

VILLAGE OF PLEASANT PRAIRIE

Pleasant Prairie, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2018

VILLAGE OF PLEASANT PRAIRIE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

Independent Auditors' Report	i – ii
Required Supplementary Information	
Management's Discussion and Analysis	iii – x
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3 – 4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	6 – 7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds	9 – 10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12 – 13
Statement of Net Position – Fiduciary Funds	14
Statement of Changes in Net Position – Fiduciary Fund	15
Notes to Financial Statements	16 – 67
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	68 – 70
Schedule of Proportionate Share of the Net Pension (Asset) / Liability – Wisconsin Retirement System	71
Schedule of Employer Contributions – Wisconsin Retirement System	71
Schedule of Proportionate Share of the Net Life Insurance OPEB Liability – Local Retiree Life Insurance Fund	71
Schedule of Changes in the Net OPEB Liability – Health Insurance	72
Schedule of Investment Returns – Other Postemployment Benefits – Health Insurance	73
Schedule of Changes in Employer's Total OPEB Liability and Related Ratios – Health Insurance	74

VILLAGE OF PLEASANT PRAIRIE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

Required Supplementary Information (cont.)	
Notes to Required Supplementary Information	75
Supplementary Information	
Nonmajor Governmental Funds – Combining Balance Sheet	76
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
Statement of Cash Flows – Component Unit	78
Combining Statement of Assets and Liabilities – Agency Funds	79
Combining Statement of Net Position – Internal Service Funds	80
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	81
Combining Statement of Cash Flows – Internal Service Funds	82

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, 2018, 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.

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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Pleasant Prairie adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 26, 2019

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, 2018. Please read it in conjunction with the Village's financial statements following this section.

FINANCIAL HIGHLIGHTS

The total net position of the Village increased by \$17.8 million to \$202.9 million. Events that had major impacts on the Village's 2018 financials were:

- The Village's debt decreased by \$36.2 million ending the year with \$106.7 million in general obligation bonds outstanding. The Village borrowed \$1.38 million in the general capital projects fund. Paid \$37.542 million of principal in 2018, mostly TID #2 debt.
- Governmental activities *current and other assets decrease* of \$14.8 million mainly due to \$16.5 million reduction in cash because large TID #2 debt service payments were made.
- The Village's had \$22.3 million in land held for sale at the end for 2018, majority in Prairie Highland Corporate Park.
- The \$19.8 million of TID #2 escrow balance was not spent at the end of 2018. The escrow is restricted for development of Prairie Highland Corporate Park spending 2019 and 2020.
- Capital grants and contributions decreased \$2.8 million from \$6.3 million in 2017 to \$3.5 million in 2018. A decrease of \$5.1 million in governmental activities, and increase of \$2.3million in business-type activities.
- The Village implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* as of January 1, 2018. Beginning net position has been restated as a result of this change. See Note IV.I. for details of the restatement.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 \$17.3 million to \$202.9 million. The majority of the net position, \$148.2 million, belongs to business-type activities of the Village, primarily the sewer (\$57.1 million) and water utilities (\$54.8 million).

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

	Governmental		Business-type		Total		Total Change	
	Activities		Activities				Dollars	%
	2017	2018	2017	2018	2017	2018	2017-2018	
Current and other assets	116.3	101.5	21.2	23.7	137.5	125.2	(12.3)	-8.9%
Capital assets	82.5	84.8	150.7	152.5	233.2	237.2	4.1	1.7%
Total assets	198.8	186.3	171.9	176.2	370.7	362.5	(8.2)	-2.2%
Deferred outflows of resources	4.6	6.0	1.5	1.8	6.1	7.8	1.6	26.8%
Long-term debt outstanding	127.6	96.6	26.7	25.1	154.3	121.7	(32.6)	-21.1%
Other liabilities	7.3	9.9	2.9	3.2	10.2	13.1	2.9	28.4%
Total liabilities	134.9	106.5	29.6	28.2	164.5	134.7	(29.7)	-18.1%
Deferred inflows of resources	26.0	31.1	0.7	1.5	26.7	32.6	5.8	22.1%
Net Position								
Net investment in								
capital assets	30.0	46.8	125.3	129.4	131.4	159.1	27.7	21.1%
Restricted	1.4	4.2	1.3	2.0	2.7	6.2	3.5	129.6%
Unrestricted (deficit)	11.1	3.7	16.6	16.8	51.7	37.7	(14.0)	-27.1%
Total net position - end of year	42.5	54.7	143.2	148.2	185.7	202.9	17.3	9.3%

Figures may not total due to rounding.

Governmental activities *current and other assets decrease* of \$14.8 million due to the following:

- \$3.6 million – Reduction in land purchased and being held for resale
- \$16.5 million reduction in cash and investments
- \$2.4 million increase in taxes receivable
- \$2.2 million net pension asset added

Additions of \$9.5 million of capital assets outpaced disposals and depreciation (\$7.2 million) accounting for a \$2.3 million increase in the Village's governmental activities *Capital Assets*.

Deferred outflow of resources is pension related with an increase of \$1.4 million. Village employees are covered under the State of Wisconsin pension plan. More information concerning the increase in capital assets and long-term debt is explained starting on page ix.

Other Liabilities increased by \$2.6 million because of an increase in accounts payable in TID #2 escrow capital project fund, due to large contractor's payment due at the end of year. *Deferred inflows of resources* is mainly

property tax (\$26 million) and pension (\$4.5 million), with property tax and pension both increasing \$2.5 million. The *net position* of the Village's governmental activities increased \$12.6 million to \$54.7 million.

The *net position* of the Village's business-type activities increased by \$5.2 million to \$148.2 million. Accounting for the majority of the increase is the sewer utility (\$3.2 million) and the RecPlex (\$.9 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 2018 revenues total \$71.7 million and expenses total \$57.4 million resulting in an increase in net position of \$14.4 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	
	2017	2018	2017	2018	2017	2018	Dollar	%
Revenues								
Program revenues								
Charges for services	4.5	5.2	26.4	27.5	30.9	32.7	1.9	5.8%
Operating grants and contributions	1.0	1.0	0.1	0.1	1.1	1.2	0.0	9.1%
General revenues								
Property taxes	22.8	24.1	0.0	0.0	22.8	24.1	1.3	5.7%
Other taxes	0.4	0.3	0.0	0.0	0.4	0.3	-0.1	-25.0%
Intergovernmental (not restricted)	2.5	2.5	0.0	0.0	2.5	2.5	0.0	0.0%
Investment income	0.3	1.0	0.3	0.4	0.5	1.4	0.9	0.0%
Others	22.8	8.7	0.6	0.9	23.4	9.6	-13.8	-59.0%
Total revenues	54.2	42.7	27.3	29.0	81.5	71.7	-9.8	-12.0%
Expenses								
General government	2.3	4.1	0.0	0.0	2.3	4.1	1.8	78.3%
Public safety	9.7	11.0	0.0	0.0	9.7	11.0	1.3	13.4%
Public works	7.1	3.9	0.0	0.0	7.1	3.9	-3.2	-45.1%
Parks	0.7	1.0	0.0	0.0	0.7	1.0	0.4	42.9%
Community development	24.2	8.9	0.0	0.0	24.2	8.9	-15.3	-63.2%
Interest and fiscal charges	2.8	1.8	0.0	0.0	2.8	1.8	-1.0	-35.7%
Water	0.0	0.0	4.7	4.5	4.7	4.5	-0.3	-4.3%
Sewer	0.0	0.0	5.2	5.6	5.2	5.6	0.5	7.7%
Clean Water	0.0	0.0	1.7	2.3	1.7	2.3	0.6	35.3%
LakeView RecPlex	0.0	0.0	10.8	12.1	10.8	12.1	1.3	12.0%
Waste collection	0.0	0.0	1.7	2.0	1.7	2.0	0.3	17.6%
Total expenses	46.8	30.8	24.1	26.6	70.8	57.4	-13.5	-18.9%
Increase (deficiency) before contributions & transfers	7.4	11.9	3.2	2.4	10.7	14.4	3.7	34.6%
Capital contributions	5.4	0.4	0.9	3.1	6.3	3.5	-2.8	-44.4%
Transfers	0.2	0.4	-0.2	-0.4	0.0	0.0	0.0	0.0%
CHANGE IN NET POSITION	13.1	12.6	3.9	5.2	16.9	17.9		
ENDING NET POSITION	42.1	54.7	143.0	148.2	185.1	202.9		

Figures may not total due to rounding.

Governmental Activities

Revenues for the Village's governmental activities total \$42.7 million, with property taxes accounting for \$24.1 million. Other revenues of \$8.7 million includes land sold in TID No. 2. Charges for services includes Engineering Fees (\$944,000), building permits (\$796,000), rescue billings (\$454,000), municipal court fees (\$304,000), and franchisee fees (\$305,000).

Governmental activities expenses total \$30.8 million, \$16 million less than 2017 expenses, with community development decreasing by \$15.3 million because of one-time expenses in 2017 for development incentives and land acquisitions. General government, public safety and culture, education

and recreation charges increasing by \$3.4 million, offset by decreases in interest and fiscal charges of \$1 million.

Capital contributions decreased from \$5.4 million in 2017 to \$.4 million in 2018. The transfers between governmental and business type increased by \$.1 million.

Table A-3 presents the total cost of each of the Village’s activities (\$30.8 million) as well as each activity’s net cost (\$24.2 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 2017 to 2018. Community Development net cost is down by \$10.5 million, because of one-time expenses in 2017 for development incentives and land purchases.

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

- Village property taxes (\$24.1 million)
- State of Wisconsin shared revenue (\$2.5 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	
	2017	2018	Dollar	%	2017	2018	Dollar	%
			2017-2018		2017-2018			
General government	2.3	4.1	1.8	77.2%	1.8	3.0	1.2	68.0%
Public safety	9.7	11.0	1.3	13.5%	8.0	8.9	0.9	11.4%
Public works	7.1	3.9	(3.2)	-45.1%	4.7	1.9	(2.8)	-59.3%
Culture, education and recreation	0.7	1.0	0.4	59.4%	0.7	1.0	0.4	59.4%
Community development	24.2	8.9	(15.3)	-63.2%	18.1	7.6	(10.5)	-58.0%
Other	2.8	1.8	(1.0)	-34.2%	2.8	1.8	(1.0)	-34.2%
Grand Total	46.8	30.8	(16.0)	-34.1%	35.8	24.2	(11.7)	-32.5%

Figures may not total due to rounding.

Business-type Activities

Revenue from the Village’s business-type activities, including capital contributions, total \$32.1 million with charges for service accounting for 86%. In 2018, the RecPlex’s user fee revenues increased \$.3 million, despite membership household count being down 487 memberships or a 10% decrease, ending the year at 4,400 memberships. The RecPlex 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.

Business-type expenses total \$26.6 million, up \$3.1 million from 2017. The RecPlex is the largest business type fund, accounting for 46% 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	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	Dollar	%
Revenues														
Program revenues														
Charge for services	5.8	5.5	6.1	6.9	1.4	1.7	11.5	11.8	1.7	1.6	26.4	27.5	1.1	4.2%
Intergovernmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	NA
General Revenues														
Investment Income	0.1	0.1	0.1	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.3	0.5	0.2	66.7%
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.0	-	1.0	1.0	NA
Total revenue	5.8	5.6	6.2	7.1	1.4	1.7	11.5	12.9	1.7	1.7	26.7	29.0	2.3	8.6%
Expenses	4.7	4.4	5.2	5.6	1.7	2.3	10.2	12.1	1.8	2.0	23.6	26.5	2.9	12.3%
Excess (deficiency) before contributions & transfers	1.1	1.2	1.0	1.4	-0.3	-0.6	1.3	0.8	0.0	-0.3	3.1	2.6	-0.5	-16.1%
Capital contribution	0.5	1.1	0.8	1.8	0.2	0.8	0.0	0.0	0.0	0.0	1.5	3.7	2.1	146.7%
Transfers	-1.0	-1.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	(0.9)	(0.9)	0.0	0.0%
Internal service fund charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	(0.1)	-0.2	-200.0%
CHANGE IN NET POSITION	0.5	1.2	1.9	3.2	(0.1)	0.2	1.4	0.9	(0.0)	(0.3)	3.8	5.2	1.4	36.8%
ENDING NET POSITION	53.6	54.8	54.0	57.2	25.7	25.9	8.4	9.3	0.7	0.43	142.3	147.5	5.1	3.7%

Figures may not total due to rounding.

All the Village's business-type funds experienced an increase in net position during 2018 except for our waste collection fund, with a decrease in net position of \$274,624.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds closed the year at a fund balance of \$44.8 million, down from \$61.4 million at the end of 2018. The decrease is primarily in TID No. 2 escrow capital project fund (\$8.4 million) and TID No. 2 debt service fund (\$9.4 million) offset by an increase in the general operating fund.

