total Unearned Revenue for Governmental Activities		\$ 26,866,240

**C. RESTRICTED ASSETS**

***Equipment Replacement Account***

As a condition of receiving state and federal funds for sewer utility treatment facility construction, the sewer utility has established an account for replacement of mechanical equipment during the life of the facility.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### C. RESTRICTED ASSETS (cont.)

##### **Impact Fee Account**

The village has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Following is a list of restricted assets at December 31, 2016:

	Restricted Assets
Sewer equipment replacement account	\$ 1,260,578
Impact fee account	1,073,168
Total Restricted Assets	\$ 2,333,746

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

##### **Governmental Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/ amortized				
Land	\$ 5,339,388	\$ 7,353,063	\$ -	\$ 12,692,451
Right of way	12,921,838	83,730	-	13,005,568
Construction in progress – general	3,978,723	54,332	3,840,625	192,430
Construction in progress – TID water and sewer	501,300	215,501	375,924	340,877
Total Capital Assets Not Being Depreciated/Amortized	22,741,249	7,706,626	4,216,549	26,231,326
Capital assets being depreciated/ amortized				
Land improvements	6,007,282	695,692	-	6,702,974
Buildings	13,279,274	4,411,494	-	17,690,768
Intangible assets – computer software	1,042,593	6,300	90,057	958,836
Intangible assets – fleet internal services	16,699	-	-	16,699
Machinery and equipment	8,511,723	815,210	622,433	8,704,500
Machinery and equipment – fleet internal services	8,397,780	674,717	372,562	8,699,935
Roads	60,485,013	3,862,604	-	64,347,617
Street lighting	3,058,459	31,909	-	3,090,368
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total Capital Assets Being Depreciated/Amortized	102,384,788	10,497,926	1,085,052	111,797,662

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

**Governmental Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation/ amortization				
Land improvements	\$ (1,274,712)	\$ (233,371)	\$ -	\$ (1,508,083)
Buildings	(4,544,003)	(452,639)	-	(4,996,642)
Intangible assets – computer software	(631,401)	(85,596)	90,057	(626,940)
Intangible assets – fleet internal services	(4,175)	(2,386)	-	(6,561)
Machinery and equipment	(5,463,377)	(622,851)	590,766	(5,495,462)
Machinery and equipment – fleet internal services	(5,240,027)	(591,992)	341,670	(5,490,349)
Roads	(36,438,681)	(2,164,834)	-	(38,603,515)
Street lighting	(592,069)	(154,730)	-	(746,799)
Traffic signals	(127,866)	(19,370)	-	(147,236)
Railroad spur	(767,569)	(43,181)	-	(810,750)
Total Accumulated Depreciation/Amortization	(55,083,880)	(4,370,950)	1,022,493	(58,432,337)
Net Capital Assets	\$ 70,042,157			\$ 79,596,651

Depreciation/amortization expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 304,925
Public safety	645,570
Public works, which includes the depreciation of roads, street lighting, traffic signals, and railroad spurs	2,655,731
Parks	168,575
Community development	1,771
Sub-total	3,776,572
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	594,378
Total Governmental Activities Depreciation/Amortization Expense	\$ 4,370,950

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

***Business-type Activities***

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Water</u>				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 546,218	\$ -	\$ -	\$ 546,218
Intangible assets	135,340	-	-	135,340
Construction in progress	15,331	9,350	15,331	9,350
Total Capital Assets Not Being Depreciated/Amortized	696,889	9,350	15,331	690,908
Capital assets being depreciated/ amortized				
Source of supply	195,690	-	-	195,690
Pumping	3,844,617	-	-	3,844,617
Transmission and distribution	52,506,742	6,158,284	167,549	58,497,477
General assets	1,136,759	-	-	1,136,759
Total Capital Assets Being Depreciated/Amortized	57,683,808	6,158,284	167,549	63,674,543
Total Capital Assets	58,380,697	6,167,634	182,880	64,365,451
Less: Accumulated depreciation/amortization	(14,988,979)	(1,091,728)	167,549	(15,913,158)
Net Water Plant	\$ 43,391,718			\$ 48,452,293

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**D. CAPITAL ASSETS** (cont.)

