

VILLAGE OF PLEASANT PRAIRIE

Pleasant Prairie, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2017

VILLAGE OF PLEASANT PRAIRIE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

Independent Auditors' Report	i – ii
Required Supplementary Information	
Management's Discussion and Analysis	iii – xi
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	4 – 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9 – 10
Statement of Net Position – Fiduciary Funds	11
Statement of Changes in Net Position – Fiduciary Fund	12
Notes to Financial Statements	13 – 61
Required Supplementary Information	
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	62 – 64
Other Postemployment Benefits Plan – Schedule of Employer Contributions and Schedule of Funding Progress	65
Schedule of Proportionate Share of the Net Pension (Asset) / Liability – Wisconsin Retirement System	66
Schedule of Employer Contributions – Wisconsin Retirement System	66
Schedule of Changes in the Net OPEB Liability	67
Schedule of Investment Returns	68
Notes to Required Supplementary Information	69

VILLAGE OF PLEASANT PRAIRIE

TABLE OF CONTENTS As of and for the Year Ended December 31, 2017

Supplementary Information

Nonmajor Governmental Funds – Combining Balance Sheet	70
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71
Statement of Cash Flows – Component Unit	72
Combining Statement of Assets and Liabilities – Agency Funds	73
Combining Statement of Net Position – Internal Service Funds	74
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	75
Combining Statement of Cash Flows – Internal Service Funds	76

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, 2017, 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, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the Village of Pleasant Prairie adopted the provisions of GASB Statement No. 74, *Financial reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 5, 2018

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

Our discussion and analysis of the Village of Pleasant Prairie’s (the Village) financial performance provides an overview of the Village’s financial activities as of and for the year ended December 31, 2017. 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 \$16.9 million to \$185.7 million. Events that had major impacts on the Village’s 2017 financials were:

- The Village’s debt increased by \$56.3 million ending the year with \$142.9 million in general obligation bonds outstanding. The Village borrowed \$63.9 million, see breakdown below, refinanced \$18.2 million. The Village paid \$25.8 million of principal in 2017.
 - \$37.9 million – TID #2 - Purchase land to resell, now identified as Prairie Highlands Corporate Park
 - \$25.9 million – TID #2 – put in escrow to be used to complete unfinished capital projects.
 - \$267,000 – General Capital – short-term borrowing for roads maintenance
- The Village had \$25.9 million in land held for sale at the end for 2017, after selling property for \$13 million to Haribo, the first of two land purchase installments.
- The majority of the escrow balance, \$25.4 million was not spent at the end of 2017. The escrow spending for development of Prairie Highland Corporate Park is planned for 2018 and 2019.
- Capital grants and contributions decreased \$2 million from \$8.3 million in 2016 to \$6.3 million in 2017. A decrease of \$2.1 million in government activities, and increase of \$.1 in business-type activities.
- TID No. 2 was amended in 2017 to increase expenditures from \$122.6 million to \$176.7 million, \$54.1 million increase. The increase was to purchase land that is now Prairie Highlands Corporate Pak, and make \$25 million of improvements to this park. At the end of 2017, total TID #2 expenditure was \$155.8 million, with 88.1% completed. To finish, the majority of the escrow balance of \$25.5 million will be spent in 2018 and 2019. Land valued at \$4.7 million was donated by the Village’s CDA to sell to Route 165 LLC. This donation wasn’t considered when amending TID #2, so the “Land Acquisitions” category is over the plan amendment by \$4.7 million at the end of 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts:

- *Management’s discussion and analysis – required supplementary information*
- *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 \$16.9 million to \$185.7 million. The majority of the net position, \$143.2 million, belongs to business-type activities of the Village, primarily the sewer (\$53.9 million) and water utilities (\$53.6 million).

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

	Governmental		Business-type		Total		Total Change	
	Activities		Activities				Dollars	%
	2016	2017	2016	2017	2016	2017	2016-2017	
Current and other assets	50.7	116.3	18.8	21.2	69.6	137.5	67.9	97.6%
Capital assets	79.6	82.5	151.5	150.7	231.1	233.2	2.1	0.9%
Total assets	130.3	198.8	170.3	171.9	300.7	370.7	70.1	23.3%
Deferred outflow s of resources	6.3	4.6	2.2	1.5	8.5	6.1	(2.4)	N/A
Long-term debt outstanding	68.6	127.6	29.4	26.7	98.1	154.3	56.2	57.3%
Other liabilities	13.4	7.3	2.9	2.9	16.3	10.2	(6.1)	-37.4%
Total liabilities	82.0	134.9	32.3	29.6	114.3	164.5	50.2	43.9%
Deferred inflow s of resources	25.2	26.0	0.8	0.7	26.1	26.7	0.6	2.3%
Net Position								
Net investment in								
capital assets	51.4	30.0	123.6	125.3	156.8	131.4	(25.4)	-16.2%
Restricted	4.8	1.4	1.3	1.3	6.0	2.7	(3.4)	-55.0%
Unrestricted (deficit)	(26.8)	11.1	14.5	16.6	5.8	51.7	45.9	791.4%
Total net position - end of year	29.4	42.5	139.3	143.2	168.7	185.7	16.9	10.1%

Figures may not total due to rounding.

Governmental activities *current and other assets* increase of \$65.6 million due to the following:

- \$13.0 million - sale of TID #2 land at end of year to Haribo
- \$25.9 million – Land purchased and being held for resale
- \$25.5 million - TID #2 bond proceeds put into an escrow account at U.S. Bank for future TID #2 expenditures.

Additions of \$7.6 million of capital assets expenditures outpaced minimal disposals and depreciation (\$4.7 million) accounting for a \$2.9 million increase in the Village's governmental activities *Capital Assets*. *Deferred outflow of resources* is pension related with a decrease of \$1.7 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 decreased by \$6.1 million mainly because of a decrease in accounts payable in TID #2 capital project fund, paying off outstanding retainages, and land purchase obligations. *Deferred inflows of resources* is mainly property tax (\$24 million) and pension (\$1.9 million), with property tax increasing \$1.3 million offset by a decrease in pension of .5 million. The *net position* of the Village's governmental activities increased \$13.1 million to \$42.5 million.

The *net position* of the Village's business-type activities increased by \$3.9 million to \$143.2 million. Accounting for the majority of the increase is the sewer utility (\$1.9 million) and the RecPlex (\$1.4 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 2017 revenues total \$81.5 million and expenses total \$70.8 million resulting in an increase in net position of \$10.7 million prior to capital contributions and transfers. Table A-2 and the narrative that follow consider the operations of governmental and business-type activities separately.

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

	Governmental Activities		Business-type Activities		Total		Total Change	
	2016	2017	2016	2017	2016	2017	Dollar	%
Revenues								
Program revenues								
Charges for services	4.2	4.5	25.7	26.4	29.9	30.9	0.9	3.3%
Operating grants and contributions	0.9	1.0	0.1	0.1	1.1	1.1	0.1	0.0%
General revenues								
Property taxes	20.3	22.8	0.0	0.0	20.3	22.8	2.4	12.3%
Other taxes	0.2	0.4	0.0	0.0	0.2	0.4	0.2	100.0%
Intergovernmental (not restricted)	2.4	2.5	0.0	0.0	2.4	2.5	0.1	4.2%
Investment income	0.2	0.3	0.2	0.3	0.3	0.5	0.2	0.0%
Others	0.2	22.8	0.0	0.6	0.2	23.4	23.2	11600.0%
Total revenues	28.4	54.2	26.0	27.3	54.4	81.5	27.1	49.8%
Expenses								
General government	3.6	2.3	0.0	0.0	3.6	2.3	-1.3	-36.1%
Public safety	9.7	9.7	0.0	0.0	9.7	9.7	0.0	0.0%
Public works	10.5	7.1	0.0	0.0	10.5	7.1	-3.4	-32.4%
Parks	0.3	0.7	0.0	0.0	0.3	0.7	0.3	133.3%
Community development	1.1	24.2	0.0	0.0	1.1	24.2	23.1	2100.0%
Interest and fiscal charges	1.6	2.8	0.0	0.0	1.6	2.8	1.2	75.0%
Water	0.0	0.0	4.3	4.7	4.3	4.7	0.4	9.3%
Sewer	0.0	0.0	4.7	5.2	4.7	5.2	0.5	10.6%
Clean Water	0.0	0.0	1.4	1.7	1.4	1.7	0.3	21.4%
LakeView RecPlex	0.0	0.0	10.8	10.8	10.8	10.8	0.0	0.0%
Waste collection	0.0	0.0	1.7	1.7	1.7	1.7	0.0	0.0%
Total expenses	26.8	46.8	22.9	24.1	49.7	70.8	21.2	42.5%
Increase (deficiency) before contributions & transfers	1.6	7.4	3.1	3.2	4.7	10.7	6.0	127.7%
Capital contributions	7.6	5.4	0.7	0.9	8.3	6.3	-2.0	-24.1%
Transfers	-4.0	0.2	4.0	-0.2	0.0	0.0	0.0	0.0%
CHANGE IN NET POSITION	5.2	13.1	7.8	3.9	13.0	16.9		
ENDING NET POSITION	29.4	42.5	139.3	143.2	168.7	185.7		

Figures may not total due to rounding.