The general fund balance increased by \$1.2 million to \$7.5 million, which represents 47% of the expenditures for year-end December 31, 2018. The 2019 general fund budget uses \$127,455 fund balance reserves for one time expenditures in 2019 and transfers \$850,000 to the general capital project fund. Unassigned general fund balance was \$7.0 million. The non-spendable balance \$251,105 is delinquent taxes and prepaid items.

GENERAL FUND BUDGETARY HIGHLIGHTS

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 2018 general government operating net budget came in under budget by \$1,337,526.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village had investments of \$237.2 million at the end of 2018 in capital assets, a net increase of \$4 million. (See table A5). Additions of \$17.4 million offset depreciation of \$9.4 million, and disposals of \$4 million 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	
	2017	2018	2017	2018	2017	2018	Dollar	Percent
Land / Right of Way	13.0	13.2	2.0	2.0	15.0	15.2	0.2	2%
Buildings & improvements	17.6	16.1	48.1	47.6	65.7	63.7	(2.0)	-3%
Equipment	8.1	7.6	3.9	3.7	12.1	11.3	(0.8)	-6%
Infrastructure	28.9	27.7	95.2	96.3	124.0	124.0	(0.0)	0%
Right of Way	14.1	15.3	-	-	14.1	15.3	1.2	8%
Construction in progress	0.9	4.9	1.4	2.8	2.3	7.7	5.4	235%
Total	82.5	84.79	150.7	152.5	233.2	237.2	4.0	2%

In 2018 \$9.5 million was spent for government-type capital expenditures with Paving Program (\$1.66 million) and Right of Way (\$1.02 million) being the largest expenditures. The business-type activities additions totaled \$8 million, with the RecPlex (\$1.8 million) topping the list. The sewer, water, and clean water each spending around \$1.5 million each.

Listed below are major additions for 2018.

Project Description	Fund Type	Source	Millions
Bathroom Expansion	Business	Operating	\$0.88
RecPlex Other Projects	Business	Operating	\$0.93
Right of Way	Governmental	Borrowed	\$1.02
Paving Program	Governmental	Levy/Road Grant	\$1.66
		Total	\$4.5

Long-term Debt

At year-end the Village had \$106.7 million in general obligation bonds, an decrease of \$36.2 million (See table A-6). Borrowed \$1.38 million in the general fund, principal payments of \$37.5 million, mostly TID #2 debt.

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

	Governmental Activities		Business-type Activities		Total		Total Change	
	2017	2018	2017	2018	2017	2018	Dollar	%
General obligation bonds (backed by the Village)	119.6	85.5	23.3	21.2	142.9	106.7	(36.2)	-25.3%
Total	119.6	85.5	23.3	21.2	142.9	106.7	(36.2)	-25.3%

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 \$181.5 million, so the Village is at 59% of capacity at 2018 year-end. We have additional borrowing capacity of \$74.8 million. In 2019, scheduled principal payments are \$14.63

million with additional budgeted principal payments of \$17.5 million for callable debt as well as plans to borrow \$17 million.

The majority of the governmental activities' outstanding debt, \$75.2 million or 88%, 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 2022, which is in advance of the scheduled repayment date of 2023. The general government has \$10.4 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 (\$2.5 million) and RecPlex (\$18.7 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.

Year	Standard & Poor's	Moody's Investor Service
2001	A+	A3
2003	A+	A2
2005	A+	A1
2008	AA	A1
2010	AA	AA2

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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 Premium Outlets. Uline employs 1,709 corporate office and warehouse employees and Premium Outlets employs approximately 1,330 in all their various shops located in the center.

The Village's tax base, currently \$3.6 billion, up \$443 million from 2016. Our population has also grown at a steady rate to 21,166 (2018 Estimate) versus 12,604 in 1993.

The 2018 general fund-operating budget was approved to use \$127,455 of Village's surpluses for one time expenditures per our fund balance policy because surplus level were above 25%. Also approved was transferring of \$850,000 to the general capital project fund. Revenues were budgeted at \$16.5 million (3.1% increase) and expenditures of \$17.7 million (4% increase). Total general government property tax contribution increased from \$11.8 to \$12.3 million.

Our business-type funds, sewer, water and solid waste budgeted for rate changes in 2019. We are anticipating an increase in water and solid waste rates offset by a decrease in sewer rates. There are no planned rate changes for the Clean Water Utility and RecPlex in 2019.

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

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 39th Avenue, Pleasant Prairie, WI 53158.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government			Component Unit - Community Development Authority
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 27,156,231	\$ 17,986,528	\$ 45,142,759	\$ -
Receivables (net)				
Taxes	26,560,671	270,983	26,831,654	-
Delinquent taxes	36,498	-	36,498	-
Accounts	995,664	1,608,459	2,604,123	-
Special assessments	395,411	1,074,641	1,470,052	-
Delinquent special assessments	342,596	-	342,596	-
Accrued interest	135,810	5,757	141,567	-
Internal balances	(683,241)	683,241	-	-
Prepaid items	214,607	-	214,607	-
Inventories	-	131,435	131,435	-
Land held for resale	22,332,521	-	22,332,521	232,716
Restricted assets				
Cash and investments	21,784,842	1,211,844	22,996,686	-
Net pension asset	2,228,834	743,725	2,972,559	-
Capital assets				
Land	13,221,024	1,782,637	15,003,661	-
Right of way	15,267,489	-	15,267,489	-
Construction in progress	4,879,656	2,786,729	7,666,385	-
Intangible assets, net of amortization	185,382	278,334	463,716	-
Other capital assets, net of depreciation	51,231,299	147,615,928	198,847,227	-
Total Assets	186,285,294	176,180,241	362,465,535	232,716
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	4,099,389	1,370,951	5,470,340	-
OPEB-related amounts	1,893,109	408,907	2,302,016	-
Total Deferred Inflows of Resources	5,992,498	1,779,858	7,772,356	-
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,795,089	\$ 3,179,934	\$ 8,975,023	\$ -
Unearned revenue	4,098,530	5,103	4,103,633	-
Noncurrent liabilities				
Due within one year	13,133,953	2,100,000	15,233,953	-
Due in more than one year	83,488,282	22,951,838	106,440,120	-
Total Liabilities	106,515,854	28,236,875	134,752,729	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	26,586,308	-	26,586,308	-
Pension-related amounts	4,450,021	1,500,256	5,950,277	-
OPEB-related amounts	13,726	4,480	18,206	-
Total Deferred Inflows of Resources	31,050,055	1,504,736	32,554,791	-
NET POSITION				
Net investment in capital assets	46,809,847	129,439,634	159,053,821	-
Restricted				
Impact fees	1,990,241	-	1,990,241	-
Equipment replacement	-	1,211,844	1,211,844	-
Pension	2,228,834	743,725	2,972,559	-
Unrestricted	3,682,961	16,823,285	37,701,906	232,716
TOTAL NET POSITION	\$ 54,711,883	\$ 148,218,488	\$ 202,930,371	\$ 232,716

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit - Community Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities								
General government	\$ 4,103,624	\$ 810,447	\$ 1,208	\$ 332,098	\$ (2,959,871)	\$ -	\$ (2,959,871)	\$ -
Public safety	11,020,036	1,968,894	189,414	-	(8,861,728)	-	(8,861,728)	-
Public works	3,895,497	1,155,417	844,547	-	(1,895,533)	-	(1,895,533)	-
Culture, education and recreation	1,047,923	-	-	-	(1,047,923)	-	(1,047,923)	-
Community development	8,907,756	1,291,184	-	22,300	(7,594,272)	-	(7,594,272)	-
Interest and fiscal charges	1,825,860	-	-	-	(1,825,860)	-	(1,825,860)	-
Total Governmental Activities	<u>30,800,696</u>	<u>5,225,942</u>	<u>1,035,169</u>	<u>354,398</u>	<u>(24,185,187)</u>	<u>-</u>	<u>(24,185,187)</u>	<u>-</u>
Business-type Activities								
Water Utility	4,457,289	5,486,447	-	802,092	-	1,831,250	1,831,250	-
Sewer Utility	5,631,284	6,858,472	-	1,536,597	-	2,763,785	2,763,785	-
Clean Water Utility	2,312,416	1,665,291	-	806,817	-	159,692	159,692	-
Lakeview Rec Plex	12,126,749	11,849,528	61,167	-	-	(216,054)	(216,054)	-
Waste Collection	2,031,840	1,634,816	56,846	-	-	(340,178)	(340,178)	-
Total Business-type Activities	<u>26,559,578</u>	<u>27,494,554</u>	<u>118,013</u>	<u>3,145,506</u>	<u>-</u>	<u>4,198,495</u>	<u>4,198,495</u>	<u>-</u>
Total Primary Government	<u>\$ 57,360,274</u>	<u>\$ 32,720,496</u>	<u>\$ 1,153,182</u>	<u>\$ 3,499,904</u>	<u>(24,185,187)</u>	<u>4,198,495</u>	<u>(19,986,692)</u>	<u>-</u>
Component Unit								
Community Development Authority	\$ 22,300	\$ -	\$ -	\$ -	-	-	-	(22,300)
General Revenues								
Taxes								
Property taxes, levied for general purposes					10,119,380	-	10,119,380	-
Property taxes, levied for debt service					1,763,872	-	1,763,872	-
Property taxes, levied for TIF districts					12,199,766	-	12,199,766	-
Other taxes					273,161	-	273,161	-
Intergovernmental revenues not restricted to specific programs					2,457,968	-	2,457,968	-
Investment income					950,839	431,939	1,382,778	-
Miscellaneous					8,697,704	944,500	9,642,204	-
Total General Revenues					<u>36,462,690</u>	<u>1,376,439</u>	<u>37,839,129</u>	<u>-</u>
Transfers					<u>373,610</u>	<u>(373,610)</u>	<u>-</u>	<u>-</u>
Change in Net Position					<u>12,651,113</u>	<u>5,201,324</u>	<u>17,852,437</u>	<u>(22,300)</u>
NET POSITION - Beginning of Year (as restated)					<u>42,060,770</u>	<u>143,017,164</u>	<u>185,077,934</u>	<u>255,016</u>
NET POSITION - END OF YEAR					<u>\$ 54,711,883</u>	<u>\$ 148,218,488</u>	<u>\$ 202,930,371</u>	<u>\$ 232,716</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	General Debt Service	TID No. 2 Debt Service Fund
ASSETS			
Cash and investments - unrestricted	\$ 4,456,985	\$ 2,299,697	\$ 16,774,416
Receivables (net)			
Taxes	9,088,682	1,763,935	14,237,629
Delinquent taxes	36,498	-	-
Accounts	995,664	-	-
Special assessments	-	259,294	27,729
Delinquent special assessments	-	342,596	-
Accrued interest	135,810	-	-
Due from other funds	4,691,685	-	-
Land held for resale	-	-	-
Prepaid items	214,607	-	-
Cash and investments - restricted	-	-	-
TOTAL ASSETS	\$ 19,619,931	\$ 4,665,522	\$ 31,039,774
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 329,521	\$ 20,419	\$ -
Accrued liabilities	599,189	-	-
Unearned revenue	1,163,327	1,602,092	-
Due to other funds	-	-	-
Other liabilities	212,965	-	-
Total Liabilities	2,305,002	1,622,511	-
Deferred Inflows of Resources			
Unearned revenue	9,119,946	1,761,865	14,234,072
Unavailable revenue	654,764	241,717	30,731
Total Deferred Inflows of Resources	9,774,710	2,003,582	14,264,803
Fund Balances (Deficit)			
Nonspendable	251,105	-	-
Restricted	-	1,039,429	16,774,971
Committed	-	-	-
Assigned	243,821	-	-
Unassigned (deficit)	7,045,293	-	-
Total Fund Balances	7,540,219	1,039,429	16,774,971
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 19,619,931	\$ 4,665,522	\$ 31,039,774

See accompanying notes to financial statements.