**Business-type Activities** (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 1,241,788	\$ -	\$ -	\$ 1,241,788
Intangible assets	85,550	-	-	85,550
Construction in progress	42,914	102,114	42,914	102,114
Total Capital Assets				
Not Being Depreciated/Amortized	1,370,252	102,114	42,914	1,429,452
Capital assets being depreciated/ amortized				
Collection systems	67,097,344	889,024	132,061	67,854,307
Collection system pumping	5,569,241	78,716	28,787	5,619,170
Treatment and disposal	286,169	6,430	-	292,599
General assets	1,887,015	-	-	1,887,015
Total Capital Assets				
Being Depreciated/Amortized	74,839,769	974,170	160,848	75,653,091
Total Capital Assets	76,210,021	1,076,284	203,762	77,082,543
Less: Accumulated depreciation/amortization	(26,595,080)	(1,415,470)	160,848	(27,849,702)
Net Sewer Plant	\$ 49,614,941			\$ 49,232,841



**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

***Business-type Activities*** (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Clean Water</u>				
Capital assets not being depreciated/ amortized				
Construction in progress	\$ 294,925	\$ 29,508	\$ -	\$ 323,958
Capital assets being depreciated/ amortized				
Equipment	19,552	-	-	19,552
Intangible assets	8,072	-	-	8,072
Land improvements	25,108	294,613	-	319,721
Storm sewers	33,101,248	631,066	-	33,732,314
Total Capital Assets				
Being Depreciated/Amortized	33,153,980	925,679	-	34,079,659
Total Capital Assets	33,448,905	955,187	-	34,403,617
Less: Accumulated depreciation/amortization	(10,554,631)	(833,289)	-	(11,387,920)
Net Clean Water Capital Assets	\$ 22,894,274			\$ 23,015,697

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### D. CAPITAL ASSETS (cont.)

##### *Business-type Activities* (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Lakeview Rec Plex</b>				
Capital assets not being depreciated/amortized				
Construction in progress	\$ -	\$ 786,303	\$ -	\$ 786,303
 Capital assets being depreciated/ amortized				
Building	39,415,095	53,776	13,514	39,455,357
Equipment	2,591,785	21,868	206,479	2,407,174
Infrastructure	198,788	-	-	198,788
Intangible assets	256,064	-	-	256,064
Land improvements	2,075,791	-	-	2,075,791
Total Capital Assets				
Being Depreciated/Amortized	44,537,523	75,644	219,993	44,393,174
Total Capital Assets	44,537,523	861,947	219,993	45,179,477
 Less: Accumulated depreciation/amortization				
Building	(10,206,441)	(1,048,246)	4,627	(11,250,060)
Equipment	(2,240,141)	(85,800)	206,479	(2,119,462)
Infrastructure	(101,050)	(6,626)	-	(107,676)
Intangible assets	(201,843)	(14,495)	-	(216,338)
Land improvements	(995,626)	(100,855)	-	(1,096,481)
Total Accumulated Depreciation/Amortization	(13,745,101)	(1,256,022)	211,106	(14,790,017)
Net Lakeview Rec Plex Capital Assets	\$ 30,792,422			\$ 30,389,460

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**D. CAPITAL ASSETS** (cont.)

***Business-type Activities*** (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Waste Collection</b>				
Capital assets not being depreciated/ amortized				
Construction in progress	\$ 48,293	\$ -	\$ 48,293	\$ -
Capital assets being depreciated/ amortized				
Land improvements	16,269	133,786	-	150,055
Buildings	303,117	-	-	303,117
Equipment	772,169	-	-	772,169
Intangible assets	8,073	-	-	8,073
Total Capital Assets				
Being Depreciated/Amortized	1,099,628	133,786	-	1,233,414
Total Capital Assets	1,147,921	133,786	48,293	1,233,414
Less: Accumulated depreciation/amortization				
Land improvements	(7,139)	(960)	-	(8,099)
Buildings	(109,183)	(15,156)	-	(124,339)
Equipment	(638,386)	(47,690)	-	(686,076)
Intangible assets	(8,073)	-	-	(8,073)
Total Accumulated Depreciation/Amortization	(762,781)	(63,806)	-	(826,587)
Net Waste Collection Capital Assets	\$ 385,140			\$ 406,827
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 147,078,495			\$ 151,497,118

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

***Business-type Activities*** (cont.)

Depreciation/amortization expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 1,050,862
Sewer	1,456,337
Clean Water	833,289
Lakeview Rec Plex	1,256,021
Waste Collection	<u>63,806</u>
 Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 4,660,315</u>

Depreciation/amortization expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, and costs associated with the disposal of assets.