Governmental Activities

Revenues for the Village’s governmental activities total \$54.2 million, with both property taxes and other revenues accounting for \$22.8 million each. Other revenues includes land sales of \$20.6 million, \$13 million 1st installment payment for land sold to Haribo and \$7.5 million sale of land to Uline. Charges for services includes Engineering Fees (\$930,000), building permits (\$745,000), rescue billings (\$538,000), municipal court fees (\$340,000), and franchisee fees (\$279,000).

Governmental activities expenses total \$46.8 million, \$19.9 million more than 2016 expenses. Parks, community development and interest charges increased by \$24.6 million due to development incentives of \$6.4 million and land purchases related to parcels that were sold in 2017 of \$15.2 million, offset by decreases in general government and public works of \$1.3 million and \$3.4 million, respectively.

Capital contributions decreased from \$7.6 million in 2016 to \$5.4 million in 2017. The transfers between governmental and business type decrease by \$4.2 million, details below:

Transfers - Impact on Government Activities	2016	2017	Change
Payment in lieu of taxes	833,000	921,000	88,000
Equipment Storage building	1,305,000	-	(1,305,000)
TID #2 transfer to enterprise funds	(6,115,000)	(678,000)	5,437,000
	(3,977,000)	243,000	4,220,000

Table A-3 presents the total cost of each of the Village’s activities (\$46.7 million) as well as each activity’s net cost (\$35.9 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 increased from 2016 to 2017. Community development net cost is up by \$18.2 million due to a development incentives and land purchase detailed above. In 2016, a one-time \$6 million land donation was given that offset 2016 general government’s net cost of service, which wasn’t repeated in 2017.

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

- Village property taxes (\$22.8 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	
	2016	2017	Dollar	%	2016	2017	Dollar	%
General government	3.6	2.3	(1.3)	-35.1%	(3.9)	1.8	5.7	-145.3%
Public safety	9.7	9.7	(0.0)	-0.1%	8.3	8.0	(0.3)	-4.2%
Public works	10.5	7.1	(3.4)	-32.3%	8.2	4.7	(3.5)	-42.7%
Parks	0.3	0.7	0.3	107.7%	0.1	0.7	0.6	969.6%
Community development	1.1	24.2	23.1	2004.5%	(0.2)	18.0	18.2	-10458.7%
Other	1.6	2.8	1.2	76.0%	1.6	2.8	1.2	76.0%
Grand Total	26.8	46.8	19.9	74.4%	14.1	35.8	21.8	154.7%

Figures may not total due to rounding.

Business-type Activities

Revenue from the Village’s business-type activities total \$26.7 million with user fees accounting for 97%. In 2017, the RecPlex’s user fee revenues increased \$.4 million, despite membership household count being down 132 memberships or a 2.7% decrease, ending the year at 4,887 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 \$23.6 million, up \$.7 from 2016. The RecPlex is the largest business type fund, accounting for 43% of all business-type expense activity. The sewer utility is a distant second at 22% 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	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	Dollar	%
Revenues														
Program revenues														
Charge for services	5.6	5.8	6.0	6.1	1.4	1.4	11.1	11.5	1.6	1.7	25.7	26.4	0.7	2.7%
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	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.3	0.1	50.0%
Total revenue	5.7	5.8	6.1	6.2	1.4	1.4	11.1	11.5	1.7	1.7	25.9	26.7	0.8	3.1%
Expenses	4.4	4.7	4.7	5.2	1.4	1.7	10.7	10.2	1.7	1.8	22.9	23.6	0.7	3.1%
Excess (deficiency) before contributions & transfers	1.3	1.1	1.4	1.0	0.0	-0.3	0.4	1.3	0.0	0.0	3.0	3.1	0.1	3.3%
Capital contribution	5.9	0.5	0.8	0.8	0.1	0.2	0.0	0.0	0.0	0.0	6.9	1.5	-5.3	-78.3%
Transfers	-1.2	-1.0	-0.4	0.0	-0.6	0.0	0.1	0.1	0.0	0.0	(2.1)	(0.9)	1.2	-57.1%
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	0.0	0.0%
CHANGE IN NET POSITION	6.0	0.5	1.8	1.9	(0.5)	(0.1)	0.5	1.4	0.0	(0.0)	7.8	3.8	-4.0	-51.3%
ENDING NET POSITION	53.0	53.6	52.1	54.0	25.8	25.7	7.1	8.5	0.7	0.7	138.8	142.5	3.7	2.7%

Figures may not total due to rounding.

All the Village’s business-type funds experienced an increase in net position during 2017 except for our clean water and waste collection fund, with a decrease in net position of \$57,003 and \$24,320 respectively.

FINANCIAL ANALYSIS OF THE VILLAGE’S FUNDS

As the Village completed the year, its governmental funds closed the year at a fund balance of \$61.4 million, up from \$14.7 million at the end of 2016. The increase is primarily in TID No. 2 escrow capital project fund (\$25.4 million) and TID No. 2 debt service fund (\$21.8 million) offset by a decrease of \$1.3 million in the general capital project fund.

The general fund balance increased by \$1.2 million to \$6.4 million, which represents 42% of the expenditures for year-end December 31, 2017. The 2018 general fund budget uses \$187,800 fund balance reserves for one time expenditures in 2018. Unassigned general fund balance was \$6 million or 94%. The non-spendable balance \$192,517 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 2017 general government operating net budget came in under budget by \$1,229,686.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village had investments of \$233.2 million at the end of 2017 in capital assets, a net increase of \$2.1 million. (See table A5). Additions of \$11.6 million offset depreciation of \$9.5 million, and disposals of \$26,341 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	
	2016	2017	2016	2017	2016	2017	Dollar	Percent
Land	25.7	27.0	2.0	2.0	27.7	29.1	1.3	5%
Buildings and improvements	17.9	17.6	48.5	48.1	66.4	65.7	(0.7)	-1%
Equipment / Intangible Assets	6.8	8.1	4.0	3.9	10.7	12.1	1.3	12%
Infrastructure	28.7	28.9	95.8	95.2	124.5	124.0	(0.4)	0%
Construction in progress	0.5	0.9	1.2	1.4	1.8	2.3	0.5	30%
Total	79.6	82.5	151.5	150.7	231.1	233.2	2.1	1%

Figures may not total due to rounding.

In 2017 \$7.6 million was spent for government-type capital expenditures with Ladder Truck (\$1.25 million), Paving Program (\$1.8 million) and Right of Way (\$1.07 million) being the largest expenditures. The business-type activities additions totaled \$4 million, with the RecPlex (\$1.1 million) topping the list. The sewer, water, and clean water each spending just under \$1 million each.

Listed below are major additions for 2017.

Project Description	Fund Type	Source	Millions
Ladder Truck	Governmental	Borrowed	\$1.25
Right of Way	Governmental	Borrowed - TID #2	\$1.07
Paving Program	Governmental	Levy	\$1.81
Aqua System Modifications	Business	Operating - RecPlex	\$0.98
		Total	\$5.11

Long-term Debt

At year-end the Village had \$142.9 million in general obligation bonds, an increase of \$56.3 million (See table A-6). Borrowed \$63.9 million, refinanced \$18.2 million and principal payments of \$25.8 million.

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

	Governmental Activities		Business-type Activities		Total		Total Change	
	2016	2017	2016	2017	2016	2017	Dollar	%
General obligation bonds (backed by the Village)	59.6	119.6	27.0	23.3	86.6	142.9	56.3	65.1%
Total	59.6	119.6	27.0	23.3	86.6	142.9	56.3	65.1%

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 \$164.2 million, so the Village is at 87% of capacity at 2017 year-end. We have additional borrowing capacity of \$21.3 million. In 2018, our principal payments are \$37.5 million, with plans to only borrow \$10 million.

The majority of the governmental activities' outstanding debt, \$109.1 million or 91%, is fully supported by TID No. 2. Based on a cash flow projection for TID No. 2, we expect all debt paid by tax incremental collections and district No. 2 land sales by 2023. The general government has \$10.5 million of outstanding debt that will be paid by tax levy. The business-type activities' debt is supported by user fees from the Village's Sewer Utility (\$3.1 million) and RecPlex (\$20.1 million). General obligation bonds are issued for our business-type activities to obtain a lower interest rate.

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

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 Pleasant Prairie Premium Outlets. Uline employs 1,277 corporate office and warehouse employees and Premium Outlets employs approximately 1,042 in all their various shops located in the center.

The Village's tax base, currently \$3.2 billion, up \$44.8 million from 2016. Our population has also grown at a steady rate to 20,936 (2017 Estimate) versus 12,604 in 1993.

The 2018 general fund-operating budget was approved to use \$187,800 of Village's surpluses for one time expenditures per our fund balance policy because surplus level were above 25%. Revenues were budgeted at \$16.8 million (4.5% increase) and expenditures of \$17.0 million (5.3% increase). Total general government property tax contribution increased from \$11.5 to \$11.8 million.