General Capital Projects	TID No. 2 Escrow Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 36,112	\$ 23,567,210
1,467,455	-	2,970	26,560,671
-	-	-	36,498
-	-	-	995,664
108,388	-	-	395,411
-	-	-	342,596
-	-	-	135,810
-	-	-	4,691,685
7,377,781	-	-	7,377,781
-	-	-	214,607
<u>1,990,241</u>	<u>19,794,601</u>	<u>-</u>	<u>21,784,842</u>
<u>\$ 10,943,865</u>	<u>\$ 19,794,601</u>	<u>\$ 39,082</u>	<u>\$ 86,102,775</u>

\$ 498,911	\$ 2,825,794	\$ 487,979	\$ 4,162,624
-	-	-	599,189
1,333,111	-	-	4,098,530
4,293,187	-	398,498	4,691,685
-	-	-	212,965
<u>6,125,209</u>	<u>2,825,794</u>	<u>886,477</u>	<u>13,764,993</u>

1,467,455	-	2,970	26,586,308
-	-	-	927,212
<u>1,467,455</u>	<u>-</u>	<u>2,970</u>	<u>27,513,520</u>

-	-	-	251,105
1,990,241	16,968,807	18,235	36,791,683
-	-	10,712	10,712
1,360,960	-	-	1,604,781
-	-	(879,312)	6,165,981
<u>3,351,201</u>	<u>16,968,807</u>	<u>(850,365)</u>	<u>44,824,262</u>

<u>\$ 10,943,865</u>	<u>\$ 19,794,601</u>	<u>\$ 39,082</u>	<u>\$ 86,102,775</u>
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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, 2018

Net change in fund balances - total governmental funds	\$ 44,824,262
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.	81,709,924
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. I	927,212
Internal service fund is reported in the statement of net position in the governmental activities column.	5,845,986
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.	(97,238,494)
Land held for resale in TID governmental funds are not financial resources according to the TID project plans and, therefore, are not reported in the funds.	14,954,741
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	2,189,600
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	4,023,358
Deferred outflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	1,860,025
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,371,242)
Deferred inflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	<u>(13,489)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 54,711,883</u>

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, 2018

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects
REVENUES				
Taxes	\$ 9,635,467	\$ 1,763,872	\$ 12,196,030	\$ 757,294
Intergovernmental	2,246,659	-	337,373	896,853
Regulation and compliance	1,698,325	-	-	-
Public charges for services	2,033,610	-	-	848,739
Intergovernmental charges for services	339,856	-	-	-
Special assessments	-	(1,076)	7,760	192,666
Investment income (loss)	171,000	67,049	287,181	(26,528)
Miscellaneous	333,764	-	-	89,604
Total Revenues	<u>16,458,681</u>	<u>1,829,845</u>	<u>12,828,344</u>	<u>2,758,628</u>
EXPENDITURES				
Current				
General government	3,202,774	-	-	-
Public safety	9,103,937	-	-	-
Public works	2,426,053	-	-	-
Culture, recreation, and education	526,474	-	-	-
Community development	929,510	-	-	-
Capital outlay	-	-	-	3,212,173
Debt service				
Principal retirement	-	1,497,000	33,975,000	-
Interest and fiscal charges	-	299,253	2,807,009	36,845
Total Expenditures	<u>16,188,748</u>	<u>1,796,253</u>	<u>36,782,009</u>	<u>3,249,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>269,933</u>	<u>33,592</u>	<u>(23,953,665)</u>	<u>(490,390)</u>
OTHER FINANCING SOURCES				
Debt issued	-	17,910	-	1,362,090
Premium on debt issued	-	-	-	17,230
Sale of property	-	-	14,521,318	51,586
Transfers in	879,792	-	-	-
Total Other Financing Sources	<u>879,792</u>	<u>17,910</u>	<u>14,521,318</u>	<u>1,430,906</u>
Net Change in Fund Balance	1,149,725	51,502	(9,432,347)	940,516
FUND BALANCES - Beginning of Year	<u>6,390,494</u>	<u>987,927</u>	<u>26,207,318</u>	<u>2,410,685</u>
FUND BALANCES - END OF YEAR (DEFICIT)	<u>\$ 7,540,219</u>	<u>\$ 1,039,429</u>	<u>\$ 16,774,971</u>	<u>\$ 3,351,201</u>

See accompanying notes to financial statements.

TID No. 2		
Escrow Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ 3,516	\$ 24,356,179
-	-	3,480,885
-	-	1,698,325
-	-	2,882,349
-	-	339,856
-	-	199,350
399,541	760	899,003
-	<u>39,910</u>	<u>463,278</u>
<u>399,541</u>	<u>44,186</u>	<u>34,319,225</u>
-	-	3,202,774
-	13,956	9,117,893
-	-	2,426,053
-	-	526,474
54,791	415,099	1,399,400
8,793,600	473,102	12,478,875
-	-	35,472,000
-	<u>4,138</u>	<u>3,147,245</u>
<u>8,848,391</u>	<u>906,295</u>	<u>67,770,714</u>
<u>(8,448,850)</u>	<u>(862,109)</u>	<u>(33,451,489)</u>
-	-	1,380,000
-	-	17,230
-	-	14,572,904
-	-	<u>879,792</u>
-	-	<u>16,849,926</u>
(8,448,850)	(862,109)	(16,601,563)
<u>25,417,657</u>	<u>11,744</u>	<u>61,425,825</u>
<u>\$ 16,968,807</u>	<u>\$ (850,365)</u>	<u>\$ 44,824,262</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, 2018

Net change in fund balances - total governmental funds	\$ (16,601,563)
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	12,478,875
Some items reported as capital outlay were not capitalized	(2,937,489)
Depreciation is reported in the government-wide statements	(4,005,933)
Improvements transferred as assets to utility funds	(506,182)
Net book value of assets retired	(2,392,612)
Land held for resale is reported as an expenditure in the TID fund financial statements when purchased and a revenue when sold. However, in the statement of net position TID land held for resale is reported as an asset until sold.	
	(7,304,725)
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.	
	369,640
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	(1,380,000)
Principal repaid	35,472,000
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/asset	2,760,775
Deferred outflows of resources related to pensions	(486,106)
Deferred inflows of resources related to pensions	(2,473,053)
Deferred outflows of resources related to OPEBs	1,860,025
Deferred inflows of resources related to OPEBs	(13,489)
Compensated absences	15,553
Accrued interest on debt	575,279
Other post-employment benefits	(3,945,609)
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	728,877
Internal service fund is used by management to charge the costs of the fleet and insurance internal services to individual funds. The increase in net position of the internal service funds is reported with governmental activities.	
	436,850
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 12,651,113

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2018

	Business-type Activities					Governmental Activities	
	Major				Nonmajor	Totals	Internal Service Funds
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		
ASSETS							
Current Assets							
Cash and investments	\$ 5,570,898	\$ 9,148,329	\$ 2,594,932	\$ 479,421	\$ 192,948	\$ 17,986,528	\$ 3,589,021
Receivables							
Taxes	56,483	111,999	48,796	-	53,705	270,983	-
Accounts	393,024	610,692	194,408	136,685	160,794	1,495,603	-
Accrued interest	-	5,757	-	-	-	5,757	-
Other	7,940	11,373	-	15,243	-	34,556	-
Current portion of special assessments	16,993	2,376	5,764	-	-	25,133	-
Inventories	46,434	1,465	-	83,536	-	131,435	-
Total Current Assets	<u>6,091,772</u>	<u>9,891,991</u>	<u>2,843,900</u>	<u>714,885</u>	<u>407,447</u>	<u>19,949,995</u>	<u>3,589,021</u>
Noncurrent Assets							
Restricted assets							
Replacement account	-	1,211,844	-	-	-	1,211,844	-
Net pension asset	63,481	61,015	54,788	491,046	73,395	743,725	39,234
Other assets							
Special assessments receivable	589,124	447,928	12,456	-	-	1,049,508	-
Escrow Funds	-	-	-	78,300	-	78,300	-
Capital assets							
Land	546,218	1,236,419	-	-	-	1,782,637	-
Intangibles	135,340	85,550	45,600	239,102	-	505,592	16,699
Plant in service	65,863,819	77,825,240	35,715,882	45,195,756	1,065,295	225,665,992	-
Machinery and equipment	-	-	-	-	-	-	8,993,608
Accumulated depreciation	(18,030,418)	(30,365,357)	(12,966,034)	(15,802,515)	(885,740)	(78,050,064)	(5,924,050)
Accumulated amortization	-	-	-	(227,258)	-	(227,258)	(11,331)
Construction work in progress	79,641	74,522	457,169	2,175,397	-	2,786,729	-
Total Noncurrent Assets	<u>49,247,205</u>	<u>50,577,161</u>	<u>23,319,861</u>	<u>32,149,828</u>	<u>252,950</u>	<u>155,547,005</u>	<u>3,114,160</u>
Total Assets	<u>55,338,977</u>	<u>60,469,152</u>	<u>26,163,761</u>	<u>32,864,713</u>	<u>660,397</u>	<u>175,497,000</u>	<u>6,703,181</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension-related amounts	109,449	114,438	90,211	915,055	141,798	1,370,951	76,031
OPEB-related amounts	29,480	34,853	32,135	259,123	53,316	408,907	33,084
Total Deferred Outflows of Resources	<u>138,929</u>	<u>149,291</u>	<u>122,346</u>	<u>1,174,178</u>	<u>195,114</u>	<u>1,779,858</u>	<u>109,115</u>

See accompanying notes to financial statements.

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Service Funds
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 357,275	\$ 385,751	\$ 58,134	\$ 895,568	\$ 41,335	\$ 1,738,063	\$ 44,433
Accrued liabilities	36,241	46,577	20,820	331,739	36,165	471,542	23,606
Accrued interest	-	26,294	-	226,013	-	252,307	-
Other current liabilities	-	-	-	708,022	-	708,022	-
Deposits	-	-	-	10,000	-	10,000	-
Current portion of long-term debt	-	300,000	-	1,800,000	-	2,100,000	-
Total Current Liabilities	393,516	758,622	78,954	3,971,342	77,500	5,279,934	68,039
Noncurrent Liabilities							
Long-term debt	-	2,175,000	-	16,925,000	-	19,100,000	-
Other post-employment benefits	126,578	147,006	135,268	1,101,192	221,299	1,731,343	136,014
Unamortized debt premium	-	25,451	-	1,798,543	-	1,823,994	-
Unearned revenue	5,103	-	-	-	-	5,103	-
Customer advances for construction	17,143	279,358	-	-	-	296,501	-
Total Noncurrent Liabilities	148,824	2,626,815	135,268	19,824,735	221,299	22,956,941	136,014
Total Liabilities	542,340	3,385,437	214,222	23,796,077	298,799	28,236,875	204,053
DEFERRED INFLOWS OF RESOURCES							
Pension-related amounts	133,536	117,339	129,959	977,428	141,994	1,500,256	78,779
OPEB-related amounts	382	368	330	2,958	442	4,480	237
Total Deferred Inflows of Resources	133,918	117,707	130,289	980,386	142,436	1,504,736	79,016
NET POSITION							
Net investment in capital assets	48,594,600	46,355,923	23,252,617	11,056,939	179,555	129,439,634	3,074,926
Restricted for equipment replacement	-	1,211,844	-	-	-	1,211,844	-
Restricted for pension	63,481	61,015	54,788	491,046	73,395	743,725	39,234
Unrestricted	6,143,567	9,486,517	2,634,191	(2,285,557)	161,326	16,140,044	3,415,067
TOTAL NET POSITION	\$ 54,801,648	\$ 57,115,299	\$ 25,941,596	\$ 9,262,428	\$ 414,276	147,535,247	\$ 6,529,227
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						683,241	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						\$ 148,218,488	

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, 2018

	Business-type Activities					Totals	Governmental
	Major				Nonmajor		Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		
OPERATING REVENUES	\$ 5,486,447	\$ 6,858,472	\$ 1,665,291	\$ 11,849,528	\$ 1,634,816	\$ 27,494,554	\$ 5,191,152
OPERATING EXPENSES							
Operation and maintenance	3,272,765	4,022,593	870,135	9,663,610	1,795,224	19,624,327	4,265,309
Depreciation/amortization	1,176,376	1,485,853	872,360	1,244,692	42,948	4,822,229	555,723
Total Operating Expenses	4,449,141	5,508,446	1,742,495	10,908,302	1,838,172	24,446,556	4,821,032
Operating Income (Loss)	1,037,306	1,350,026	(77,204)	941,226	(203,356)	3,047,998	370,120
NONOPERATING REVENUES (EXPENSES)							
Investment income	134,205	190,699	57,038	30,570	19,427	431,939	51,836
Intergovernmental grant	-	-	-	-	56,846	56,846	-
Interest expense	-	(128,569)	-	(756,012)	-	(884,581)	-
Gain (loss) on disposal of assets	-	-	(542,733)	(704,399)	(147,541)	(1,394,673)	(89,973)
Interest subsidy	-	-	-	61,167	-	61,167	-
Amortization of premium	-	21,517	-	249,582	-	271,099	-
Miscellaneous	-	-	-	944,500	-	944,500	-
Total Nonoperating Revenues (Expenses)	134,205	83,647	(485,695)	(174,592)	(71,268)	(513,703)	(38,137)
Income (Loss) Before Contributions and Transfers	1,171,511	1,433,673	(562,899)	766,634	(274,624)	2,534,295	331,983
CONTRIBUTIONS AND TRANSFERS							
Capital contributions	802,092	1,536,597	806,817	-	-	3,145,506	-
Capital contributions - governmental activities	267,700	238,482	-	-	-	506,182	-
Transfers in	-	-	-	119,370	-	119,370	-
Transfers - tax equivalent	(879,792)	-	-	-	-	(879,792)	-
Transfers out	(119,370)	-	-	-	-	(119,370)	-
Total Contributions and Transfers	70,630	1,775,079	806,817	119,370	-	2,771,896	-
CHANGE IN NET POSITION	1,242,141	3,208,752	243,918	886,004	(274,624)	5,306,191	331,983
NET POSITION – Beginning of Year (as restated)	53,559,507	53,906,547	25,697,678	8,376,424	688,900		6,197,244
NET POSITION – END OF YEAR	\$ 54,801,648	\$ 57,115,299	\$ 25,941,596	\$ 9,262,428	\$ 414,276		\$ 6,529,227
Internal service fund change in net position allocated to the business-type activities						(104,867)	
CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES						\$ 5,201,324	