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Business-type Activities – internal service allocations	Governmental Activities – internal service allocations	<u>\$ 647,961</u>
Total Internal Balances - Government-wide Statement of Net Position		<u>\$ 647,961</u>

All amounts are due within one year.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

**Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 833,857	Payment in lieu of taxes
General Capital Projects	Sewer Utility	410,000	Roger Prange Storage
General Capital Projects	Water Utility	261,000	Roger Prange Storage
General Capital Projects	Clean Water Utility	634,000	Roger Prange Storage
Fleet Internal Services	General Capital Projects	18,900	Reimbursement of cost
Lakeview Rec Plex	Water Utility	<u>117,562</u>	Tower lease payments
Total – Fund Financial Statements		2,275,319	
Less: Fund eliminations		(136,462)	
Less: Transfer to business-type activities for capital assets funded by the governmental activities		<u>(6,115,117)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ (3,976,260)</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 2,138,857	
Business-type Activities	Governmental Activities	<u>(6,115,117)</u>	
Total Government-wide Statement of Activities		<u>\$ (3,976,260)</u>	

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 66,360,000	\$ 3,245,000	\$ 10,025,000	\$ 59,580,000	\$ 9,955,000
Premium	<u>4,885,962</u>	<u>269,271</u>	<u>1,005,283</u>	<u>4,149,950</u>	<u>-</u>
Sub-totals	<u>71,245,962</u>	<u>3,514,271</u>	<u>11,030,283</u>	<u>63,729,950</u>	<u>9,955,000</u>
Other Liabilities					
Vested compensated absences	571,760	614,720	571,760	614,720	614,720
Other post-employment benefits					
General	2,727,826	407,484	-	3,135,310	-
Internal service	34,354	5,031	-	39,385	-
Net pension liability	-	1,102,740	-	1,102,740	-
General	-				
Internal service	-	19,387	-	19,387	-
Total Other Liabilities	<u>3,333,940</u>	<u>2,149,362</u>	<u>571,760</u>	<u>4,911,542</u>	<u>614,720</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 74,579,902</u>	<u>\$ 5,663,633</u>	<u>\$ 10,602,043</u>	<u>\$ 68,641,492</u>	<u>\$ 10,569,720</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 29,085,000	\$ -	\$ 2,100,000	\$ 26,985,000	\$ 2,350,000
Premium	<u>1,150,229</u>	<u>-</u>	<u>220,466</u>	<u>929,763</u>	<u>-</u>
Sub-totals	<u>30,235,229</u>	<u>-</u>	<u>2,320,466</u>	<u>27,914,763</u>	<u>2,350,000</u>
Other Liabilities					
Customer advances	735,451	-	404,496	330,955	43,048
Other post-employment benefits	689,357	94,357	-	783,714	-
Net pension liability	-	391,054	-	391,054	-
Total Other Liabilities	<u>1,424,808</u>	<u>485,411</u>	<u>404,496</u>	<u>1,505,723</u>	<u>43,048</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 31,660,037</u>	<u>\$ 485,411</u>	<u>\$ 2,724,962</u>	<u>\$ 29,420,486</u>	<u>\$ 2,393,048</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2016, was \$158,845,815. Total general obligation debt outstanding at year-end was \$86,565,000.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### F. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-16
Promissory notes	02/19/08	02/01/18	3.00 – 4.00%	\$ 2,235,000	\$ 485,000
Promissory note	02/19/09	09/01/18	3.85 – 5.00%	10,800,000	7,800,000
Promissory note	02/19/09	09/01/18	3.85 – 5.00%	1,900,000	475,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,025,000	1,000,000
Refunding bonds	10/25/12	06/01/19	2.00 – 3.00%	2,635,000	1,535,000
Promissory notes	11/03/14	05/01/24	2.00 – 4.00%	6,865,000	6,265,000
Promissory notes	08/20/14	09/01/23	4.50 – 5.00%	20,970,000	20,970,000
Refunding bonds	06/04/15	09/01/17	5.00%	9,355,000	4,355,000
Promissory notes	06/04/15	09/01/20	2.00 – 3.00%	13,450,000	13,450,000
Promissory notes	11/01/16	11/01/26	2.00 – 3.00%	3,245,000	<u>3,245,000</u>
Total Governmental Activities – General Obligation Debt					<u><u>\$ 59,580,000</u></u>
Business-type Activities					
General Obligation Debt					
Refunding notes	02/19/08	09/01/18	3.00 – 4.39%	\$ 2,895,000	\$ 2,665,000
Refunding notes	06/16/08	12/01/19	4.00 – 4.25%	950,000	675,000
Promissory notes	06/16/08	12/01/18	4.25%	500,000	500,000
Promissory notes	12/04/08	09/01/18	4.00 – 4.75%	1,270,000	845,000
Promissory notes	02/19/09	09/01/18	3.85 – 5.00%	8,000,000	6,250,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,375,000	2,325,000
Promissory notes	09/21/10	04/01/27	4.55 – 4.85%*	1,890,000	1,890,000
Refunding notes	06/07/11	09/01/21	3.00 – 4.00%	7,095,000	3,875,000
Refunding notes	02/01/12	12/01/23	2.00 – 3.00%	2,605,000	1,730,000
Refunding notes	02/21/13	05/01/24	3.00 – 3.25%	7,305,000	<u>6,230,000</u>
Total Business-type Activities General Obligation Debt					<u><u>\$ 26,985,000</u></u>