Our business-type funds, sewer, water and solid waste didn't implement any rate changes in 2018. The Clean Water Utility implemented a \$0.67 ERU fee increase from \$4.33 to \$5. The RecPlex implemented at membership rate increase of 2%.

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, 2017

	Primary Government			Component Unit - Community Development Authority
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 38,596,359	\$ 15,783,190	\$ 54,379,549	\$ -
Receivables (net)				
Taxes	24,160,349	290,148	24,450,497	-
Delinquent taxes	41,296	-	41,296	-
Accounts	613,481	1,825,784	2,439,265	-
Special assessments	296,228	1,084,322	1,380,550	-
Delinquent special assessments	317,585	-	317,585	-
Accrued interest	77,111	3,712	80,823	-
Other	-	39,581	39,581	-
Internal balances	(788,108)	788,108	-	-
Prepaid items	151,221	1,226	152,447	-
Inventories	-	130,904	130,904	-
Land held for resale	25,936,632	-	25,936,632	255,016
Restricted assets				
Cash and investments	26,892,698	1,299,826	28,192,524	-
Capital assets				
Land	12,968,934	1,788,006	14,756,940	-
Right of way	14,075,028	-	14,075,028	-
Construction in progress	911,503	1,377,873	2,289,376	-
Intangible assets, net of amortization	281,086	246,121	527,207	-
Other capital assets, net of depreciation	54,288,013	147,257,053	201,545,066	-
Total Assets	<u>198,819,416</u>	<u>171,915,854</u>	<u>370,735,270</u>	<u>255,016</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	<u>4,588,488</u>	<u>1,542,882</u>	<u>6,131,370</u>	-
LIABILITIES				
Accounts payable and accrued liabilities	3,172,080	2,874,681	6,046,761	-
Deposits	-	10,000	10,000	-
Unearned revenue	4,124,729	3,012	4,127,741	-
Noncurrent liabilities				
Due within one year	36,086,506	2,070,000	38,156,506	-
Due in more than one year	<u>91,504,023</u>	<u>24,641,376</u>	<u>116,145,399</u>	-
Total Liabilities	<u>134,887,338</u>	<u>29,599,069</u>	<u>164,486,407</u>	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	24,110,205	-	24,110,205	-
Pension-related amounts	<u>1,930,774</u>	<u>665,888</u>	<u>2,596,662</u>	-
Total Deferred Inflows of Resources	<u>26,040,979</u>	<u>665,888</u>	<u>26,706,867</u>	-
NET POSITION				
Net investment in capital assets	29,976,231	125,303,960	131,351,877	-
Restricted				
Impact fees	1,350,379	-	1,350,379	-
Federally forfeited property recoveries	4,276	-	4,276	-
Equipment replacement	-	1,299,826	1,299,826	-
Unrestricted	<u>11,148,701</u>	<u>16,589,993</u>	<u>51,667,008</u>	<u>255,016</u>
TOTAL NET POSITION	<u>\$ 42,479,587</u>	<u>\$ 143,193,779</u>	<u>\$ 185,673,366</u>	<u>\$ 255,016</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit - Community Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities								
General government	\$ 2,315,934	\$ 552,530	\$ 1,925	\$ -	\$ (1,761,479)	\$ -	\$ (1,761,479)	\$ -
Public safety	9,710,736	1,508,254	251,067	-	(7,951,415)	-	(7,951,415)	-
Public works	7,095,004	1,146,943	750,989	535,683	(4,661,389)	-	(4,661,389)	-
Culture, education and recreation	657,767	-	-	-	(657,767)	-	(657,767)	-
Community development	24,198,120	1,264,435	-	4,869,965	(18,063,720)	-	(18,063,720)	-
Interest and fiscal charges	2,775,135	-	-	-	(2,775,135)	-	(2,775,135)	-
Total Governmental Activities	46,752,696	4,472,162	1,003,981	5,405,648	(35,870,905)	-	(35,870,905)	-
Business-type Activities								
Water Utility	4,719,995	5,760,037	-	182,263	-	1,222,305	1,222,305	-
Sewer Utility	5,172,483	6,091,627	-	450,872	-	1,370,016	1,370,016	-
Clean Water Utility	1,683,954	1,388,340	14,157	227,665	-	(53,792)	(53,792)	-
Lakeview Rec Plex	10,817,391	11,495,824	60,021	-	-	738,454	738,454	-
Waste Collection	1,698,319	1,657,964	58,101	-	-	17,746	17,746	-
Total Business-type Activities	24,092,142	26,393,792	132,279	860,800	-	3,294,729	3,294,729	-
Total Primary Government	\$ 70,844,838	\$ 30,865,954	\$ 1,136,260	\$ 6,266,448	(35,870,905)	3,294,729	(32,576,176)	-
Component Unit								
Community Development Authority	\$ 7,398,072	\$ -	\$ -	\$ -	-	-	-	(7,398,072)
General Revenues								
Taxes								
Property taxes, levied for general purposes					9,963,875	-	9,963,875	-
Property taxes, levied for debt service					1,520,952	-	1,520,952	-
Property taxes, levied for TIF districts					11,275,025	-	11,275,025	-
Other taxes					407,725	-	407,725	-
Intergovernmental revenues not restricted to specific programs					2,455,740	-	2,455,740	-
Investment income					255,345	254,301	509,646	-
Miscellaneous					22,845,337	550,000	23,395,337	-
Total General Revenues					48,723,999	804,301	49,528,300	-
Transfers					243,196	(243,196)	-	-
Change in Net Position					13,096,290	3,855,834	16,952,124	(7,398,072)
NET POSITION - Beginning of Year					29,383,297	139,337,945	168,721,242	7,653,088
NET POSITION - END OF YEAR					\$ 42,479,587	\$ 143,193,779	\$ 185,673,366	\$ 255,016

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2017

	General	TID No. 2 General Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	TID No. 2 Escrow Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS							
Cash and investments - unrestricted	\$ 7,212,182	\$ 2,273,801	\$ 26,218,808	\$ -	\$ 37,199	\$ 6,898	\$ 35,748,888
Receivables (net)							
Taxes	9,432,468	1,766,100	12,200,971	757,294	-	3,516	24,160,349
Delinquent taxes	41,296	-	-	-	-	-	41,296
Accounts	613,481	-	-	-	-	-	613,481
Special assessments	-	261,049	35,179	-	-	-	296,228
Delinquent special assessments	-	317,585	-	-	-	-	317,585
Accrued interest	77,111	-	-	-	-	-	77,111
Due from other funds	1,008,280	-	-	-	-	-	1,008,280
Land held for resale	-	-	-	3,677,167	-	-	3,677,167
Prepaid items	151,221	-	-	-	-	-	151,221
Cash and investments - restricted	-	-	-	1,350,379	25,542,319	-	26,892,698
TOTAL ASSETS	\$ 18,536,039	\$ 4,618,535	\$ 38,454,958	\$ 5,784,840	\$ 37,199	\$ 25,542,319	\$ 92,984,304
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 330,744	\$ 18,944	\$ 12,600	\$ 354,378	\$ -	\$ 112,423	\$ 829,723
Accrued liabilities	572,352	-	-	-	-	-	572,352
Unearned revenue	1,399,476	1,602,092	-	1,123,161	-	-	4,124,729
Due to other funds	-	-	-	964,322	12,239	31,719	1,008,280
Other liabilities	180,618	-	-	175,000	-	-	355,618
Total Liabilities	2,483,190	1,621,036	12,600	2,616,861	124,662	32,353	6,890,702
Deferred Inflows of Resources							
Unearned revenue	9,389,273	1,763,872	12,196,250	757,294	-	3,516	24,110,205
Unavailable revenue	273,082	245,700	38,790	-	-	-	557,572
Total Deferred Inflows of Resources	9,662,355	2,009,572	12,235,040	757,294	-	3,516	24,667,777
Fund Balances (Deficit)							
Nonspendable	192,517	-	-	-	-	-	192,517
Restricted	-	987,927	26,207,318	1,350,379	37,199	4,276	54,004,756
Committed	-	-	-	-	-	2,622	2,622
Assigned	187,800	-	-	1,060,306	-	-	1,248,106
Unassigned (deficit)	6,010,177	-	-	-	-	(32,353)	5,977,824
Total Fund Balances	6,390,494	987,927	26,207,318	2,410,685	37,199	(25,455)	61,425,825
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,536,039	\$ 4,618,535	\$ 38,454,958	\$ 5,784,840	\$ 37,199	\$ 25,542,319	\$ 10,414
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.							79,073,265
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.							557,572
Internal service fund is reported in the statement of net position in the governmental activities column.							5,416,276
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.							(128,864,091)
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.							22,259,465
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							4,509,464
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							(1,898,189)
NET POSITION OF GOVERNMENTAL ACTIVITIES							\$ 42,479,587