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2018

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers	\$ 5,634,464	\$ 6,863,529	\$ 1,640,048	\$ 12,078,003	\$ 1,696,522	\$ 27,912,566	\$ 5,191,152
Paid to suppliers for goods and services	(2,884,283)	\$ (3,295,822)	(488,688)	(4,581,965)	(1,062,351)	(12,313,109)	(3,857,246)
Paid to employees for services	(568,258)	\$ (774,985)	(370,321)	(4,869,401)	(675,687)	(7,258,652)	(374,869)
Net Cash Flows From Operating Activities	<u>2,181,923</u>	<u>2,792,722</u>	<u>781,039</u>	<u>2,626,637</u>	<u>(41,516)</u>	<u>8,340,805</u>	<u>959,037</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Paid to municipality for tax equivalent	(879,792)	-	-	-	-	(879,792)	-
Transfers from (to) other funds	(119,370)	-	-	119,370	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(999,162)</u>	<u>-</u>	<u>-</u>	<u>119,370</u>	<u>-</u>	<u>(879,792)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Marketable securities purchased	-	(245,000)	-	-	-	(245,000)	-
Marketable securities sold	-	364,186	-	-	-	364,186	-
Investment income	133,865	188,834	57,038	30,570	19,427	429,734	51,836
Net Cash Flows From Investing Activities	<u>133,865</u>	<u>308,020</u>	<u>57,038</u>	<u>30,570</u>	<u>19,427</u>	<u>548,920</u>	<u>51,836</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt retired	-	(670,000)	-	(1,400,000)	-	(2,070,000)	-
Interest paid	-	(136,575)	-	(746,068)	-	(882,643)	-
Capital contributions received	-	679,076	-	866,200	-	1,545,276	-
Acquisition and construction of capital assets	(576,581)	(589,235)	(667,851)	(2,696,975)	(11,751)	(4,542,393)	(269,323)
Special assessments received	53,229	50,821	9,152	-	-	113,202	-
Interest subsidy	-	-	-	61,167	-	61,167	-
Net Cash Flows From Capital and Related Financing Activities	<u>(523,352)</u>	<u>(665,913)</u>	<u>(658,699)</u>	<u>(3,915,676)</u>	<u>(11,751)</u>	<u>(5,775,391)</u>	<u>(269,323)</u>
Net Change in Cash and Cash Equivalents	793,274	2,434,829	179,378	(1,139,099)	(33,840)	2,234,542	741,550
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,777,624</u>	<u>6,747,052</u>	<u>2,415,554</u>	<u>1,618,520</u>	<u>226,788</u>	<u>15,785,538</u>	<u>2,847,471</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,570,898</u>	<u>\$ 9,181,881</u>	<u>\$ 2,594,932</u>	<u>\$ 479,421</u>	<u>\$ 192,948</u>	<u>\$ 18,020,080</u>	<u>\$ 3,589,021</u>

See accompanying notes to financial statements.

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 1,037,306	\$ 1,350,026	\$ (77,204)	\$ 941,226	\$ (203,356)	\$ 3,047,998	\$ 370,120
Miscellaneous non-operating revenue	-	-	-	-	56,846	56,846	-
Noncash items included in income (loss)							
Depreciation/amortization	1,176,376	1,485,853	872,360	1,244,692	42,948	4,822,229	555,723
Depreciation charged to other funds	52,414	(52,414)	-	-	-	-	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources							
Accounts receivable	72,505	53,921	(24,914)	225,517	-	327,029	-
Other accounts receivable	9,567	(4,542)	-	-	3,152	8,177	-
Prepaid items	-	-	-	1,226	-	1,226	-
Inventories	3,046	6,111	-	(9,688)	-	(531)	-
Accounts payable	(236,741)	(74,073)	(44,162)	24,275	11,258	(319,443)	(29,807)
Due from other funds	11,058	7,724	(329)	-	1,266	19,719	-
Other current and accrued liabilities	13,819	11,422	4,878	(16,567)	5,503	19,055	11,010
OPEB-related amounts	48,533	17,954	56,113	304,652	55,057	482,309	60,274
Pension-related amounts	(5,960)	(9,260)	(5,703)	(88,696)	(14,190)	(123,809)	(8,283)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,181,923</u>	<u>\$ 2,792,722</u>	<u>\$ 781,039</u>	<u>\$ 2,626,637</u>	<u>\$ (41,516)</u>	<u>\$ 8,340,805</u>	<u>\$ 959,037</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments	\$ 5,570,898	\$ 9,148,329	\$ 2,594,932	\$ 479,421	\$ 192,948	\$ 17,986,528	\$ 3,589,021
Restricted cash and investments	-	1,211,844	-	-	-	1,211,844	-
Less: Noncash equivalents	-	(1,178,292)	-	-	-	(1,178,292)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,570,898</u>	<u>\$ 9,181,881</u>	<u>\$ 2,594,932</u>	<u>\$ 479,421</u>	<u>\$ 192,948</u>	<u>\$ 18,020,080</u>	<u>\$ 3,589,021</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital costs special assessed to customers	\$ 45,777	\$ -	\$ -	\$ -	\$ -	\$ 45,777	\$ -
Capital additions contributed to the utility by the municipality, customers, and TID districts	\$ 1,069,792	\$ 1,053,150	\$ 806,817	\$ -	\$ -	\$ 2,929,759	\$ -
Deferred special assessments	\$ (8,825)	\$ 4,000	\$ -	\$ -	\$ -	\$ (4,825)	\$ -
Special assessments adjustments	\$ 2,128	\$ (1,000)	\$ -	\$ -	\$ -	\$ 1,128	\$ -
Interest subsidy receivable	\$ -	\$ -	\$ -	\$ 15,243	\$ -	\$ 15,243	\$ -
Capital accounts payable	\$ 50,778	\$ 19,108	\$ -	\$ 671,917	\$ -	\$ 741,803	\$ -

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2018

	Retired Employees Healthcare Plan Trust	Agency Funds
ASSETS		
Cash and investments	\$ 952,538	\$ 23,383,541
Receivables		
Taxes	-	20,983,917
Accounts	-	16,724
Total Assets	<u>952,538</u>	<u>44,384,182</u>
LIABILITIES		
Accounts payable	-	12,531
Due to other taxing units	-	44,371,651
Total Liabilities	<u>-</u>	<u>44,384,182</u>
NET POSITION		
Net position restricted for OPEB	<u>952,538</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 952,538</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, 2018

	Retired Employees Healthcare Plan Trust
ADDITIONS	
Employer contributions	\$ 298,000
Net investment income	<u>5,253</u>
Total Additions	<u>303,253</u>
DEDUCTIONS	
Service benefits	<u>298,000</u>
Net Increase in Net Position	5,253
NET POSITION - Beginning	<u>947,285</u>
NET POSITION - ENDING	<u>\$ 952,538</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, 2018

NOTE	Page
I. Summary of Significant Accounting Policies	17
A. Reporting Entity	17
B. Government-Wide and Fund Financial Statements	18
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	21
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	22
1. Deposits and Investments	22
2. Receivables	24
3. Inventories and Prepaid Items	25
4. Restricted Assets	25
5. Capital Assets	25
6. Deferred Outflows of Resources	26
7. Compensated Absences	26
8. Long-Term Obligations/Conduit Debt	27
9. Deferred Inflows of Resources	27
10. Equity Classifications	27
11. Basis for Existing Rates	29
12. Pension	30
13. Postemployment Benefits Other Than Pensions (OPEB)	30
II. Reconciliation of Government-Wide and Fund Financial Statements	30
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	30
III. Stewardship, Compliance, and Accountability	31
A. Budgetary Information	31
B. Excess Expenditures Over Appropriations	31
C. Deficit Balances	32
D. Limitations on the Village's Tax Levy	32
IV. Detailed Notes on All Funds	32
A. Deposits and Investments	32
B. Receivables	36
C. Restricted Assets	36
D. Capital Assets	37
E. Interfund Receivables/Payables and Transfers	44
F. Long-Term Obligations	46
G. Net Position/Fund Balances	49
H. Component Unit	50
I. Restatement of Net Position	51
V. Other Information	51
A. Employees' Retirement System	51
B. Risk Management	56
C. Commitments and Contingencies	56
D. Other Postemployment Benefits	57
E. Significant Customers	66
F. Subsequent Events	66
G. Effect of New Accounting Standards on Current-Period Financial Statements	67

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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. H. 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, 2018. 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, 2018

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The standard was implemented January 1, 2018.

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, 2018

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

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 – 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 – 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 – 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 Escrow Capital Projects Fund – used to account for and report financial resources that are restricted to expenditures outlined in the TID project plan and 2017 Taxable G.O. Notes Construction Fund Uses.

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).

- Police Canine Unit
- Federally Forfeited Property Fund

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.

- Tax Incremental District (TID) No. 2
- Tax Incremental District (TID) No. 4
- Tax Incremental District (TID) No. 5
- Tax Incremental District (TID) No. 6
- Tax Incremental District (TID) No. 7

Enterprise Fund – used to report any activity for which a fee is charged to external uses 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
- Insurance

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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.

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, 2018, there were \$4,365,267 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Fund Financial Statements (cont.)

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.

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.
- 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

- 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

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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk (cont.)

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, 2018, 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.

Property tax calendar – 2018 tax roll:

Lien date and levy date	December 2018
Tax bills mailed	December 2018
Payment in full, or	January 31, 2019
First installment due	January 31, 2019
Second installment due	April 30, 2019
Third installment due	July 31, 2019
Personal property taxes in full	January 31, 2019
Tax sale – 2018 delinquent real estate taxes	October 2021

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.”

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

3. Inventories and Prepaid Items

Governmental fund inventory items except for land held for resale in non-TID funds are charged to expenditure accounts when purchased. Land held for resale is a type of inventory that is valued at the lower of cost or market. Land held for resale reported in the governmental activities also includes any land held for resale in the TID funds. 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.

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 \$10,000 for general capital assets and \$50,000 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 acquisition 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

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.

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, 2018 are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

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, accrued compensated absences, and other postemployment benefits (OPEB).

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 \$11,678,572, made up of two 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.

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.”

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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.)

Government-Wide Statements (cont.)

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	\$ 46,809,847	\$ 129,439,634	\$ (17,195,660)	\$ 159,053,821
Unrestricted	3,682,961	16,823,285	17,195,660	37,701,906

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

Government-Wide Statements (cont.)

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 an unassigned fund balance in the general fund between 25-30% of budgeted general fund expenditures. The unassigned fund balance in the general fund at year-end was \$7,045,293 or 41% of budgeted general fund expenditures.

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.

Clean Water Utility

Current clean water rates were approved by the village board on November 6, 2017, effective January 1, 2018.

Lakeview Rec Plex Fund

Membership rates effective during the year 2018 were approved by Ordinance No. 74-46 on August 18, 2017.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

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.

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the village OPEB Plan and additions to/deductions from the Village OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Village OPEB Plan. For this purpose, the Village OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. 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.”

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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.)

The details of this reconciliation include the following items:

Capital assets per statement of net position	
Land	\$ 13,221,024
Right of way	15,267,489
Construction in progress	4,879,656
Intangible assets, net of amortization	185,382
Other capital assets, net of depreciation	51,231,299
Sub-total	<u>84,784,850</u>
Less: Internal service capital assets, net of depreciation	<u>(3,074,926)</u>
Net Adjustment for Capital Assets	<u>\$ 81,709,924</u>

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

Bonds and notes payable	\$ 85,535,000
Compensated absences	598,953
Accrued interest	752,273
Unamortized debt premium	2,705,402
Other post-employment benefits	<u>7,646,866</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 97,238,494</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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.

A budget has been adopted for all funds except for TID No. 7 capital project fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
TID No. 2 Capital Projects	\$ 3,500	\$ 41,864	\$ 38,364
Police Canine Unit	2,000	9,643	7,643
Federally Forfeited Property	1,000	4,313	3,313
TID No. 5 Capital Projects	200,000	347,005	147,005

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS (cont.)

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.

C. DEFICIT BALANCES

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

As of December 31, 2018, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
TID No. 5 Capital Projects	\$ 379,358	Excess expenditures over revenues
TID No. 6 Capital Projects	482,427	Excess expenditures over revenues
TID No. 7 Capital Projects	17,527	Excess expenditures over revenues

TID deficits are anticipated to be funded with future incremental taxes levied over the life of the district which is 27 years for districts created before October 1, 1995, and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (10-27 years) and may be extended in some case.