\* The interest on this debt is being subsidized by the federal government.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **F. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,955,000	\$ 2,296,063	\$ 2,350,000	\$ 1,073,546
2018	7,685,000	1,877,175	11,135,000	975,421
2019	7,635,000	1,575,138	2,100,000	467,121
2020	12,575,000	1,354,363	4,025,000	352,184
2021	8,100,000	886,800	1,925,000	246,996
2022 – 2026	13,630,000	937,125	4,760,000	565,200
2027	-	-	690,000	16,733
Totals	<u>\$ 59,580,000</u>	<u>\$ 8,926,664</u>	<u>\$ 26,985,000</u>	<u>\$ 3,697,201</u>

##### **Other Debt Information**

Estimated payments of compensated absences and other post-employment benefits are not included in the debt service requirement schedules. The compensated absences and other post-employment benefit liabilities attributable to governmental activities will be liquidated primarily by the general fund.

#### **G. NET POSITION/FUND BALANCES**

Governmental activities net position reported on the government wide statement of net position at December 31, 2016 includes the following:

##### **Governmental Activities**

Net investment in capital assets	
Land	\$ 12,692,451
Right of way	13,005,568
Construction in progress	533,307
Intangible assets, net of amortization	342,035
Other capital assets, net of accumulated depreciation	53,023,290
Less: unamortized debt premium	(4,149,950)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(24,074,601)</u>
Total Net Investment in Capital Assets	<u>\$ 51,372,100</u>



# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – 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, 2016 include the following:

	General Fund	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Govern- mental Funds	Totals
<b>Fund Balances</b>							
<b>Nonspendable:</b>							
Delinquent taxes/ specials	\$ 60,359	\$ 294,006	\$ -	\$ -	\$ -	\$ -	\$ 354,365
Prepaid items	273,999	-	-	-	-	-	273,999
<b>Restricted for:</b>							
Debt service	-	712,568	4,429,191	-	-	-	5,141,759
TID purposes	-	-	-	-	361,425	-	361,425
Impact fees	-	-	-	1,073,168	-	-	1,073,168
Federally forfeited property	-	-	-	-	-	25,822	25,822
<b>Committed to:</b>							
Fire and rescue	-	-	-	-	-	-	-
Police canine unit	-	-	-	-	-	2,560	2,560
<b>Assigned to:</b>							
Capital projects	-	-	-	2,617,557	-	-	2,617,557
<b>Unassigned:</b>	4,826,450	-	-	-	-	-	4,826,450
<b>Total Fund Balances</b>	\$ 5,160,808	\$ 1,006,574	\$ 4,429,191	\$ 3,690,725	\$ 361,425	\$ 28,382	\$ 14,677,105

##### Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,788,006
Construction in progress	1,221,725
Intangible assets, net of amortization	260,616
Other capital assets, net of accumulated depreciation	148,226,771
Less: Long-term debt outstanding	(26,985,000)
Less: Unamortized debt premium	(929,763)
Total Net Investment in Capital Assets	\$ 123,582,355

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

#### **H. COMPONENT UNIT**

This report contains the Community Development Authority (CDA), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. **Basis of Accounting/Measurement Focus**

The CDA follows the full accrual basis of accounting and the flow of economic resources measurement focus.

b. **Deposits and Investments**

At December 31, 2016, the CDA held no cash or investments.

c. **Capital Assets**

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 7,653,088	\$ -	\$ -	\$ 7,653,088

\* The land is held for resale.