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, 2017

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects
REVENUES				
Taxes	\$ 9,009,202	\$ 1,520,952	\$ 11,270,696	\$ 1,363,579
Intergovernmental	2,296,386	-	332,485	785,996
Regulation and compliance	1,621,918	-	-	-
Public charges for services	2,063,963	-	-	394,586
Intergovernmental charges for services	176,061	-	-	-
Special assessments	-	4,271	9,891	-
Investment income (loss)	99,450	48,487	91,061	5,835
Miscellaneous	2,304,612	-	-	11,941
Total Revenues	<u>17,571,592</u>	<u>1,573,710</u>	<u>11,704,133</u>	<u>2,561,937</u>
EXPENDITURES				
Current				
General government	3,077,547	-	-	-
Public safety	8,648,664	-	-	-
Public works	2,099,781	-	-	-
Culture, recreation, and education	534,702	-	-	-
Community development	910,555	-	-	-
Capital outlay	-	-	-	4,130,339
Debt service				
Principal retirement	-	1,500,000	12,855,000	-
Interest and fiscal charges	-	346,210	2,126,689	4,980
Total Expenditures	<u>15,271,249</u>	<u>1,846,210</u>	<u>14,981,689</u>	<u>4,135,319</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,300,343</u>	<u>(272,500)</u>	<u>(3,277,556)</u>	<u>(1,573,382)</u>
OTHER FINANCING SOURCES AND (USES)				
Debt issued	-	245,000	10,289,172	267,000
Premium on debt issued	-	8,853	109,432	-
Sale of property	-	-	13,088,498	26,342
Transfers in	921,297	-	1,568,581	-
Transfers out	(1,991,954)	-	-	-
Total Other Financing Sources and (Uses)	<u>(1,070,657)</u>	<u>253,853</u>	<u>25,055,683</u>	<u>293,342</u>
Net Change in Fund Balance	1,229,686	(18,647)	21,778,127	(1,280,040)
FUND BALANCES - Beginning of Year	<u>5,160,808</u>	<u>1,006,574</u>	<u>4,429,191</u>	<u>3,690,725</u>
FUND BALANCES - END OF YEAR (DEFICIT)	<u>\$ 6,390,494</u>	<u>\$ 987,927</u>	<u>\$ 26,207,318</u>	<u>\$ 2,410,685</u>

TID No. 2 Capital Projects Fund	TID No. 2 Escrow Capital Projects Fund	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ 3,148	\$ 23,167,577
-	-	-	3,414,867
-	-	-	1,621,918
-	-	-	2,458,549
-	-	-	176,061
-	-	-	14,162
18,627	(15,285)	120	248,295
<u>4,736,628</u>	<u>-</u>	<u>32,913</u>	<u>7,086,094</u>
<u>4,755,255</u>	<u>(15,285)</u>	<u>36,181</u>	<u>38,187,523</u>
1,734	-	-	3,079,281
-	-	54,517	8,703,181
-	-	-	2,099,781
-	-	-	534,702
44,945,759	-	-	45,856,314
2,651,937	1,132,058	35,501	7,949,835
-	-	-	14,355,000
<u>735,799</u>	<u>-</u>	<u>-</u>	<u>3,213,678</u>
<u>48,335,229</u>	<u>1,132,058</u>	<u>90,018</u>	<u>85,791,772</u>
<u>(43,579,974)</u>	<u>(1,147,343)</u>	<u>(53,837)</u>	<u>(47,604,249)</u>
63,600,828	-	-	74,402,000
216,001	-	-	334,286
7,572,500	-	-	20,687,340
-	26,565,000	-	29,054,878
<u>(28,133,581)</u>	<u>-</u>	<u>-</u>	<u>(30,125,535)</u>
<u>43,255,748</u>	<u>26,565,000</u>	<u>-</u>	<u>94,352,969</u>
(324,226)	25,417,657	(53,837)	46,748,720
<u>361,425</u>	<u>-</u>	<u>28,382</u>	<u>14,677,105</u>
<u>\$ 37,199</u>	<u>\$ 25,417,657</u>	<u>\$ (25,455)</u>	<u>\$ 61,425,825</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, 2017

Net change in fund balances - total governmental funds	\$ 46,748,720
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	7,949,835
Some items reported as capital outlay were not capitalized	(1,166,520)
Depreciation is reported in the government-wide statements	(4,080,792)
Improvements transferred as assets to utility funds	(678,101)
Contributed capital assets are reported as revenues in the government-wide statements.	671,916
Land held for resale is reported as an expenditure in the TID fund financial statements.	22,259,465
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.	38,920
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	(74,402,000)
Principal repaid	14,355,000
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	531,565
Deferred outflows of resources related to pensions	(1,679,158)
Deferred inflows of resources related to pensions	494,328
Compensated absences	214
Accrued interest on debt	(611,414)
Other post-employment benefits	(154,270)
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	715,671
Internal service fund is used by management to charge the costs of the fleet internal services to individual funds. The increase in net position of the internal service fund is reported with governmental activities.	<u>2,102,911</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,096,290</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2017

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Service Funds
ASSETS							
Current Assets							
Cash and investments	\$ 4,777,624	\$ 6,744,704	\$ 2,415,554	\$ 1,618,520	\$ 226,788	\$ 15,783,190	\$ 2,847,471
Receivables							
Taxes	66,807	119,903	48,467	-	54,971	290,148	-
Accounts	465,529	664,613	169,494	362,202	163,946	1,825,784	-
Accrued interest	-	3,712	-	-	-	3,712	-
Other	17,507	6,831	-	15,243	-	39,581	-
Prepaid items	-	-	-	1,226	-	1,226	-
Current portion of special assessments	16,345	2,376	7,476	-	-	26,197	-
Inventories	49,480	7,576	-	73,848	-	130,904	-
Total Current Assets	<u>5,393,292</u>	<u>7,549,715</u>	<u>2,640,991</u>	<u>2,071,039</u>	<u>445,705</u>	<u>18,100,742</u>	<u>2,847,471</u>
Noncurrent Assets							
Restricted assets							
Replacement account	-	1,299,826	-	-	-	1,299,826	-
Other assets							
Special assessments receivable	586,926	451,303	19,896	-	-	1,058,125	-
Capital assets							
Land	546,218	1,241,788	-	-	-	1,788,006	-
Intangibles	135,340	85,550	8,072	256,064	8,073	493,099	16,699
Plant in service	64,612,192	76,470,693	34,961,160	45,173,328	1,245,548	222,462,921	-
Machinery and equipment	-	-	-	-	-	-	9,317,323
Accumulated depreciation	(17,084,419)	(29,281,837)	(12,239,081)	(15,713,276)	(887,255)	(75,205,868)	(5,873,777)
Accumulated amortization	-	-	(8,072)	(230,833)	(8,073)	(246,978)	(8,946)
Construction work in progress	12,574	112,126	470,963	782,210	-	1,377,873	-
Total Noncurrent Assets	<u>48,808,831</u>	<u>50,379,449</u>	<u>23,212,938</u>	<u>30,267,493</u>	<u>358,293</u>	<u>153,027,004</u>	<u>3,451,299</u>
Total Assets	<u>54,202,123</u>	<u>57,929,164</u>	<u>25,853,929</u>	<u>32,338,532</u>	<u>803,998</u>	<u>171,127,746</u>	<u>6,298,770</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension-related amounts	116,540	139,844	61,570	1,055,318	169,610	1,542,882	79,024
LIABILITIES							
Current Liabilities							
Accounts payable	582,435	440,716	102,296	306,188	30,077	1,461,712	74,240
Accrued liabilities	24,513	35,155	15,942	289,920	30,662	396,192	12,596
Accrued interest	-	34,300	-	216,069	-	250,369	-
Other current liabilities	-	-	-	766,408	-	766,408	-
Deposits	-	-	-	10,000	-	10,000	-
Unearned revenue	3,012	-	-	-	-	3,012	-
Current portion of long-term debt	-	670,000	-	1,400,000	-	2,070,000	-
Total Current Liabilities	<u>609,960</u>	<u>1,180,171</u>	<u>118,238</u>	<u>2,988,585</u>	<u>60,739</u>	<u>4,957,693</u>	<u>86,836</u>
Noncurrent Liabilities							
Long-term debt	-	2,475,000	-	18,725,000	-	21,200,000	-
Other post-employment benefits	48,947	94,567	47,350	540,375	113,368	844,607	42,893
Unamortized debt premium	-	46,968	-	2,048,125	-	2,095,093	-
Net pension liability	16,808	16,797	13,230	140,686	22,247	209,768	11,096
Customer advances for construction	17,143	274,765	-	-	-	291,908	-
Total Noncurrent Liabilities	<u>82,898</u>	<u>2,908,097</u>	<u>60,580</u>	<u>21,454,186</u>	<u>135,615</u>	<u>24,641,376</u>	<u>53,989</u>
Total Liabilities	<u>692,858</u>	<u>4,088,268</u>	<u>178,818</u>	<u>24,442,771</u>	<u>196,354</u>	<u>29,599,069</u>	<u>140,825</u>
DEFERRED INFLOWS OF RESOURCES							
Pension-related amounts	50,231	59,910	26,360	455,982	73,405	665,888	32,585
NET POSITION							
Net investment in capital assets	48,221,905	45,436,352	23,193,042	8,094,368	358,293	125,303,960	3,451,299
Restricted for equipment replacement	-	1,299,826	-	-	-	1,299,826	-
Unrestricted	5,353,669	7,184,652	2,517,279	400,729	345,556	15,801,885	2,753,085
TOTAL NET POSITION	<u>\$ 53,575,574</u>	<u>\$ 53,920,830</u>	<u>\$ 25,710,321</u>	<u>\$ 8,495,097</u>	<u>\$ 703,849</u>	<u>142,405,671</u>	<u>\$ 6,204,384</u>