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

NOTE 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 64,362,686	\$ 64,264,787	Custodial credit
U.S. agencies (implicitly guaranteed)	9,221,506	9,221,506	Credit, custodial credit, concentration of credit, interest rate
Certificate of deposit (negotiable)	5,866,918	5,866,918	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	11,757,026	11,757,026	Credit, custodial credit, concentration of credit, interest rate
Mutual funds – bonds	750,595	750,595	Credit, interest rate
U.S. Treasuries	497,735	497,735	Custodial credit, interest rate
LGIP	5,133	5,133	Credit
Petty cash	13,925	-	N/A
Total Cash and Investments	<u>\$ 92,475,524</u>	<u>\$ 92,363,700</u>	

Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 45,142,759
Restricted cash and investments	22,996,686
Per statement of net position – Fiduciary Funds	
Retired employees healthcare plan trust	952,538
Agency	<u>23,383,541</u>
Total Deposits and Investments	<u>\$ 92,475,524</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2018, the banks had pledged various government securities in the amount of \$79,736,928 to secure the village's deposits.

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 for identical assets
- > Quoted market prices for similar assets in active markets

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Certificates of deposit (negotiable)	\$ -	\$ 5,866,918	\$ -	\$ 5,866,918
Corporate bonds	-	11,757,026	-	11,757,026
Mutual funds – bond funds	750,595	-	-	750,595
U.S. agencies – implicitly guaranteed	-	9,221,506	-	9,221,506
U.S. treasuries	497,735	-	-	497,735
Totals	<u>\$ 1,248,330</u>	<u>\$ 26,845,450</u>	<u>\$ -</u>	<u>\$ 28,093,780</u>

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 has \$4,018,148 of investments exposed to custodial credit risk as follows:

Uninsured/uncollateralized	<u>\$ 4,018,148</u>
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VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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, 2018, the village's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. agencies - implicitly guaranteed	AA+	AAA
Mutual funds – bonds	A+	A1
Corporate bonds	AA+, AA, AA-, A+	Aaa, A1, Aa1, Aa2, Aa3

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

Local Government Investment Pool (LGIP)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2018, the village held investments in U.S. agencies that exceeded 5% of the village's investment portfolio as follows: FHLMC (9.7%), FNMA (9.6%), and FHLB (7.2%).

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, 2018, the village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	2 – 5	6 – 10
Certificates of deposits (negotiable)	\$ 5,866,918	\$ 1,502,579	\$ 4,364,339	\$ -
Corporate bonds	11,757,026	9,774,606	1,982,420	-
Mutual funds - bonds	750,595	-	517,919	232,676
U.S. agencies – implicitly guaranteed	9,221,506	2,681,239	1,872,119	4,668,148
U.S. treasuries	497,735	497,735	-	-
Totals	\$ 28,093,780	\$ 14,456,159	\$ 8,736,797	\$ 4,900,824

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, 2018

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 \$36,498 in delinquent taxes, \$287,023 in special assessments, and \$342,596 in delinquent special assessments.

Receivables of the General fund and Lakeview Rec Plex are reported net of allowances in the amounts of \$168,026 and \$69,525, respectively.

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	\$ -	\$ 26,543,250
Rescue accounts receivable	268,639	-
Assessing contracts receivable	-	241,016
Developer fees	-	875,605
Special assessments not yet due	272,448	1,602,092
Street light replacement	-	39,956
Transportation improvement fees receivable		1,033,736
Miscellaneous	386,125	349,183
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 927,212	\$ 30,684,838
Unearned revenue included in liabilities		\$ 4,098,530
Unearned revenue included in deferred inflows		26,586,308
Total Unearned Revenue for Governmental Activities		\$ 30,684,838

C. RESTRICTED ASSETS

Equipment Replacement Account

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

TID Escrow Account

Prior to the end of the TID expenditure period for TID No. 2, the village issued debt and placed all debt proceeds in an escrow account to pay for the remaining scheduled capital projects as they are completed.

Net Pension Asset

Restricted assets are reported in connection with the net pension asset balance as this balance must be used to fund employee benefits.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 cash and investments at December 31, 2018:

	Restricted Cash and Investments
Sewer equipment replacement account	\$ 1,211,844
TID No. 2 escrow account	19,794,601
Impact fee account	1,990,241
Total Restricted Cash and Investments	\$ 23,007,160

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/ amortized				
Land	\$ 12,968,934	\$ 346,150	\$ (94,060)	\$ 13,221,024
Right of way	14,075,028	1,358,445	(165,984)	15,267,489
Construction in progress – general	676,590	1,293,640	(60,601)	1,909,629
Construction in progress – TID water and sewer	234,913	2,735,114	-	2,970,027
Total Capital Assets Not Being Depreciated/Amortized	27,955,465	5,733,349	(320,645)	33,368,169
Capital assets being depreciated/ amortized				
Land improvements	6,965,302	170,158	(865,952)	6,269,508
Buildings	17,935,231	-	(350,670)	17,584,561
Intangible assets – computer software	986,833	-	(68,492)	918,341
Intangible assets – fleet internal services	16,699	-	-	16,699
Machinery and equipment	10,439,508	1,029,586	(1,181,336)	10,287,758
Machinery and equipment – fleet internal services	9,317,323	413,921	(737,636)	8,993,608
Roads	66,711,871	2,160,755	(12,832,283)	56,040,343
Street lighting	3,339,811	1,957	(37,516)	3,304,252
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total Capital Assets Being Depreciated/Amortized	117,298,543	3,776,377	(16,073,884)	105,001,035

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ (1,725,428)	\$ (189,127)	\$ 225,240	\$ (1,689,315)
Buildings	(5,584,647)	(575,220)	120,378	(6,039,489)
Intangible assets – computer software	(713,500)	(70,851)	46,025	(738,326)
Intangible assets – fleet internal services	(8,946)	(2,386)	-	(11,332)
Machinery and equipment	(6,037,726)	(792,325)	848,098	(5,981,953)
Machinery and equipment – fleet internal services	(5,873,777)	(553,337)	503,064	(5,924,050)
Roads	(40,864,458)	(2,153,701)	11,942,010	(31,076,149)
Street lighting	(900,425)	(162,162)	21,933	(1,040,654)
Traffic signals	(166,606)	(19,369)	-	(185,975)
Railroad spur	(853,931)	(43,180)	-	(897,111)
Total Accumulated Depreciation/Amortization	(62,729,444)	(4,561,658)	13,706,748	(53,584,354)
Net Capital Assets	\$ 82,524,564			\$ 84,784,850

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 322,859
Public safety	775,213
Public works, which includes the depreciation of roads, street lighting, traffic signals, and railroad spurs	2,802,949
Culture, education and recreation	104,155
Community development	759
Sub-total	4,005,935
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	555,723
Total Governmental Activities Depreciation/Amortization Expense	\$ 4,561,658

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	12,574	67,349	282	79,641
Total Capital Assets Not Being Depreciated/Amortized	694,132	67,349	282	761,199
Capital assets being depreciated/ amortized				
Source of supply	195,690	-	-	195,690
Pumping	3,844,617	-	-	3,844,617
Transmission and distribution	59,390,177	1,440,235	138,972	60,691,440
General assets	1,181,708	74,471	124,107	1,132,072
Total Capital Assets Being Depreciated/Amortized	64,612,192	1,514,706	263,079	65,863,819
Total Capital Assets	65,306,324	1,582,055	263,361	66,625,018
Less: Accumulated depreciation/amortization	(17,084,419)	(1,228,790)	282,791	(18,030,418)
Net Water Plant	\$ 48,221,905			\$ 48,594,600

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 1,241,788	\$ -	\$ 5,369	\$ 1,236,419
Intangible assets	85,550	-	-	85,550
Construction in progress	112,126	157,903	195,507	74,522
Total Capital Assets	1,439,464	157,903	200,876	1,396,491
Not Being Depreciated/Amortized				
Capital assets being depreciated/ amortized				
Collection systems	68,454,163	1,444,578	57,358	69,841,383
Collection system pumping	5,768,479	195,507	15,562	5,948,424
Treatment and disposal	292,599	-	64,557	228,042
General assets	1,955,452	48,923	196,984	1,807,391
Total Capital Assets	76,470,693	1,689,008	334,461	77,825,240
Being Depreciated/Amortized				
Total Capital Assets	77,910,157	1,846,911	535,337	79,221,731
Less: Accumulated depreciation/amortization	(29,281,837)	(1,433,439)	349,919	(30,365,357)
Net Sewer Plant	\$ 48,628,320			\$ 48,856,374

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 470,963	\$ 88,364	\$ 102,158	\$ 457,169
Capital assets being depreciated/amortized				
Equipment	19,552	-	-	19,552
Intangible assets	8,072	45,600	8,072	45,600
Land improvements	587,886	17,691	25,108	580,469
Storm sewers	34,353,722	1,425,170	663,031	35,115,861
Total Capital Assets				
Being Depreciated/Amortized	34,969,232	1,488,461	696,211	35,761,482
Total Capital Assets	35,440,195	1,576,825	798,369	36,218,651
Less: Accumulated depreciation/amortization	(12,247,153)	(872,360)	153,479	(12,966,034)
Net Clean Water Capital Assets	\$ 23,193,042			\$ 23,252,617

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

<u>Lakeview Rec Plex</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized				
Construction in progress	\$ 782,210	\$ 1,902,033	\$ 508,846	\$ 2,175,397
Capital assets being depreciated/ amortized				
Building	40,469,865	1,804,811	957,279	41,317,397
Equipment	2,428,884	67,082	613,735	1,882,231
Infrastructure	198,788	-	198,788	-
Intangible assets	256,064	-	16,962	239,102
Land improvements	2,075,791	-	79,663	1,996,128
Total Capital Assets Being Depreciated/Amortized	<u>45,429,392</u>	<u>1,871,893</u>	<u>1,866,427</u>	<u>45,434,858</u>
Total Capital Assets	<u>46,211,602</u>	<u>3,773,926</u>	<u>2,375,273</u>	<u>47,610,255</u>
Less: Accumulated depreciation/amortization				
Building	(12,303,014)	(1,060,644)	451,476	(12,912,182)
Equipment	(2,098,625)	(73,215)	536,990	(1,634,850)
Infrastructure	(114,302)	-	114,302	-
Intangible assets	(230,833)	(13,054)	16,629	(227,258)
Land improvements	(1,197,335)	(97,780)	39,632	(1,255,483)
Total Accumulated Depreciation/Amortization	<u>(15,944,109)</u>	<u>(1,244,693)</u>	<u>1,159,029</u>	<u>(16,029,773)</u>
Net Lakeview Rec Plex Capital Assets	<u>\$ 30,267,493</u>			<u>\$ 31,580,482</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Waste Collection</u>				
Capital assets being depreciated/ amortized				
Land improvements	\$ 150,055	\$ -	\$ 49,712	\$ 100,343
Buildings	323,324	-	122,555	200,769
Equipment	772,169	11,750	19,736	764,183
Intangible assets	8,073	-	8,073	-
Total Capital Assets				
Being Depreciated/Amortized	1,253,621	11,750	200,076	1,065,295
Total Capital Assets	1,253,621	11,750	200,076	1,065,295
Less: Accumulated depreciation/amortization				
Land improvements	(13,658)	(3,345)	10,037	(6,966)
Buildings	(139,832)	(10,038)	17,696	(132,174)
Equipment	(733,765)	(29,565)	16,730	(746,600)
Intangible assets	(8,073)	-	8,073	-
Total Accumulated Depreciation/Amortization	(895,328)	(42,948)	52,536	(885,740)
Net Waste Collection Capital Assets	\$ 358,293			\$ 179,555
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 150,669,053			\$ 152,463,628

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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	\$ 1,176,376
Sewer	1,485,853
Clean Water	872,360
Lakeview Rec Plex	1,244,692
Waste Collection	<u>42,948</u>
 Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 4,822,229</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	Amount Not Due Within One Year
General	General Capital Projects	\$ 4,293,187	\$ -
General	TID No. 5	371,646	-
General	TID No. 6	9,325	-
General	TID No. 7	<u>17,527</u>	-
Subtotal – Fund Financial Statements		4,691,685	
Less: Fund eliminations		(4,691,685)	
Less: Interfund receivable created with internal service fund elimination		<u>(683,241)</u>	
Total – Government-Wide Statement of Net Position		<u>\$ (683,241)</u>	

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

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

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

Interfund Receivables/Payables (cont.)