### NOTE V – OTHER INFORMATION

#### **A. EMPLOYEES' RETIREMENT SYSTEM**

##### **General Information About the Pension Plan**

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

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### 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. 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 \$913,829 in contributions from the village.

Contribution rates as of December 31, 2016 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the village reported a liability of \$1,513,181 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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, 2015, the village's proportion was 0.09311995%, which was an increase of 0.00174195% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the village recognized pension expense of \$1,819,520.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

At December 31, 2016, 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	\$ 255,987	\$ 3,184,464
Changes of actuarial assumptions	1,058,687	-
Net differences between projected and actual earnings on pension plan investments	6,195,396	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	96,322
Employer contributions subsequent to the measurement date	972,451	-
Totals	\$ 8,482,521	\$ 3,280,786

\$972,451 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 1,949,921	\$ 796,681
2018	1,949,921	796,681
2019	1,949,920	796,681
2020	1,626,489	787,544
2021	33,819	103,199

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

## VILLAGE OF PLEASANT PRAIRIE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

#### NOTE V – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	<u>4</u>	<u>4</u>	<u>6.7</u>	<u>3.8</u>
Total Core Fund	<u>107.0%</u>	<u>120.0%</u>	<u>7.4%</u>	<u>4.5%</u>
 <u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	<u>30</u>	<u>30</u>	<u>8.5</u>	<u>5.6</u>
Total Variable Fund	<u>100.0%</u>	<u>100.0%</u>	<u>7.9%</u>	<u>5.0%</u>

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%  
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

### NOTE V – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

**Sensitivity of the village's proportionate share of the net pension liability 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension (asset) liability	\$ 10,613,481	\$ 1,513,181	\$ (5,594,316)

**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, 2016, 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 is only reported in governmental fund types 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.



# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### **C. COMMITMENTS AND CONTINGENCIES (cont.)**

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

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

The village has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

In 2009, the village issued a municipal revenue obligation as part of a development agreement. The original amount of the obligation was \$715,365 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 4. Payments are scheduled through the year 2027, and carry an interest rate not to exceed 9.75%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$452,062.

#### ***Water Supply and Wastewater Treatment***

The utilities have a long-term agreement with Kenosha Water Utility for all water supply and all wastewater treatment.

#### ***Water Purchase Agreement***

On March 15, 2004, the water utility entered into an agreement to provide water to WE Energies. The agreement states the utility may provide up to 3.5 million gallons per day with WE Energies purchasing a minimum of 100 million gallons per year for the calendar years 2014 through 2016.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### ***D. OTHER POSTEMPLOYMENT BENEFITS***

The village administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides health insurance contributions for eligible retirees and their spouses through the village’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and past practice and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

#### ***Summary of Significant Accounting Policies***

*Basis of Accounting.* The plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value, which is determined by the mean of the most recent bid and asked provides as obtained from dealers that make markets in such securities. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian under the direction of the plan board of trustees, with the assistance of a valuation service.

#### ***Plan Contribution Information***

Members of the plan consisted of the following at January 1, 2014, the date of the latest actuarial valuation:

Retirees	8
Active plan members	161
Number of participating employers	1

Contribution requirements are established through collective bargaining agreements and past practice and may be amended only through negotiations between the village and the union. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The village contributes 97% of the current year premiums for a family or single plan, for eligible retired plan members and their spouses, upon attaining the age 60 for nonrepresented, 55 for police and 53 for fire until they reach Medicare eligible age. For 2016, the village contributed \$86,170 to the plan. There were no member contributions for 2016. The village does not pay any portion of the premiums for fire and rescue employees hired after August 17, 2009, non-represented employees hired after July 1, 2010, and police employees hired after January 1, 2011.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

**NOTE V – OTHER INFORMATION (cont.)**

**D. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

**Plan Contribution Information (cont.)**

The village’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the village’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the village’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	659,358
Interest on net OPEB obligation		138,061
Adjustment to annual required contribution		<u>(204,377)</u>
Annual OPEB cost		593,042
Contributions made		<u>(86,170)</u>
Increase in net OPEB obligation		506,872
Net OPEB Obligation – Beginning of Year		<u>3,451,537</u>
Net OPEB Obligation – End of Year	\$	<u><u>3,958,409</u></u>