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

788,108

NET POSITION OF BUSINESS-TYPE ACTIVITIES

\$143,193,779

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, 2017

	Business-type Activities					Totals	Governmental
	Major				Nonmajor		Activities
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Internal Service Funds
OPERATING REVENUES	\$ 5,760,037	\$ 6,091,627	\$ 1,388,340	\$ 11,495,824	\$ 1,657,964	\$26,393,792	\$ 1,765,721
OPERATING EXPENSES							
Operation and maintenance	3,582,517	3,576,783	862,279	8,871,824	1,688,547	18,581,950	959,911
Depreciation/amortization	1,149,945	1,478,941	859,233	1,258,857	68,741	4,815,717	574,797
Total Operating Expenses	4,732,462	5,055,724	1,721,512	10,130,681	1,757,288	23,397,667	1,534,708
Operating Income (Loss)	1,027,575	1,035,903	(333,172)	1,365,143	(99,324)	2,996,125	231,013
NONOPERATING REVENUES (EXPENSES)							
Investment income	67,348	116,918	34,347	18,785	16,903	254,301	7,050
Intergovernmental grant	-	-	14,157	-	58,101	72,258	-
Interest expense	-	(158,679)	-	(872,839)	-	(1,031,518)	-
Gain on disposal of assets	300	300	-	14	-	614	13,041
Interest subsidy	-	-	-	60,021	-	60,021	-
Issuance cost	-	-	-	(128,295)	-	(128,295)	-
Amortization of premium	-	21,730	-	302,847	-	324,577	-
Miscellaneous	-	-	-	550,000	-	550,000	-
Total Nonoperating Revenues (Expenses)	67,648	(19,731)	48,504	(69,467)	75,004	101,958	20,091
Income (Loss) Before Contributions and Transfers	1,095,223	1,016,172	(284,668)	1,295,676	(24,320)	3,098,083	251,104
CONTRIBUTIONS AND TRANSFERS							
Capital contributions	182,263	450,872	227,665	-	-	860,800	-
Capital contributions - governmental activities	292,720	385,381	-	-	-	678,101	-
Transfers in	-	-	-	119,370	-	119,370	1,991,954
Transfers - tax equivalent	(921,297)	-	-	-	-	(921,297)	-
Transfers out	(119,370)	-	-	-	-	(119,370)	-
Total Contributions and Transfers	(565,684)	836,253	227,665	119,370	-	617,604	1,991,954
CHANGE IN NET POSITION	529,539	1,852,425	(57,003)	1,415,046	(24,320)	3,715,687	2,243,058
NET POSITION – Beginning of Year	53,046,035	52,068,405	25,767,324	7,080,051	728,169		3,961,326
NET POSITION – END OF YEAR	\$ 53,575,574	\$ 53,920,830	\$ 25,710,321	\$ 8,495,097	\$ 703,849		\$ 6,204,384
Internal service fund change in net position allocated to the business-type activities						140,147	
CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES						\$ 3,855,834	

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2017

	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	\$ 5,819,067	\$ 6,103,996	\$ 1,407,510	\$ 11,350,504	\$ 1,715,582	\$ 26,396,659	\$ 1,765,721
Paid to suppliers for goods and services	(2,749,492)	(2,569,047)	(504,488)	(4,069,401)	(1,057,813)	(10,950,241)	(653,903)
Paid to employees for services	(642,219)	(750,927)	(359,867)	(4,576,783)	(621,191)	(6,950,987)	(249,874)
Net Cash Flows From Operating Activities	<u>2,427,356</u>	<u>2,784,022</u>	<u>543,155</u>	<u>2,704,320</u>	<u>36,578</u>	<u>8,495,431</u>	<u>861,944</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Paid to municipality for tax equivalent	(921,297)	-	-	-	-	(921,297)	-
Transfers from (to) other funds	(119,370)	-	-	119,370	-	-	1,991,954
Net Cash Flows From Noncapital Financing Activities	<u>(1,040,667)</u>	<u>-</u>	<u>-</u>	<u>119,370</u>	<u>-</u>	<u>(921,297)</u>	<u>1,991,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Marketable securities purchased	-	(323,000)	-	-	-	(323,000)	-
Marketable securities sold	-	270,872	-	-	-	270,872	-
Investment income	67,859	115,433	34,347	19,734	16,903	254,276	7,050
Net Cash Flows From Investing Activities	<u>67,859</u>	<u>63,305</u>	<u>34,347</u>	<u>19,734</u>	<u>16,903</u>	<u>202,148</u>	<u>7,050</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt retired	-	(700,000)	-	(10,715,000)	-	(11,415,000)	-
Interest paid	-	(165,200)	-	(903,034)	-	(1,068,234)	-
Debt issuance costs	-	-	-	(128,295)	-	(128,295)	-
Proceeds from debt issued	-	-	-	7,700,000	-	7,700,000	-
Debt premium	-	-	-	1,489,907	-	1,489,907	-
Capital contributions received	-	206,185	-	560,000	-	766,185	-
Acquisition and construction of capital assets	(514,566)	(463,433)	(808,913)	(1,377,023)	(20,207)	(3,184,142)	(793,331)
Special assessments received	55,021	199,987	8,579	-	-	263,587	-
Interest subsidy	-	-	-	60,021	-	60,021	-
Net Cash Flows From Capital and Related Financing Activities	<u>(459,545)</u>	<u>(922,461)</u>	<u>(800,334)</u>	<u>(3,313,424)</u>	<u>(20,207)</u>	<u>(5,515,971)</u>	<u>(793,331)</u>
Net Change in Cash and Cash Equivalents	995,003	1,924,866	(222,832)	(470,000)	33,274	2,260,311	2,067,617
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,782,621</u>	<u>4,822,186</u>	<u>2,638,386</u>	<u>2,088,520</u>	<u>193,514</u>	<u>13,525,227</u>	<u>779,854</u>
CASH AND CASH EQUIVALENTS - END 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>

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Activities
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 1,027,575	\$ 1,035,903	\$ (333,172)	\$ 1,365,143	\$ (99,324)	\$ 2,996,125	\$ 231,013
Miscellaneous non-operating revenue	-	-	14,157	-	58,101	72,258	-
Noncash items included in income (loss)							
Depreciation/amortization	1,149,945	1,478,941	859,233	1,258,857	68,741	4,815,717	574,797
Depreciation charged to other funds	46,806	(46,806)	-	-	-	-	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources							
Accounts receivable	5,564	52,365	6,410	(145,320)	(2,667)	(83,648)	-
Other accounts receivable	(589)	3,223	-	-	-	2,634	-
Prepaid items	-	-	-	15,586	-	15,586	-
Inventories	1,691	(60)	-	11,151	-	12,782	-
Accounts payable	165,534	237,368	(29,922)	(30,102)	(19,235)	323,643	40,694
Due from other funds	7,249	3,587	(1,397)	-	2,184	11,623	-
Other current and accrued liabilities	(1,606)	(2,096)	(4,206)	11,487	(11,489)	(7,910)	(4,960)
Pension-related amounts	22,120	18,530	21,732	183,399	29,947	275,728	3,508
Other post employment benefits	3,067	3,067	10,320	34,119	10,320	60,893	16,892
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,427,356</u>	<u>\$ 2,784,022</u>	<u>\$ 543,155</u>	<u>\$ 2,704,320</u>	<u>\$ 36,578</u>	<u>\$ 8,495,431</u>	<u>\$ 861,944</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments	\$ 4,777,624	\$ 6,744,704	\$ 2,415,554	\$ 1,618,520	\$ 226,788	\$ 15,783,190	\$ 2,847,471
Restricted cash and investments	-	1,299,826	-	-	-	1,299,826	-
Less: Noncash equivalents	-	(1,297,478)	-	-	-	(1,297,478)	-
CASH AND CASH EQUIVALENTS - END 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>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital additions contributed to the utility by the municipality, customers, and TID districts	\$ 474,983	\$ 438,558	\$ 227,665	\$ -	\$ -	\$ 1,141,206	\$ -
Deferred special assessments	\$ -	\$ 198,306	\$ -	\$ -	\$ -	\$ 198,306	\$ -
Special assessments adjustments	\$ (12,192)	\$ -	\$ -	\$ -	\$ -	\$ (12,192)	\$ -
Right of recovery agreements	\$ 43,047	\$ -	\$ -	\$ -	\$ -	\$ 43,047	\$ -
Interest subsidy receivable	\$ -	\$ -	\$ -	\$ 5,243	\$ -	\$ 5,243	\$ -
Capital accounts payable	\$ 39,197	\$ -	\$ -	\$ 106,813	\$ -	\$ 146,010	\$ -