Receivable Fund	Payable Fund	Amount
Business-type Activities – internal service allocations	Governmental Activities – internal service allocations	\$ 683,241
Total Internal Balances - Government-wide Statement of Net Position		\$ 683,241

All amounts are due within one year.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General	Water Utility	\$ 879,792	Payment in lieu of taxes
Lakeview Rec Plex	Water Utility	119,370	Tower lease payments
Total – Fund Financial Statements		999,162	
Less: Fund eliminations		(199,370)	
Less: Transfer to business-type activities for capital assets funded by the governmental activities		(506,182)	
Total Transfers – Government-Wide Statement of Activities		\$ 373,610	
Fund Transferred To	Fund Transferred From	Amount	
Governmental Activities	Business-type Activities	\$ 879,792	
Business-type Activities	Governmental Activities	(506,182)	
Total Government-wide Statement of Activities		\$ 373,610	

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, 2018

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 119,627,000	\$ 1,380,000	\$ 35,472,000	\$ 85,535,000	\$ 12,535,000
Premium	<u>3,434,279</u>	<u>17,230</u>	<u>746,107</u>	<u>2,705,402</u>	<u>-</u>
Sub-totals	<u>123,061,279</u>	<u>1,397,230</u>	<u>36,218,107</u>	<u>88,240,402</u>	<u>12,535,000</u>
Other Liabilities					
Vested compensated absences	614,506	598,953	614,506	598,953	598,953
Other post-employment benefits					
General	3,289,580	4,357,286	-	7,646,866	-
Internal service	42,893	93,121	-	136,014	-
Net pension liability					
General	571,175	-	571,175	-	-
Internal service	<u>11,096</u>	<u>-</u>	<u>11,096</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>4,529,250</u>	<u>5,049,360</u>	<u>1,196,777</u>	<u>8,381,833</u>	<u>598,953</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 127,590,529</u>	<u>\$ 6,446,590</u>	<u>\$ 37,414,884</u>	<u>\$ 96,622,235</u>	<u>\$ 13,133,953</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 23,270,000	\$ -	\$ 2,070,000	\$ 21,200,000	\$ 2,100,000
Premium	<u>2,095,093</u>	<u>-</u>	<u>271,099</u>	<u>1,823,994</u>	<u>-</u>
Sub-totals	<u>25,365,093</u>	<u>-</u>	<u>2,341,099</u>	<u>23,023,994</u>	<u>2,100,000</u>
Other Liabilities					
Customer advances	291,908	8,593	4,000	296,501	-
Other post-employment benefits	844,607	889,736	-	1,731,343	-
Net pension liability	<u>209,768</u>	<u>-</u>	<u>209,768</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>1,346,283</u>	<u>898,329</u>	<u>213,768</u>	<u>2,027,844</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 26,711,376</u>	<u>\$ 898,329</u>	<u>\$ 2,554,867</u>	<u>\$ 25,051,838</u>	<u>\$ 2,100,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the village may not exceed 5% of the equalized value of taxable property within the village's jurisdiction. The debt limit as of December 31, 2018 was \$181,480,935. Total general obligation debt outstanding at year-end was \$106,735,000.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 <u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-18</u>
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,025,000	500,000
Refunding bonds	10/25/12	06/01/19	2.00 – 3.00%	2,635,000	535,000
Promissory notes	11/03/14	05/01/24	2.00 – 4.00%	6,865,000	5,465,000
Promissory notes	08/20/14	09/01/23	4.50 – 5.00%	20,970,000	20,970,000
Promissory notes	06/04/15	09/01/20	2.00 – 3.00%	13,450,000	11,450,000
Promissory notes	11/01/16	11/01/26	2.00 – 3.00%	3,245,000	3,020,000
Promissory notes	05/11/17	09/01/20	1.54 – 2.00%	16,375,000	10,375,000
Promissory notes	07/13/17	09/01/23	1.90 – 2.00%	21,335,000	21,335,000
Promissory notes	07/13/17	09/01/21	2.00%	4,325,000	4,325,000
Refunding notes	12/12/17	12/01/20	2.25%	6,180,000	6,180,000
Promissory notes	11/20/18	01/01/22	3.00%	1,380,000	<u>1,380,000</u>
Total Governmental Activities – General Obligation Debt					<u><u>\$ 85,535,000</u></u>
Business-type Activities					
<u>General Obligation Debt</u>					
Refunding notes	06-16-08	12/01/19	4.00 – 4.25%	\$ 950,000	\$ 200,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,375,000	2,275,000
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	2,400,000
Refunding notes	02/01/12	12/01/23	2.00 – 3.00%	2,605,000	1,280,000
Refunding notes	02/21/13	05/01/24	3.00 – 3.25%	7,305,000	5,455,000
Refunding bonds	08/24/17	08/01/28	3.00 – 5.00%	7,700,000	<u>7,700,000</u>
Total Business-type Activities General Obligation Debt					<u><u>\$ 21,200,000</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, 2018

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>
2019	\$ 12,535,000	\$ 2,458,394	\$ 2,100,000	\$ 820,121
2020	25,030,000	2,149,864	4,025,000	705,184
2021	12,725,000	1,412,400	1,925,000	599,996
2022	12,930,000	989,900	1,700,000	540,090
2023	19,005,000	523,500	1,780,000	486,715
2024 – 2028	3,310,000	180,525	9,670,000	1,387,878
Totals	<u>\$ 85,535,000</u>	<u>\$ 7,714,583</u>	<u>\$ 21,200,000</u>	<u>\$ 4,539,984</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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

G. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2018 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 13,221,024
Right of way	15,267,489
Construction in progress	4,879,656
Intangible assets, net of amortization	185,382
Other capital assets, net of accumulated depreciation	51,231,299
Less: unamortized debt premium	(2,705,402)
Less: related capital long-term debt outstanding (net of unspent proceeds of debt)	<u>(35,269,601)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 46,809,847</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2018 include the following:

	General Fund	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID #2 Escrow Fund	Nonmajor Govern- mental Funds	Totals
Fund Balances							
Nonspendable:							
Delinquent taxes/ specials	\$ 36,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,498
Prepaid items	214,607	-	-	-	-	-	214,607
Sub-total	<u>251,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,105</u>
Restricted for:							
Debt service	-	1,039,429	16,774,971	-	-	-	17,814,400
TID purposes	-	-	-	-	16,968,807	18,235	16,987,042
Impact fees	-	-	-	1,990,241	-	-	1,990,241
Sub-total	<u>-</u>	<u>1,039,429</u>	<u>16,774,971</u>	<u>1,990,241</u>	<u>16,968,807</u>	<u>18,235</u>	<u>36,791,683</u>
Committed to:							
Police canine unit	-	-	-	-	-	10,712	10,712
Assigned to:							
Capital projects	-	-	-	1,360,960	-	-	1,360,960
2019 budget	243,821	-	-	-	-	-	243,821
Sub-total	<u>243,821</u>	<u>-</u>	<u>-</u>	<u>1,360,960</u>	<u>-</u>	<u>-</u>	<u>1,604,781</u>
Unassigned (deficit)	<u>7,045,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(879,312)</u>	<u>6,165,981</u>
 Total Fund Balances (Deficit)	 <u><u>\$ 7,540,219</u></u>	 <u><u>\$ 1,039,429</u></u>	 <u><u>\$ 16,774,971</u></u>	 <u><u>\$ 3,351,201</u></u>	 <u><u>\$ 16,968,807</u></u>	 <u><u>\$ (850,365)</u></u>	 <u><u>\$ 44,824,262</u></u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,782,637
Construction in progress	2,786,729
Intangible assets, net of amortization	278,334
Other capital assets, net of accumulated depreciation	147,615,928
Less: Long-term capital debt outstanding	(21,200,000)
Less: Unamortized debt premium	<u>(1,823,994)</u>
Total Net Investment in Capital Assets	<u>\$ 129,439,634</u>

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/Masurement 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, 2018, the CDA held no cash or investments.

c. Land Held for Resale

The CDA had a balance of \$232,716 in land held for resale as of December 31, 2018. This balance is reported at the lower of cost or market. In 2018, the CDA was involved in a land swap with a developer to exchange 11.52 acres of land held by the CDA for 6.65 acres of land held by the developer.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

I. RESTATEMENT OF NET POSITION

Net position has been restated to implement GASB No. 75. Refer to Note 1. B. for additional information related to this standard. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Solid Waste	Clean Water	Internal Service Funds	Water	Sewer	RecPlex
Net position – December 31, 2017 (as reported)	\$ 42,479,587	\$ 143,193,779	\$ 703,849	\$ 25,710,321	\$ 6,204,384	\$ 53,575,574	\$ 53,920,830	\$ 8,495,097
Less: Health insurance related OPEB liability	336,105	69,788	9,360	5,527	5,874	4,927	5,974	44,000
Less: Life insurance related OPEB liability	<u>(754,922)</u>	<u>(246,403)</u>	<u>(24,309)</u>	<u>(18,170)</u>	<u>(13,014)</u>	<u>(20,994)</u>	<u>(20,257)</u>	<u>(162,673)</u>
Net Position – December 31, 2017 (as reported)	<u>\$ 42,060,770</u>	<u>\$ 143,017,164</u>	<u>\$ 688,900</u>	<u>\$ 25,697,678</u>	<u>\$ 6,197,244</u>	<u>\$ 53,559,507</u>	<u>\$ 53,906,547</u>	<u>\$ 8,376,424</u>

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>.

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
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
2016	0.5	(5)
2017	2.0	4.0

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

During the reporting period, the WRS recognized \$1,057,059 in contributions from the village.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates for the plan year reported as of December 31, 2018 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2018, the village reported an asset of \$2,972,559 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.10011588%, which was an increase of 0.00402243% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized pension expense of \$1,308,785.

At December 31, 2018, 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	\$ 3,776,710	\$ 1,766,620
Changes of actuarial assumptions	587,319	-
Net differences between projected and actual earnings on pension plan investments	-	4,085,507
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	98,150
Employer contributions subsequent to the measurement date	1,106,311	-
Totals	\$ 5,470,340	\$ 5,950,277

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,106,311 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred outflows (inflows) of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 280,055
2020	(58,538)
2021	(1,036,393)
2022	(778,449)
2023	7,077
Thereafter	-

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2016
Measurement Date of Net Pension Liability (Asset)	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair 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 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2017 is based upon a roll-forward of the liability calculated from the December 31, 2016 actuarial valuation.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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 %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	8.2%	5.3%
Fixed Income	24.5	4.24	1.4
Inflation Sensitive Assets	15.5	3.8	1.0
Real Estate	8	6.5	3.6
Private Equity/Debt	8	9.4	6.5
Multi-Asset	4	6.5	3.6
Total Core Fund	110	7.3	4.4
<u>Variable Fund Asset Class</u>			
U.S Equities	70	7.5	4.6
International Equities	30	7.8	4.9
Total Variable Fund	100	7.9	5.0

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, 2018

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 3.31%. 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 (asset) to changes in the discount rate. The following presents the village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 7,691,025	\$ (2,972,559)	\$ (11,077,213)

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, 2018, 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, 2018

NOTE V – OTHER INFORMATION (cont.)

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, 2018. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The village has one encumbrance outstanding at year end in the TID No. 2 Escrow Capital Projects Fund for \$10,657,161 that is expected to be honored upon performance by the vendor.

In 2009, the village issued a municipal revenue obligation as part of a development agreement, which was authorized through the TID project plan. The original amount of the obligation was \$452,062 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 TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment and accrued interest outstanding at year-end was \$841,453.

Water Supply and Wastewater Treatment

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

D. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – OPEB Trust

Plan administration. The Village Retirement System (VRS) administers the Village Retirement Benefits Plan (VRBP), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time general and public safety employees of the village.

Management of the VRBP is vested in the VRS Board of Trustees (VRS Board), which consists of two members, who are appointed by the Village Board.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Plan Description – OPEB Trust (cont.)

Plan membership. At December 31, 2018, VRBP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	30
Active plan members	<u>74</u>
Total	<u><u>104</u></u>

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.

Benefits provided. VRBP provides healthcare benefits for eligible retirees and their dependents for a period of 5 years for nonrepresented retirees or 10 years for police and fire retirees, unless eligible for Medicare. Benefits are provided through a third-party insurer, and the full cost of benefits less required contributions is covered by the plan. Article XII of the Declaration of Trust grants the authority to establish and amend the benefit terms to the VRS Board.

Contributions. Article VII of the Declaration of Trust grants the authority to establish and amend the contribution requirements of the village and plan members to the VRS Board. The Board establishes rates based on annual Village Wellness Program participation and wellness level achievements. For the year ended December 31, 2018, the village's average contribution rate was 5.7 percent of covered-employee payroll. Plan members are required to contribute either 5% or 25% of annual premiums.

Investments

Investment policy. VRBP does not currently have a policy to address the allocation of invested assets.

Concentrations. The investments of the trust are concentrated in deposits (21%) and mutual bond funds (79%).