The village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/16	\$ 593,042	14.2%	\$ 3,958,409
12/31/15	627,481	15.6%	3,451,537
12/31/14	586,771	17.4%	2,922,093

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

##### **Plan Contribution Information** (cont.)

The funded status of the plan as of January 1, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 5,950,119
Actuarial value of plan assets	<u>(907,951)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 5,042,168</u>
Funded ratio (actuarial value of plan assets/AAL)	15%
Covered payroll (active plan members)	\$ 9,532,739
UAAL as a percentage of covered payroll	53%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

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### NOTE V – OTHER INFORMATION (cont.)

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#### **D. OTHER POSTEMPLOYMENT BENEFITS** (cont.)

##### **Plan Contribution Information** (cont.)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 5.9% initially, reduced by decrements to an ultimate rate of 4.3% after 70 years. Both rates include an inflationary assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized in level dollar payments. The amortization period at December 31, 2016, was 30 years.

#### **E. SIGNIFICANT CUSTOMERS**

##### **Water Utility**

The utility has one significant customer who was responsible for 20% of operating revenues in 2016.

#### **F. SUBSEQUENT EVENTS**

The Village issued on May 11, 2017 in TID #2, \$21.57M Taxable Note Anticipation Notes, Series 2017 and \$16.375M Taxable G.O. Promissory Notes, Series 2017 to purchase land from Abbott west of I-94 along the interstate (\$33.7 million); and terminate an agreement with the WI Department of Administration and Kenosha Area Business Alliance (KABA) to obtain title to property along I-94 with no liens (\$3.8 million).

The Village is in the process of issuing \$4.3M Taxable G.O. Promissory Notes, Series 2017B, and \$21.4M G.O. Promissory Notes, Series 2017 for public improvements west of I-94 on the land that we recently purchased from Abbott. This debt is being issued out of TID #2 to be put in escrow to complete the improvements in the next 2-3 years. The scheduled closing date is July 13, 2017.

In May, 2017 final approval of amendment #6 to TID #2 increased project cost by \$54.2 million to \$176.7 million. In May, 2017 TID #5 was created west of I-94, north of CTH "Q", and south of CTH "C", with a total project cost of \$54.9 million.

The Village is in the process of negotiating with Haribo for the purchase of 135 acres of the land the Village acquired west of I-94, along the interstate. Purchase and sales agreement is in draft format.

The Village and Route 165 LLC has a signed purchase and sale agreement on 18.58 acres, parcel 91-4-121-251-0153, located south of CTH "165", west of I-94 for \$7.6 million. Closing date hasn't been set.

# VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016

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## **NOTE V – OTHER INFORMATION (cont.)**

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### **G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

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

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF PLEASANT PRAIRIE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
<b>TAXES</b>				
General property tax for local purposes	\$ 8,204,103	\$ 8,204,103	\$ 8,204,084	\$ (19)
Taxes - penalties and interest	4,024	4,024	9,234	5,210
Mobile home taxes	135,000	135,000	126,603	(8,397)
Hotel/motel room tax	60,000	60,000	57,874	(2,126)
Other taxes	18,100	18,100	19,450	1,350
Total Taxes	<u>8,421,227</u>	<u>8,421,227</u>	<u>8,417,245</u>	<u>(3,982)</u>
<b>INTERGOVERNMENTAL</b>				
Shared taxes from state	2,031,935	2,031,935	2,034,435	2,500
Fire insurance tax from state	89,998	89,998	103,983	13,985
Law enforcement grants	92,655	92,655	26,779	(65,876)
Ambulance service grant	-	-	4,199	4,199
Exempt computer aid	49,795	49,795	50,021	226
State payment for municipal service	1,500	1,500	1,836	336
Total Intergovernmental	<u>2,265,883</u>	<u>2,265,883</u>	<u>2,221,253</u>	<u>(44,630)</u>
<b>REGULATION AND COMPLIANCE</b>				
Liquor and malt beverage licenses	14,000	14,000	13,149	(851)
Cigarette licenses	1,100	1,100	700	(400)
Bartender licenses	7,000	7,000	6,530	(470)
Other miscellaneous licenses	3,000	3,000	14,810	11,810
Fire department permits	30,000	30,000	119,443	89,443
Dog licenses	8,000	8,000	6,985	(1,015)
Residential building permits	270,000	270,000	236,993	(33,007)
Commercial building permits	597,000	597,000	568,364	(28,636)
Application and zoning fees	224,782	224,782	204,656	(20,126)
Miscellaneous permits and fees	140,000	140,000	114,267	(25,733)
Court penalties and costs	352,000	352,000	329,185	(22,815)
Parking tickets	32,000	32,000	18,990	(13,010)
Total Regulation and Compliance	<u>1,678,882</u>	<u>1,678,882</u>	<u>1,634,072</u>	<u>(44,810)</u>