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2017

	Retired Employees Healthcare Plan Trust	Agency Funds
ASSETS		
Cash and investments	\$ 947,285	\$ 16,563,694
Receivables		
Taxes	-	27,471,018
Accounts	-	15,547
Total Assets	<u>947,285</u>	<u>44,050,259</u>
LIABILITIES		
Accounts payable	-	36,154
Due to other taxing units	-	44,014,105
Total Liabilities	<u>-</u>	<u>44,050,259</u>
NET POSITION		
Net position restricted for OPEB	<u>947,285</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 947,285</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, 2017

	Retired Employees Healthcare Plan Trust
ADDITIONS	
Employer contributions	\$ 197,000
Net investment income	<u>16,273</u>
Total Additions	<u>213,273</u>
DEDUCTIONS	
Service benefits	<u>197,000</u>
Net Increase in Net Position	16,273
NET POSITION - Beginning	<u>931,012</u>
NET POSITION - ENDING	<u>\$ 947,285</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, 2017

NOTE	<u>Page</u>
I. Summary of Significant Accounting Policies	14
A. Reporting Entity	14
B. Government-Wide and Fund Financial Statements	15
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	18
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	19
1. Deposits and Investments	19
2. Receivables	21
3. Inventories and Prepaid Items	22
4. Restricted Assets	22
5. Capital Assets	22
6. Deferred Outflows of Resources	23
7. Compensated Absences	23
8. Long-Term Obligations/Conduit Debt	24
9. Deferred Inflows of Resources	24
10. Equity Classifications	24
11. Basis for Existing Rates	26
12. Pension	26
II. Reconciliation of Government-Wide and Fund Financial Statements	27
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	27
III. Stewardship, Compliance, and Accountability	28
A. Excess Expenditures Over Appropriations	28
B. Deficit Balances	28
C. Limitations on the Village's Tax Levy	28
IV. Detailed Notes on All Funds	29
A. Deposits and Investments	29
B. Receivables	32
C. Restricted Assets	32
D. Capital Assets	33
E. Interfund Receivables/Payables and Transfers	40
F. Long-Term Obligations	42
G. Net Position/Fund Balances	45
H. Component Unit	46
V. Other Information	47
A. Employees' Retirement System	47
B. Risk Management	52
C. Commitments and Contingencies	52
D. Other Postemployment Benefits	54
E. Significant Customers	61
F. Subsequent Events	61
G. Effect of New Accounting Standards on Current-Period Financial Statements	61

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017. 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, 2017

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Post-employment Benefit Plans Other Than Pensions*. This statement establishes requirements for financial reporting and disclosures for governments that have defined benefit and defined contribution other post-employment benefit plans administered through a trust. This standard was implemented January 1, 2017.

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, 2017

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 Fund – accounts for the village’s primary operating activities. It is used to account for all financial resources except those accounted for and reported in another fund.
- General Debt Service – 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 Capital Projects Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.
- 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, 2017

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

Tax Incremental District (TID) No. 4

Tax Incremental District (TID) No. 5

Enterprise Funds – 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, 2017

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, 2017, there were \$4,346,356 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, 2017

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 maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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, 2017

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, 2017, 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 – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	April 30, 2018
Third installment due	July 31, 2018
Personal property taxes in full	January 31, 2018
Tax sale – 2017 delinquent real estate taxes	October 2020

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, 2017

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 \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated 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, 2017

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, 2017 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, 2017

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, and accrued compensated absences.

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

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$131,040,238, made up of three 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, 2017

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	\$ 29,976,231	\$ 125,303,960	\$ (23,928,314)	\$ 136,111,779
Unrestricted	11,148,701	16,589,993	23,928,314	51,667,008

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.

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.)

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 \$6,010,177 or 37% 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 December 7, 2015, effective January 1, 2016.

Lakeview Rec Plex Fund

Membership rates effective during the year 2017 were approved by Ordinance No. 14-34 on December 15, 2014.

12. Pension

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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.” The details of this reconciliation include the following items.

Capital assets per statement of net position	
Land	\$ 12,968,934
Right of way	14,075,028
Construction in progress	911,503
Intangible assets, net of amortization	281,086
Other capital assets, net of depreciation	<u>54,288,013</u>
Sub-total	82,524,564
Less: Internal service capital assets, net of depreciation	<u>(3,451,299)</u>
 Net Adjustment for Capital Assets	 <u>\$ 79,073,265</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	\$ 119,627,000
Compensated absences	614,506
Accrued interest	1,327,551
Unamortized debt premium	3,434,279
Other post-employment benefits	3,289,580
Net pension liability	<u>571,175</u>
 Combined Adjustment for Long-Term Liabilities	 <u>\$ 128,864,091</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 the TID. No. 5 and TID No. 2 Escrow capital project funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Debt Service	\$ 1,592,263	\$ 1,846,210	\$ 253,947
TID No. 2 Debt Service	10,658,800	14,981,689	4,322,889
General Capital Projects	2,630,937	4,135,319	1,504,382
TID No. 2 Capital Projects	228,061	76,468,810	76,240,749
Federally Forfeited Property	9,810	21,626	11,816
Police Canine Unit	2,000	32,891	30,891

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

B. DEFICIT BALANCES

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

As of December 31, 2017, the TID No. 5 Capital Projects Fund held a deficit balance of \$32,353.

The TID No. 5 capital project fund deficit is 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.

C. LIMITATIONS ON THE VILLAGE'S TAX LEVY

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Statement Balance	Associated Risks
Deposits	\$ 65,198,286	\$ 65,094,061	Custodial credit
U.S. agencies (implicitly guaranteed)	21,783,594	21,783,594	Custodial credit, concentration of credit, interest rate
Certificate of deposit (negotiable)	6,052,923	6,052,923	Credit, custodial credit, concentration of credit, interest rate
Corporate bonds	3,986,366	3,986,366	Credit, custodial credit, concentration of credit, interest rate
Mutual funds – bonds	748,287	748,287	Credit, interest rate
U.S. Treasuries	2,296,133	2,296,133	Custodial credit, interest rate
LGIP	5,037	5,037	Credit
Petty cash	12,426	-	N/A
Total Cash and Investments	<u>\$ 100,083,052</u>	<u>\$ 99,966,401</u>	

Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 54,379,549
Restricted cash and investments	28,192,524
Per statement of net position – Fiduciary Funds	
Retired employees healthcare plan trust	947,285
Agency	<u>16,563,694</u>
Total Deposits and Investments	<u>\$ 100,083,052</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, 2017

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, 2017, the banks had pledged various government securities in the amount of \$87,829,301 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, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of deposit (negotiable)	\$ -	\$ 6,052,923	\$ -	\$ 6,052,923
Corporate bonds	-	3,986,366	-	3,986,366
Mutual funds – bond funds	748,287	-	-	748,287
U.S. agencies – implicitly guaranteed	-	21,783,594	-	21,783,594
U.S. treasuries	2,296,133	-	-	2,296,133
Totals	\$ 3,044,420	\$ 31,822,883	\$ -	\$ 34,867,303

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 \$3,265,845 of investments exposed to custodial credit risk as follows:

Uninsured/uncollateralized	<u>\$ 3,265,845</u>
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VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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, 2017, 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	AA+, A+	AAA, Aaa, A1
Corporate bonds	AA+	Aaa

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, 2017, the village held investments in U.S. agencies that exceeded 5% of the village's investment portfolio as follows: FFCB (11.0%), FHLMC (11.4%), FNMA (11.7%), and FHLB (7.9%).

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, 2017, 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)	\$ 6,052,923	\$ 3,111,894	\$ 2,941,029	\$ -
Corporate bonds	3,986,366	1,616,997	2,364,369	-
Mutual funds - bonds	748,287	-	511,914	236,373
U.S. agencies – implicitly guaranteed	21,783,594	12,116,668	5,751,081	3,915,845
U.S. treasuries	2,296,133	2,296,133	-	-
Totals	\$ 34,867,303	\$ 19,141,692	\$ 11,568,393	\$ 4,152,218

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, 2017

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 \$41,296 in delinquent taxes, \$296,228 in special assessments, and \$317,585 in delinquent special assessments.