Rate of return. For the year ended December 31, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 0.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the village at December 31, 2018, were as follows:

Total OPEB liability	\$ 9,174,612
Less: plan fiduciary net position	<u>(952,538)</u>
Village's Net OPEB Liability	<u><u>\$ 8,222,074</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability	10.38%
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VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Net OPEB Liability (cont.)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.00%
Salary increases	3.20% inflation plus 0.4%-4.8% merit
Investment Rate of Return	4.00%
Healthcare cost trend rates	16.9% initially decreasing to 7.5% in 2019 and then 5.0% annually until 2060 then decreasing by 4.3% annually to an ultimate rate of 4.0%

Mortality rates were based on the Wisconsin 2012 Mortality Table (multiplied by 50% for males and females) as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period 2012 – 2014 performed by the actuary for the Wisconsin Retirement System.

The long-term expected rate of return on OPEB 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2018 (see the discussion of VRBP's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Cash	0.34%
U.S. Short Bonds	1.50%
U.S. Inflation Indexed Bonds	1.24%

Discount rate. The discount rate used to measure the total OPEB liability was 4.00 percent. The projection of cash flows used to determine the discount rate assumed that the village contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position will be available to make all projected future benefit payments of current plan members. Therefore, the discount was used based on the long-term expected rate of return on OPEB plan investments to determine the total OPEB liability.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Net OPEB Liability (cont.)

The village's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Change in Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at December 31, 2017	\$ 4,838,920	\$ 947,285	\$ 3,891,635
Changes for the year:			
Service cost	188,623	-	188,623
Interest	195,200	-	195,200
Changes in assumptions or other inputs	4,249,869	-	4,249,869
Benefit payments	(298,000)	298,000	-
Net investment income		5,253	5,253
Employer contributions		(298,000)	(298,000)
Net Changes	4,335,692	5,253	4,330,439
Balances at December 31, 2018	\$ 9,174,612	\$ 952,538	\$ 8,222,074

Changes of assumptions and other inputs reflect a change in general requirements of the plan, economic/ demographic gains or losses, and actuarial assumptions and inputs.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the village, as well as what the village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Decrease (5.00%)
Net OPEB liability	\$ 8,899,488	\$ 8,222,074	\$ 7,588,628

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the village, as well as what the village's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (15.9 percent increasing to 3.0 percent) or 1-percentage-point higher (17.9 percent decreasing to 5.0 percent) than the current healthcare cost trend rates (16.9% decreasing to 4.0 percent):

	1% Decrease	Healthcare Cost Trend Rates	1% Decrease
Net OPEB liability	\$ 7,400,474	\$ 8,222,074	\$ 9,169,197

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Net OPEB Liability (cont.)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available is included above. The OPEB Trust does not issue separate financial statements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the village recognized OPEB expense of \$2,502,995. At December 31, 2018, the village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference between projected and actual experiences	\$ 1,659,070
Changes of actuarial assumptions	440,283
Net differences between projected and actual investment earnings on pension plan investment	26,110
Total	\$ 2,125,463

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:

2018	\$ 327,037
2019	327,037
2020	327,037
2021	327,037
2022	320,526
Thereafter	496,789

Local Retiree Life Insurance Fund (LRLIF)

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Local Retiree Life Insurance Fund (LRLIF) (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 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. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

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

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65. Contribution rates for the plan year reported as of December 31, 2018 are:

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

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

Life Insurance Employee Contribution Rates For the Plan Year

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Local Retiree Life Insurance Fund (LRLIF) (cont.)

During the reporting period, the LRLIF recognized \$8,156 in contributions from the employer.

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

At December 31, 2018, the village reported a liability of \$1,292,149 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to December 31, 2017. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net OPEB liability was based on the village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2017, the village's proportion was 0.42948800%, which was a decrease of 0.01369900% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the village recognized OPEB expense of \$140,633.

At December 31, 2018, the village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,206
Net differences between projected and actual earnings on OPEB plan investments	14,879	-
Changes in assumptions	124,863	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,843	-
Employer contributions subsequent to the measurement date	7,968	-
Total	\$ 176,553	\$ 18,206

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

Local Retiree Life Insurance Fund (LRLIF) (cont.)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

\$7,968 reported as deferred outflows related to OPEB resulting from the LRLIF Employer’s contributions subsequent to the measurement date will be recognized as a \$7,968 of the net OPEB liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2019	\$ 24,470
2020	24,470
2021	24,470
2022	24,470
2023	20,750
Thereafter	31,749

Actuarial assumptions. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2017
Measurement Date of Net OPEB Liability	December 31, 2017
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	3.44%
Long-Term Expected Rate of Return:	5.0%
Discount Rate:	3.63%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2017

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Government Bonds	Barclays Government	1%	1.13%
U.S. Credit Bonds	Barclays Credit	65	2.61
U.S. Long Credit Bonds	Barclays Long Credit	3	3.08
U.S. Mortgages	Barclays MBS	31	2.19
Inflation			2.3
Long-Term Expected Rate of Return			5.0

Single discount rate. A single discount rate of 3.63% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (cont.)

Sensitivity of the village’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the village’s proportionate share of the net OPEB liability calculated using the discount rate of 3.63 percent, as well as what the village’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.63 percent) or 1-percentage-point higher (4.63 percent) than the current rate:

	1% Decrease to Discount Rate (2.63%)	Current Discount Rate (3.63%)	1% Increase to Discount Rate (4.603%)
Village’s proportionate share of the net OPEB liability	\$1,826,298	\$1,292,149	\$882,246

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

E. SIGNIFICANT CUSTOMERS

Water Utility

The utility has one significant customer who was responsible for 14% of operating revenues in 2018.

The significance of this customer is lessened when considering factors including the utility’s ability to apply for a rate increase to cover its costs as well as that a large portion of its costs are variable based on the amount of water purchased.

F. SUBSEQUENT EVENTS

On April 18, 2019 the village issued general obligation promissory notes in the amount of \$9,090,000 with an interest rate of 3.00%. This amount will be used for TID and village capital projects.

On April 18, 2019 the village issued taxable general obligation promissory notes in the amount of \$7,900,000 with an interest rate of 2.60 – 2.75%. This amount will be used for TID No. 5 capital projects.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE V – OTHER INFORMATION (cont.)

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

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

- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES AND OTHER FINANCING SOURCES				
TAXES				
General property tax for local purposes	\$ 9,362,088	\$ 9,362,088	\$ 9,362,086	\$ (2)
Taxes - penalties and interest	50,000	50,000	48,778	(1,222)
Mobile home taxes	125,000	125,000	137,462	12,462
Hotel/motel room tax	60,000	60,000	66,458	6,458
Other taxes	<u>21,000</u>	<u>21,000</u>	<u>20,683</u>	<u>(317)</u>
Total Taxes	<u>9,618,088</u>	<u>9,618,088</u>	<u>9,635,467</u>	<u>17,379</u>
INTERGOVERNMENTAL				
Shared taxes from state	2,024,040	2,024,040	2,030,103	6,063
Fire insurance tax from state	122,590	122,590	121,270	(1,320)
Law enforcement grants	43,988	43,988	46,318	2,330
Ambulance service grant	4,195	4,195	4,216	21
Exempt computer aid	43,543	43,543	43,544	1
State payment for municipal service	<u>1,900</u>	<u>1,900</u>	<u>1,208</u>	<u>(692)</u>
Total Intergovernmental	<u>2,240,256</u>	<u>2,240,256</u>	<u>2,246,659</u>	<u>6,403</u>
REGULATION AND COMPLIANCE				
Liquor and malt beverage licenses	13,000	13,000	15,457	2,457
Cigarette licenses	1,400	1,400	1,200	(200)
Bartender licenses	7,000	7,000	7,160	160
Other miscellaneous licenses	2,500	2,500	4,485	1,985
Fire department permits	115,402	115,402	131,721	16,319
Dog licenses	7,000	7,000	6,867	(133)
Residential building permits	216,000	216,000	379,700	163,700
Commercial building permits	347,500	347,500	300,521	(46,979)
Application and zoning fees	222,360	222,360	313,593	91,233
Miscellaneous permits and fees	131,600	131,600	200,163	68,563
Court penalties and costs	331,365	331,365	313,708	(17,657)
Parking tickets	<u>25,000</u>	<u>25,000</u>	<u>23,750</u>	<u>(1,250)</u>
Total Regulation and Compliance	<u>1,420,127</u>	<u>1,420,127</u>	<u>1,698,325</u>	<u>278,198</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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
PUBLIC CHARGES FOR SERVICES				
Prequalification fees	\$ 3,600	\$ 3,600	\$ 2,535	(1,065)
Administrative fees	5,000	5,000	4,925	(75)
Publication fees	700	700	510	(190)
Police department fees	59,467	59,467	75,346	15,879
Fire department fees	36,000	36,000	41,265	5,265
Rescue squad fees	533,629	533,629	454,017	(79,612)
Highway department fees	703,000	703,000	663,800	(39,200)
Engineering department fees	230,000	230,000	291,003	61,003
Street lighting	160,000	160,000	139,758	(20,242)
Special assessment letters	10,000	10,000	16,579	6,579
Weed control	7,000	7,000	8,267	1,267
Franchise fees	275,000	275,000	304,914	29,914
IT department services	7,000	7,000	-	(7,000)
Other	11,500	11,500	30,691	19,191
Total Public Charges for Services	<u>2,041,896</u>	<u>2,041,896</u>	<u>2,033,610</u>	<u>(8,286)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Assessing contracts	268,908	268,908	339,856	70,948
Total Intergovernmental Charges for Services	<u>268,908</u>	<u>268,908</u>	<u>339,856</u>	<u>70,948</u>
INVESTMENT INCOME				
Investment income	106,000	106,000	171,000	65,000
MISCELLANEOUS				
Miscellaneous	44,600	44,600	74,411	29,811
Tower leases	162,542	162,542	167,224	4,682
Village hall rent from utility	91,745	91,745	92,129	384
Total Miscellaneous	<u>298,887</u>	<u>298,887</u>	<u>333,764</u>	<u>34,877</u>
OTHER FINANCING SOURCES				
Transfers in	850,000	850,000	879,792	29,792
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>16,844,162</u>	<u>16,844,162</u>	<u>17,338,473</u>	<u>494,311</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES AND OTHER FINANCING USES				
GENERAL GOVERNMENT				
Village board	\$ 95,200	\$ 95,200	\$ 96,730	\$ (1,530)
Information technology	966,251	966,251	970,795	(4,544)
Administration, finance and human resources	1,162,579	1,162,579	1,025,640	136,939
Assessing	679,330	679,330	676,700	2,630
Municipal buildings	413,091	413,091	409,084	4,007
Contingency	134,889	50,000	23,825	26,175
Total General Government	<u>3,451,340</u>	<u>3,366,451</u>	<u>3,202,774</u>	<u>163,677</u>
PUBLIC SAFETY				
Police	4,540,595	4,583,509	4,379,264	204,245
Municipal court	178,058	178,058	154,633	23,425
Fire and rescue	3,948,087	3,990,062	3,711,207	278,855
Engineering department	351,117	351,117	329,128	21,989
Public safety communications	566,598	566,598	529,705	36,893
Total Public Safety	<u>9,584,455</u>	<u>9,669,344</u>	<u>9,103,937</u>	<u>565,407</u>
PUBLIC WORKS				
Public works	2,150,579	2,149,179	2,146,405	2,774
Street lighting	292,382	293,782	279,648	14,134
Total Public Works	<u>2,442,961</u>	<u>2,442,961</u>	<u>2,426,053</u>	<u>16,908</u>
CULTURE, RECREATION AND EDUCATION				
Historical Society	24,372	24,372	24,328	44
Parks	536,584	536,584	502,146	34,438
Total Culture, Recreation and Education	<u>560,956</u>	<u>560,956</u>	<u>526,474</u>	<u>34,482</u>
COMMUNITY DEVELOPMENT				
Community development	525,095	525,095	509,257	15,838
Inspection	467,156	467,156	420,253	46,903
Total Community Development	<u>992,251</u>	<u>992,251</u>	<u>929,510</u>	<u>62,741</u>
TOTAL EXPENDITURES	<u>17,031,963</u>	<u>17,031,963</u>	<u>16,188,748</u>	<u>843,215</u>
Net Change in Fund Balance	(187,801)	(187,801)	1,149,725	1,337,526
FUND BALANCE - Beginning of Year	<u>6,390,494</u>	<u>6,390,494</u>	<u>6,390,494</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 6,202,693</u>	<u>\$ 6,202,693</u>	<u>\$ 7,540,219</u>	<u>\$ 1,337,526</u>

See independent auditors' report and accompanying notes to 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, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset) / Liability</u>	<u>Proportionate Share of the Net Pension Liability (Asset) / Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension (Asset) / Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
12/31/18	0.10011588%	\$ (2,972,559)	\$ 13,042,279	-22.79%	102.93%
12/31/17	0.09609345%	792,039	12,742,390	6.22%	99.12%
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, 2018

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/18	\$ 1,106,311	\$ 1,106,311	\$ -	\$ 13,692,593	8.08%
12/31/17	1,058,738	1,058,738	-	13,042,279	8.12%
12/31/16	972,450	972,450	-	12,744,682	7.63%
12/31/15	917,337	917,337	-	11,800,265	7.77%

SCHEDULE OF PROPORTIONATE SHARE OF THE NET LIFE INSURANCE OPEB LIABILITY
LOCAL RETIREE LIFE INSURANCE FUND
For the Year Ended December 31, 2018

<u>Fiscal Year Ending</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
12/31/18	0.42948800%	\$ 1,292,149	\$ 18,061,199	7.15%	44.81%

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

VILLAGE OF PLEASANT PRAIRIE

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY - HEALTH INSURANCE Last 10 Fiscal Years*

	2017	2018
Total OPEB Liability		
Service cost	\$ 174,030	\$ 188,623
Interest on the total OPEB liability	189,938	195,200
Changes of benefit terms		1,830,026
Differences between expected and actual experience	-	1,912,341
Changes of assumptions or other inputs	-	507,502
Employer contributions	(197,000)	(298,000)
Net change in the total OPEB liability	\$ 166,968	\$ 4,335,692
Total OPEB liability, beginning	\$ 4,671,952	\$ 4,838,920
Total OPEB liability, ending (a)	\$ 4,838,920	\$ 9,174,612
Fiduciary Net Position		
Employer contributions	197,000	298,000
Net investment income	16,273	5,253
Benefit payments	(197,000)	(298,000)
Net change in plan fiduciary net position	\$ 16,273	\$ 5,253
Total fiduciary net position, beginning	\$ 931,012	\$ 947,285
Total fiduciary, ending (b)	\$ 947,285	\$ 952,538
Net OPEB liability, ending = (a) - (b)	\$ 3,891,635	\$ 8,222,074
Covered payroll	5,931,076	5,230,280
Net OPEB liability as a percent of covered payroll	65.6%	157.2%

Notes to the Schedule:

Benefit changes: Police benefits were changed from a period of 5 years to 10 years. Police eligibility age was also reduced from age 55 to age 50.