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



## VILLAGE OF PLEASANT PRAIRIE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	\$ 700	\$ 700	\$ 789	89
Administrative fees	5,000	5,000	7,249	2,249
Prequalification fees	1,500	1,500	3,075	1,575
Police department fees	20,000	20,000	29,002	9,002
Fire department fees	50,000	50,000	60,088	10,088
Rescue squad fees	465,000	465,000	520,946	55,946
Highway department fees	568,701	568,701	769,424	200,723
Engineering department fees	230,575	230,575	260,496	29,921
Street lighting	146,000	146,000	144,008	(1,992)
Special assessment letters	9,000	9,000	13,117	4,117
Weed control	7,500	7,500	5,425	(2,075)
Franchise fees	288,000	288,000	289,396	1,396
IT department services	3,648	3,648	5,371	1,723
Other	13,000	13,000	11,802	(1,198)
Total Public Charges for Services	<u>1,808,624</u>	<u>1,808,624</u>	<u>2,120,188</u>	<u>311,564</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Assessing contracts	212,589	212,589	219,137	6,548
School liaison officer	33,690	33,690	42,219	8,529
Total Intergovernmental Charges for Services	<u>246,279</u>	<u>246,279</u>	<u>261,356</u>	<u>15,077</u>
<b>INVESTMENT INCOME</b>				
Investment income	60,000	60,000	55,676	(4,324)
<b>MISCELLANEOUS</b>				
Miscellaneous	54,000	54,000	54,685	685
Tower leases	99,355	99,355	142,693	43,338
Village hall rent from utility	59,468	59,468	59,468	-
Total Miscellaneous	<u>212,823</u>	<u>212,823</u>	<u>256,846</u>	<u>44,023</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	847,927	847,927	833,857	(14,070)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>15,541,645</u>	<u>15,541,645</u>	<u>15,800,493</u>	<u>258,848</u>

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

## VILLAGE OF PLEASANT PRAIRIE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Village board	\$ 96,181	\$ 96,181	\$ 90,144	\$ 6,037
Information technology	984,765	984,765	843,771	140,994
Administration, finance and human resources	1,087,411	1,087,411	963,033	124,378
Assessing	579,889	579,889	513,838	66,051
Municipal buildings	404,060	404,060	394,032	10,028
Contingency	67,192	67,192	853,849	(786,657)
Total General Government	<u>3,219,498</u>	<u>3,219,498</u>	<u>3,658,667</u>	<u>(439,169)</u>
<b>PUBLIC SAFETY</b>				
Police	4,175,734	4,175,734	4,097,277	78,457
Municipal court	171,219	171,219	164,242	6,977
Fire and rescue	3,685,743	3,685,743	3,397,161	288,582
Engineering department	334,075	334,075	296,459	37,616
Public safety communications	512,720	512,720	452,536	60,184
Total Public Safety	<u>8,879,491</u>	<u>8,879,491</u>	<u>8,407,675</u>	<u>471,816</u>
<b>PUBLIC WORKS</b>				
Public works	1,907,002	1,907,002	1,733,091	173,911
Street lighting	287,180	287,180	268,398	18,782
Total Public Works	<u>2,194,182</u>	<u>2,194,182</u>	<u>2,001,489</u>	<u>192,693</u>
<b>PARKS</b>				
	<u>543,645</u>	<u>543,645</u>	<u>525,950</u>	<u>17,695</u>
<b>COMMUNITY DEVELOPMENT</b>				
Community development	496,534	496,534	463,020	33,514
Inspection	434,840	434,840	425,120	9,720
Total Community Development	<u>931,374</u>	<u>931,374</u>	<u>888,140</u>	<u>43,234</u>
TOTAL EXPENDITURES	<u>15,768,190</u>	<u>15,768,190</u>	<u>15,481,921</u>	<u>286,269</u>
Net Change in Fund Balance	-	-	318,572	545,117
FUND BALANCE - Beginning of Year	<u>4,842,236</u>	<u>4,842,236</u>	<u>4,842,236</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,842,236</u>	<u>\$ 4,842,236</u>	<u>\$ 5,160,808</u>	<u>\$ 318,572</u>