Receivables of the General fund and Lakeview Rec Plex are reported net of allowances in the amounts of \$86,464 and \$63,754, 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	\$ -	\$ 24,083,018
Rescue accounts receivable	185,317	-
Assessing contracts receivable	-	316,525
Developer fees	-	1,036,446
Special assessments not yet due	284,490	1,602,092
Street light replacement	-	37,293
Transportation improvement fees receivable	-	876,355
Miscellaneous	87,765	283,205
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 557,572	\$ 28,234,934
Unearned revenue included in liabilities		\$ 4,124,729
Unearned revenue included in deferred inflows		24,110,205
Total Unearned Revenue for Governmental Activities		\$ 28,234,934

C. RESTRICTED ASSETS

Equipment Replacement Account

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

TID Escrow Account

TID No. 2 has reached the end of the TID expenditure period, but has uncompleted projects. The unspent debt proceeds have been placed in an escrow account and will be used to complete the unfinished capital projects.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

C. RESTRICTED ASSETS (cont.)

Impact Fee Account

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

Following is a list of restricted assets at December 31, 2017:

	Restricted Assets
Sewer equipment replacement account	\$ 1,299,826
TID No. 2 escrow account	25,542,319
Impact fee account	1,350,379
Total Restricted Assets	\$ 28,192,524

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/ amortized				
Land	\$ 12,692,451	\$ 276,483	\$ -	\$ 12,968,934
Right of way	13,005,568	1,069,460	-	14,075,028
Construction in progress – general	192,430	513,545	29,385	676,590
Construction in progress – TID water and sewer	340,877	121,345	227,309	234,913
Total Capital Assets Not Being Depreciated/Amortized	26,231,326	1,980,833	256,694	27,955,465
Capital assets being depreciated/ amortized				
Land improvements	6,702,974	262,328	-	6,965,302
Buildings	17,690,768	244,463	-	17,935,231
Intangible assets – computer software	958,836	27,997	-	986,833
Intangible assets – fleet internal services	16,699	-	-	16,699
Machinery and equipment	8,704,500	1,904,506	169,498	10,439,508
Machinery and equipment – fleet internal services	8,699,935	827,410	210,022	9,317,323
Roads	64,347,617	2,364,254	-	66,711,871
Street lighting	3,090,368	249,443	-	3,339,811
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total Capital Assets Being Depreciated/Amortized	111,797,662	5,880,401	379,520	117,298,543

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ (1,508,083)	\$ (217,345)	\$ -	\$ (1,725,428)
Buildings	(4,996,642)	(588,005)	-	(5,584,647)
Intangible assets – computer software	(626,940)	(86,560)	-	(713,500)
Intangible assets – fleet internal services	(6,561)	(2,385)	-	(8,946)
Machinery and equipment	(5,495,462)	(711,762)	169,498	(6,037,726)
Machinery and equipment – fleet internal services	(5,490,349)	(572,412)	188,984	(5,873,777)
Roads	(38,603,515)	(2,260,943)	-	(40,864,458)
Street lighting	(746,799)	(153,626)	-	(900,425)
Traffic signals	(147,236)	(19,370)	-	(166,606)
Railroad spur	(810,750)	(43,181)	-	(853,931)
Total Accumulated Depreciation/Amortization	(58,432,337)	(4,655,589)	358,482	(62,729,444)
Net Capital Assets	\$ 79,596,651			\$ 82,524,564

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 379,658
Public safety	692,681
Public works, which includes the depreciation of roads, street lighting, traffic signals, and railroad spurs	2,873,233
Culture, education and recreation	134,208
Community development	1,012
Sub-total	4,080,792
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	574,797
Total Governmental Activities Depreciation/Amortization Expense	\$ 4,655,589

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	9,350	3,224	-	12,574
Total Capital Assets Not Being Depreciated/Amortized	690,908	3,224	-	694,132
Capital assets being depreciated/ amortized				
Source of supply	195,690	-	-	195,690
Pumping	3,844,617	-	-	3,844,617
Transmission and distribution	58,497,477	918,190	25,490	59,390,177
General assets	1,136,759	44,949	-	1,181,708
Total Capital Assets Being Depreciated/Amortized	63,674,543	963,139	25,490	64,612,192
Total Capital Assets	64,365,451	-	-	65,306,324
Less: Accumulated depreciation/amortization	(15,913,158)	(1,196,751)	25,490	(17,084,419)
Net Water Plant	\$ 48,452,293			\$ 48,221,905

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ -	\$ -	\$ 1,241,788
Intangible assets	85,550	-	-	85,550
Construction in progress	102,114	10,012	-	112,126
Total Capital Assets	1,429,452	10,012	-	1,439,464
Not Being Depreciated/Amortized	1,429,452	10,012	-	1,439,464
Capital assets being depreciated/ amortized				
Collection systems	67,854,307	599,856	-	68,454,163
Collection system pumping	5,619,170	149,309	-	5,768,479
Treatment and disposal	292,599	-	-	292,599
General assets	1,887,015	68,437	-	1,955,452
Total Capital Assets	75,653,091	817,602	-	76,470,693
Being Depreciated/Amortized	75,653,091	817,602	-	76,470,693
Total Capital Assets	77,082,543	827,614	-	77,910,157
Less: Accumulated depreciation/amortization	(27,849,702)	(1,432,135)	-	(29,281,837)
Net Sewer Plant	\$ 49,232,841			\$ 48,628,320

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 323,958	\$ 151,911	\$ 4,906	\$ 470,963
Capital assets being depreciated/amortized				
Equipment	19,552	-	-	19,552
Intangible assets	8,072	-	-	8,072
Land improvements	319,721	268,165	-	587,886
Storm sewers	33,732,314	621,408	-	34,353,722
Total Capital Assets				
Being Depreciated/Amortized	34,079,659	889,573	-	34,969,232
Total Capital Assets	34,403,617	1,041,484	4,906	35,440,195
Less: Accumulated depreciation/amortization	(11,387,920)	(859,233)	-	(12,247,153)
Net Clean Water Capital Assets	\$ 23,015,697			\$ 23,193,042

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 786,303	\$ 765,686	\$ 769,779	\$ 782,210
Capital assets being depreciated/ amortized				
Building	39,455,357	1,014,508	-	40,469,865
Equipment	2,407,174	131,778	110,068	2,428,884
Infrastructure	198,788	-	-	198,788
Intangible assets	256,064	-	-	256,064
Land improvements	2,075,791	-	-	2,075,791
Total Capital Assets Being Depreciated/Amortized	<u>44,393,174</u>	<u>1,146,286</u>	<u>110,068</u>	<u>45,429,392</u>
Total Capital Assets	<u>45,179,477</u>	<u>1,911,972</u>	<u>879,847</u>	<u>46,211,602</u>
Less: Accumulated depreciation/amortization				
Building	(11,250,060)	(1,052,954)	-	(12,303,014)
Equipment	(2,119,462)	(83,928)	104,765	(2,098,625)
Infrastructure	(107,676)	(6,626)	-	(114,302)
Intangible assets	(216,338)	(14,495)	-	(230,833)
Land improvements	(1,096,481)	(100,854)	-	(1,197,335)
Total Accumulated Depreciation/Amortization	<u>(14,790,017)</u>	<u>(1,258,857)</u>	<u>104,765</u>	<u>(15,944,109)</u>
Net Lakeview Rec Plex Capital Assets	<u>\$ 30,389,460</u>			<u>\$ 30,267,493</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ -	\$ -	\$ 150,055
Buildings	303,117	20,207	-	323,324
Equipment	772,169	-	-	772,169
Intangible assets	8,073	-	-	8,073
Total Capital Assets				
Being Depreciated/Amortized	1,233,414	20,207	-	1,253,621
Total Capital Assets	1,233,414	20,207	-	1,253,621
Less: Accumulated depreciation/amortization				
Land improvements	(8,099)	(5,559)	-	(13,658)
Buildings	(124,339)	(15,493)	-	(139,832)
Equipment	(686,076)	(47,689)	-	(733,765)
Intangible assets	(8,073)	-	-	(8,073)
Total Accumulated Depreciation/Amortization	(826,587)	(68,741)	-	(895,328)
Net Waste Collection Capital Assets	\$ 406,827			\$ 358,293
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 151,497,118			\$ 150,677,125

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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	\$ 1,149,945
Sewer	1,478,941
Clean Water	859,233
Lakeview Rec Plex	1,258,857
Waste Collection	<u>68,741</u>
 Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 4,815,717</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 Fund	General Capital Projects	\$ 964,322	\$ -
General Fund	TID No. 2 Escrow	12,239	-
General Fund	TID No. 5	<u>31,719</u>	-
Subtotal – Fund Financial Statements		1,008,280	
Less: Fund eliminations		(1,008,280)	
Less: Interfund receivable created with internal service fund elimination		<u>(788,108)</u>	
Total – Government-Wide Statement of Net Position		<u>\$ (788,108)</u>	
Receivable Fund	Payable Fund	Amount	
Business-type Activities – internal service allocations	Governmental Activities – internal service allocations	<u>\$ 788,108</u>	
Total Internal Balances - Government-wide Statement of Net Position		<u>\$ 788,108</u>	

All amounts are due within one year.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 921,297	Payment in lieu of taxes
Lakeview Rec Plex	Water Utility	119,370	Tower lease payments
TID No. 2 Debt Service	TID No. 2 Capital Projects	1,568,581	Route 165 net sales
TID No. 2 Escrow	TID No. 2 Capital Projects	26,565,000	Establish fund
Insurance – internal service	General Fund	<u>1,991,954</u>	Establish fund
Total – Fund Financial Statements		31,166,202	
Less: Fund eliminations		(28,252,951)	
Less: Government-wide eliminations		(1,991,954)	
Less: Transfer to business-type activities for capital assets funded by the governmental activities		<u>(678,101)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 243,196</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 921,297	
Business-type Activities	Governmental Activities	<u>(678,101)</u>	
Total Government-wide Statement of Activities		<u>\$ 243,196</u>	