Changes in assumptions: The medical trend rates were changed to reflect anticipated experience. The assumption for the percentage of future retirees achieving certain status levels has also changed.

*The Plan implemented GASB Statement No. 74 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

Note: this schedule is to show information for 10 years. However, accounting standards allow the presentation of as many years are available until 10 years are presented.

VILLAGE OF PLEASANT PRAIRIE

SCHEDULE OF INVESTMENT RETURNS - OTHER POSTEMPLOYMENT BENEFITS HEALTH INSURANCE Last 10 Fiscal Years*

	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	1.75%	0.55%

*The Plan implemented GASB Statement No. 74 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

Note: this schedule is to show information for 10 years. However, accounting standards allow the presentation of as many years as are available until 10 years are presented.

VILLAGE OF PLEASANT PRAIRIE

SCHEDULE OF CHANGES IN EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS HEALTH INSURANCE December 31, 2018

	2018
Total OPEB Liability	
Service cost	\$ 188,623
Interest	195,200
Changes of benefit terms	1,830,026
Differences between expected and actual experience	1,912,341
Changes of assumptions	507,502
Benefit payments	(298,000)
Net Change in Total OPEB Liability	4,335,692
Total OPEB Liability - Beginning	4,838,920
Total OPEB Liability - Ending	\$ 9,174,612
 Covered-employee payroll	 \$ 5,230,280
 Total OPEB liability as a percentage of covered-employee payroll	 175.41%

Notes to Schedule:

Benefit changes: Police benefits were changed from a period of 5 years to 10 years. Police eligibility age was also reduced from age 55 to age 50.

Changes in assumptions: The medical trend rates were changed to reflect anticipated experience. The assumption for the percentage of future retirees achieving certain status levels has also changed.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, 2018.

Methods and assumptions used to determine the total OPEB liability:

Actuarial cost method	Entry age normal
Amortization method	Average remaining member service life
Amortization period	7.55 years
Asset valuation method	Fair market value
Inflation	4.00 percent
Healthcare cost trend rates	16.9 percent initial, decreasing to 7.5% in 2019 then decreasing to an ultimate rate of 4.0 percent
Salary increases	3.20 percent inflation plus 0.4 - 4.8% merit
Investment rate of return	4.00 percent
Retirement age	Based upon rates from the December 31, 2017 actuarial valuation for the Wisconsin Retirement System (WRS) in connection with a study of experience during 2012-2014.
Mortality	Assumed life expectancies were based on the Wisconsin 2012 Mortality Table

Other information:

The village implemented GASB Statement No. 75 in 2018. Information prior to 2018 is not available.

Note: this schedule is to show information for 10 years. However, accounting standards allow the presentation of as many years as are available until 10 years are presented.

See independent auditors' report.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2018

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.

LOCAL RETIREE LIFE INSURANCE FUND

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

Changes in assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF PLEASANT PRAIRIE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2018

	Special Revenue	Capital Project Funds					Total Nonmajor Funds
	Fund						
	Police Canine Unit	TID No. 2	TID No. 4	TID No. 5	TID No. 6	TID No. 7	
ASSETS							
Cash and investments	\$ 17,877	\$ 18,235	\$ -	\$ -	\$ -	\$ -	\$ 36,112
Taxes receivable	-	-	2,970	-	-	-	2,970
TOTAL ASSETS	\$ 17,877	\$ 18,235	\$ 2,970	\$ -	\$ -	\$ -	\$ 39,082
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 7,165	\$ -	\$ -	\$ 7,712	\$ 473,102	\$ -	\$ 487,979
Due to other funds	-	-	-	371,646	9,325	17,527	398,498
Total Liabilities	7,165	-	-	379,358	482,427	17,527	886,477
Deferred Inflows of Resources							
Unearned revenue	-	-	2,970	-	-	-	2,970
Fund Balances (Deficit)							
Restricted	-	18,235	-	-	-	-	18,235
Committed	10,712	-	-	-	-	-	10,712
Unrestricted (deficit)	-	-	-	(379,358)	(482,427)	(17,527)	(879,312)
Total Fund Balances (Deficit)	10,712	18,235	-	(379,358)	(482,427)	(17,527)	(850,365)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 17,877	\$ 18,235	\$ 2,970	\$ -	\$ -	\$ -	\$ 39,082

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Special Revenue Funds		Capital Project Funds					Total Nonmajor Funds
	Police Canine Unit	Federally Forfeited Property Fund	TID No. 2	TID No. 4	TID No. 5	TID No. 6	TID No. 7	
REVENUES								
Taxes	\$ -	\$ -	\$ -	\$ 3,516	\$ -	\$ -	\$ -	\$ 3,516
Investment income	123	37	600	-	-	-	-	760
Miscellaneous	17,610	-	22,300	-	-	-	-	39,910
Total Revenues	17,733	37	22,900	3,516	-	-	-	44,186
EXPENDITURES								
Current								
Public safety	9,643	4,313	-	-	-	-	-	13,956
Community development	-	-	41,864	3,516	343,082	9,249	17,388	415,099
Capital outlay	-	-	-	-	-	473,102	-	473,102
Debt service								
Interest and fiscal charges	-	-	-	-	3,923	76	139	4,138
Total Expenditures	9,643	4,313	41,864	3,516	347,005	482,427	17,527	906,295
Net Change in Fund Balance	8,090	(4,276)	(18,964)	-	(347,005)	(482,427)	(17,527)	(862,109)
FUND BALANCE - Beginning of Year	2,622	4,276	37,199	-	(32,353)	-	-	11,744
FUND BALANCE - END OF YEAR (DEFICIT)	\$ 10,712	\$ -	\$ 18,235	\$ -	\$ (379,358)	\$ (482,427)	\$ (17,527)	\$ (850,365)

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS -
COMPONENT UNIT
For the Year Ended December 31, 2018

	Community Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	\$ <u> -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	\$ <u> -</u>
Net Change in Cash and Cash Equivalents	-
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u> -</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u> -</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer of land to the Village	\$ <u>(22,300)</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2018

	<u>Tax Collection Fund</u>	<u>Mobile Home Fees</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 23,315,111	\$ 68,430	\$ 23,383,541
Receivables			
Taxes	20,983,917	-	20,983,917
Accounts	<u>-</u>	<u>16,724</u>	<u>16,724</u>
 TOTAL ASSETS	 <u>\$ 44,299,028</u>	 <u>\$ 85,154</u>	 <u>\$ 44,384,182</u>
LIABILITIES			
Accounts payable	\$ 12,531	\$ -	\$ 12,531
Due to other taxing units	<u>44,286,497</u>	<u>85,154</u>	<u>44,371,651</u>
 TOTAL LIABILITIES	 <u>\$ 44,299,028</u>	 <u>\$ 85,154</u>	 <u>\$ 44,384,182</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2018

	Fleet	Insurance	Total
ASSETS			
Current Assets			
Cash and investments	\$ 1,023,862	\$ 2,565,159	\$ 3,589,021
Total Current Assets	1,023,862	2,565,159	3,589,021
Noncurrent Assets			
Restricted assets			
Net pension asset	39,234	-	39,234
Capital assets			
Intangibles	16,699	-	16,699
Machinery and equipment	8,993,608	-	8,993,608
Accumulated depreciation	(5,924,050)	-	(5,924,050)
Accumulated amortization	(11,331)	-	(11,331)
Total Noncurrent Assets	3,114,160	-	3,114,160
Total Assets	4,138,022	2,565,159	6,703,181
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related amounts	76,031	-	76,031
OPEB-related amounts	33,084	-	33,084
Total Deferred Outflows of Resources	109,115	-	109,115
LIABILITIES			
Current Liabilities			
Accounts payable	44,433	-	44,433
Accrued liabilities	23,606	-	23,606
Total Current Liabilities	68,039	-	68,039
Noncurrent Liabilities			
Other post-employment benefits	136,014	-	136,014
Total Noncurrent Liabilities	136,014	-	136,014
Total Liabilities	204,053	-	204,053
DEFERRED INFLOWS OF RESOURCES			
Pension-related amounts	78,779	-	78,779
OPEB-related amounts	237	-	237
Total Deferred Inflows of Resources	79,016	-	79,016
NET POSITION			
Net investment in capital assets	3,074,926	-	3,074,926
Restricted for pension	39,234	-	39,234
Unrestricted	849,908	2,565,159	3,415,067
TOTAL NET POSITION	\$ 3,964,068	\$ 2,565,159	\$ 6,529,227

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Fleet	Insurance	Total
OPERATING REVENUES	<u>\$ 1,666,410</u>	<u>\$ 3,524,742</u>	<u>\$ 5,191,152</u>
OPERATING EXPENSES			
Operation and maintenance	1,277,604	2,987,705	4,265,309
Depreciation/amortization	<u>555,723</u>	<u>-</u>	<u>555,723</u>
Total Operating Expenses	<u>1,833,327</u>	<u>2,987,705</u>	<u>4,821,032</u>
Operating Income (Loss)	<u>(166,917)</u>	<u>537,037</u>	<u>370,120</u>
NONOPERATING REVENUES			
Investment income	15,668	36,168	51,836
Gain (loss) on disposal of assets	<u>(89,973)</u>	<u>-</u>	<u>(89,973)</u>
Total Nonoperating Revenues	<u>(74,305)</u>	<u>36,168</u>	<u>(38,137)</u>
CHANGE IN NET POSITION	<u>(241,222)</u>	<u>573,205</u>	<u>331,983</u>
NET POSITION – Beginning of Year (as restated)	<u>4,205,290</u>	<u>1,991,954</u>	<u>6,197,244</u>
NET POSITION – END OF YEAR	<u>\$ 3,964,068</u>	<u>\$ 2,565,159</u>	<u>\$ 6,529,227</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2018

	Fleet	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,666,410	\$ 3,524,742	\$ 5,191,152
Paid to suppliers for goods and services	(869,541)	(2,987,705)	(3,857,246)
Paid to employees for services	(374,869)	-	(374,869)
Net Cash Flows From Operating Activities	<u>422,000</u>	<u>537,037</u>	<u>959,037</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	15,668	36,168	51,836
Net Cash Flows From Investing Activities	<u>15,668</u>	<u>36,168</u>	<u>51,836</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(269,323)	-	(269,323)
Net Cash Flows From Capital and Related Financing Activities	<u>(269,323)</u>	<u>-</u>	<u>(269,323)</u>
Net Change in Cash and Cash Equivalents	168,345	573,205	741,550
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>855,517</u>	<u>1,991,954</u>	<u>2,847,471</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,023,862</u>	<u>\$ 2,565,159</u>	<u>\$ 3,589,021</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (166,917)	\$ 537,037	\$ 370,120
Noncash items included in income			
Depreciation/amortization	555,723	-	555,723
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts payable	(29,807)	-	(29,807)
Other current and accrued liabilities	11,010	-	11,010
OPEB related deferrals and liabilities	60,274	-	60,274
Pension-related amounts	(8,283)	-	(8,283)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 422,000</u>	<u>\$ 537,037</u>	<u>\$ 959,037</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			