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

**VILLAGE OF PLEASANT PRAIRIE**

OTHER POSTEMPLOYMENT BENEFITS PLAN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS

<u>Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>		
12/31/2016	\$ 86,170	\$ 659,358	13%	\$ 3,958,409		
12/31/2015	98,037	659,358	15%	3,451,537		
12/31/2014	102,207	624,811	16%	2,922,093		
12/31/2013	721,691	709,566	102%	2,437,529		

  

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2014	\$ 907,951	\$ 5,950,119	\$ 5,042,168	15%	\$ 9,532,739	53%
1/1/2012	328,955	5,552,226	5,223,271	6%	8,798,044	59%
1/1/2011	314,809	5,194,617	4,879,808	6%	7,513,554	65%

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

**VILLAGE OF PLEASANT PRAIRIE**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) / LIABILITY -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) / Liability	Proportionate Share of the Net Pension Liability (Asset) / Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) / Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/16	0.09311995%	\$ 1,513,181	\$ 11,800,266	12.82%	98.20%
12/31/15	0.09137800%	(2,244,494)	11,218,417	20.01%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2016

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
12/31/16	\$ 972,450	\$ 972,450	\$ -	\$ 12,744,682	7.63%
12/31/15	917,337	917,337	-	11,800,265	7.77%

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2016

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### ***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 during the year. The village administrator 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 department level of expenditure.

### ***WISCONSIN RETIREMENT SYSTEM***

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

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

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

*Changes in Assumptions.* There were no changes in assumptions.

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2016

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 2,756	\$ 25,822	\$ -	\$ 28,578
Taxes receivable	-	-	-	3,148	3,148
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 2,756</b>	<b>\$ 25,822</b>	<b>\$ 3,148</b>	<b>\$ 31,726</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 196	\$ -	\$ -	\$ 196
Deferred Inflows of Resources					
Unearned revenue	-	-	-	3,148	3,148
Fund Balances					
Restricted	-	-	25,822	-	25,822
Committed	-	2,560	-	-	2,560
<b>Total Fund Balances</b>	<b>-</b>	<b>2,560</b>	<b>25,822</b>	<b>-</b>	<b>28,382</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 2,756</b>	<b>\$ 25,822</b>	<b>\$ 3,148</b>	<b>\$ 31,726</b>

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2016

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 2,236	\$ 2,236
Intergovernmental	-	-	-	-	-
Investment income	83	21	131	-	235
Miscellaneous	70	7,009	-	-	7,079
Total Revenues	<u>153</u>	<u>7,030</u>	<u>131</u>	<u>2,236</u>	<u>9,550</u>
<b>EXPENDITURES</b>					
Current					
Public safety	22,507	5,988	5,474	-	33,969
Capital Outlay	-	-	-	2,236	2,236
Total Expenditures	<u>22,507</u>	<u>5,988</u>	<u>5,474</u>	<u>2,236</u>	<u>36,205</u>
Net Change in Fund Balance	(22,354)	1,042	(5,343)	-	(26,655)
FUND BALANCE - Beginning of Year	<u>22,354</u>	<u>1,518</u>	<u>31,165</u>	<u>-</u>	<u>55,037</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 2,560</u>	<u>\$ 25,822</u>	<u>\$ -</u>	<u>\$ 28,382</u>



# VILLAGE OF PLEASANT PRAIRIE

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2016

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	Agency Funds		
	Tax Collection Fund	Mobile Home Fees	Totals
<b>ASSETS</b>			
Cash and investments	\$ 18,096,255	\$ 63,397	\$ 18,159,652
Receivables			
Taxes	25,428,957	-	25,428,957
Accounts	-	15,089	15,089
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 43,525,212</u>	<u>\$ 78,486</u>	<u>\$ 43,603,698</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 27,915	\$ -	\$ 27,915
Due to other taxing units	43,497,297	78,486	43,575,783
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 43,525,212</u>	<u>\$ 78,486</u>	<u>\$ 43,603,698</u>