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 59,580,000	\$ 74,402,000	\$ 14,355,000	\$ 119,627,000	\$ 35,472,000
Premium	4,149,950	334,286	1,049,957	3,434,279	-
Sub-totals	63,729,950	74,736,286	15,404,957	123,061,279	35,472,000
Other Liabilities					
Vested compensated absences	614,720	614,506	614,720	614,506	614,506
Other post-employment benefits					
General	3,135,310	278,690	124,420	3,289,580	-
Internal service	39,385	3,508	-	42,893	-
Net pension liability					
General	1,102,740	-	531,565	571,175	-
Internal service	19,387	-	8,291	11,096	-
Total Other Liabilities	4,911,542	896,704	1,278,996	4,529,250	614,506
Total Governmental Activities Long-Term Liabilities	\$ 68,641,492	\$ 75,632,990	\$ 16,683,953	\$ 127,590,529	\$ 36,086,506
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 26,985,000	\$ 7,700,000	\$ 11,415,000	\$ 23,270,000	\$ 2,070,000
Premium	929,763	1,489,907	324,577	2,095,093	-
Sub-totals	27,914,763	9,189,907	11,739,577	25,365,093	2,070,000
Other Liabilities					
Customer advances	330,955	4,000	43,047	291,908	-
Other post-employment benefits	783,714	61,775	882	844,607	-
Net pension liability	391,054	-	181,286	209,768	-
Total Other Liabilities	1,505,723	65,775	225,215	1,346,283	-
Total Business-type Activities Long-Term Liabilities	\$ 29,420,486	\$ 9,255,682	\$ 11,964,792	\$ 26,711,376	\$ 2,070,000

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, 2017 was \$164,161,140. Total general obligation debt outstanding at year-end was \$142,897,000.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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 12-31-17</u>
Promissory notes	02/19/08	02/01/18	3.00 – 4.00%	\$ 2,235,000	\$ 235,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,025,000	750,000
Refunding bonds	10/25/12	06/01/19	2.00 – 3.00%	2,635,000	835,000
Promissory notes	11/03/14	05/01/24	2.00 – 4.00%	6,865,000	5,865,000
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	13,450,000
Promissory notes	11/01/16	11/01/26	2.00 – 3.00%	3,245,000	3,120,000
Note anticipation notes	05/11/17	01/01/18	1.47%	21,570,000	21,570,000
Promissory notes	05/11/17	09/01/20	1.54 – 2.00%	16,375,000	16,375,000
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 bonds	08/24/17	08/01/18	4.00%	4,105,000	4,350,000
Promissory notes	12/12/17	02/01/18	1.25%	267,000	267,000
Refunding notes	12/12/17	12/01/20	2.25%	6,180,000	<u>6,180,000</u>
Total Governmental Activities – General Obligation Debt					<u><u>\$ 119,627,000</u></u>
Business-type Activities					
<u>General Obligation Debt</u>					
Refunding notes	06-16-08	12/01/19	4.00 – 4.25%	\$ 950,000	\$ 400,000
Promissory notes	12/04/08	09/01/18	4.00 – 4.75%	1,270,000	445,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,375,000	2,300,000
Promissory notes	09/21/10	04/01/27	4.55 – 4.85%*	1,890,000	1,890,000
Refunding notes	06/07/11	09/01/21	3.00 – 4.00%	7,095,000	3,150,000
Refunding notes	02/01/12	12/01/23	2.00 – 3.00%	2,605,000	1,505,000
Refunding notes	02/21/13	05/01/24	3.00 – 3.25%	7,305,000	5,880,000
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>\$ 23,270,000</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, 2017

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>
2018	\$ 35,472,000	\$ 3,106,262	\$ 2,070,000	\$ 882,643
2019	12,135,000	2,419,139	2,100,000	820,121
2020	24,630,000	2,120,404	4,025,000	705,184
2021	12,425,000	1,395,000	1,925,000	599,996
2022	12,650,000	981,600	1,700,000	540,090
2023 – 2027	22,315,000	704,025	9,350,000	1,769,593
2028	-	-	2,100,000	105,000
Totals	<u>\$ 119,627,000</u>	<u>\$ 10,726,430</u>	<u>\$ 23,270,000</u>	<u>\$ 5,422,627</u>

Current Refunding

On August 24, 2017, the village issued \$12,050,000 in general obligation bonds with an average coupon rate of 2.19% to refund \$13,465,000 of outstanding bonds with an average coupon rate of 4.21%. The net proceeds along with existing funds of the village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$14,108,225 in 2018. The cash flow requirements on the refunding bonds are \$15,435,081 from 2018 through 2028. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$299,478.

On December 27, 2017, the village issued \$6,180,000 in general obligation notes with an average coupon rate of 2.25% to refund \$6,070,000 of outstanding note anticipation notes with an average coupon rate of 1.437%. The net proceeds will be used to prepay the outstanding debt in 2018.

The cash flow requirements on the debt that will be refunded in 2018, prior to the current refunding is \$6,128,124 for 2018. The cash flow requirements on the refunding bonds are \$6,587,108 from 2018 through 2020. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$52,089.

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, 2017

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, 2017 includes the following:

Governmental Activities

Net investment in capital assets

Land	\$ 12,968,934
Right of way	14,075,028
Construction in progress	911,503
Intangible assets, net of amortization	281,086
Other capital assets, net of accumulated depreciation	54,288,013
Less: unamortized debt premium	(3,434,279)
Less: related capital long-term debt outstanding (net of unspent proceeds of debt)	<u>(49,114,054)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 29,976,231</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2017 include the following:

	General Fund	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	TID #2 Escrow Fund	Nonmajor Governmental Funds	Totals
Fund Balances								
Nonspendable:								
Delinquent taxes/specials	\$ 41,296	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,296
Prepaid items	151,221	-	-	-	-	-	-	151,221
Sub-total	<u>192,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,517</u>
Restricted for:								
Debt service	-	987,927	26,207,318	-	-	-	-	27,195,245
TID purposes	-	-	-	-	37,199	25,417,657	-	25,454,856
Impact fees	-	-	-	1,350,379	-	-	-	1,350,379
Federally forfeited property	-	-	-	-	-	-	4,276	4,276
Sub-total	<u>-</u>	<u>987,927</u>	<u>26,207,318</u>	<u>1,350,379</u>	<u>37,199</u>	<u>25,417,657</u>	<u>4,276</u>	<u>54,004,756</u>
Committed to:								
Police canine unit	-	-	-	-	-	-	2,622	2,622
Assigned to:								
Capital projects	-	-	-	1,060,306	-	-	-	1,060,306
2018 budget	187,800	-	-	-	-	-	-	187,800
Sub-total	<u>187,800</u>	<u>-</u>	<u>-</u>	<u>1,060,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,248,106</u>
Unassigned (deficit)	<u>6,010,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,353)</u>	<u>5,977,824</u>
Total Fund Balances (Deficit)	<u><u>\$ 6,390,494</u></u>	<u><u>\$ 987,927</u></u>	<u><u>\$ 26,207,318</u></u>	<u><u>\$ 2,410,685</u></u>	<u><u>\$ 37,199</u></u>	<u><u>\$ 25,417,657</u></u>	<u><u>\$ (25,455)</u></u>	<u><u>\$ 61,425,825</u></u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,788,006
Construction in progress	1,377,873
Intangible assets, net of amortization	246,121
Other capital assets, net of accumulated depreciation	147,257,053
Less: Long-term capital debt outstanding	(23,270,000)
Less: Unamortized debt premium	<u>(2,095,093)</u>
Total Net Investment in Capital Assets	<u>\$ 125,303,960</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/Measurement Focus

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

b. Deposits and Investments

At December 31, 2017, the CDA held no cash or investments.

c. Land Held for Resale

The CDA had a balance of \$255,016 in land held for resale as of December 31, 2017. This balance is reported at the lower of cost or market.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

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

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

The WRS also provides death and disability benefits for employees.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

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 \$962,497 in contributions from the village.

Contribution rates as of December 31, 2017 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%

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

At December 31, 2017, the village reported a liability of \$792,039 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension liability was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the village's proportion was .09609345%, which was an increase of .00297350% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the village recognized pension expense of \$2,004,623.

At December 31, 2017, 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	\$ 302,004	\$ 2,490,896
Changes of actuarial assumptions	828,108	-
Net differences between projected and actual earnings on pension plan investments	3,942,520	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	105,766
Employer contributions subsequent to the measurement date	1,058,738	-
Totals	\$ 6,131,370	\$ 2,596,662

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$1,058,738 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 inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 1,845,558	\$ 830,006
2019	1,845,557	830,006
2020	1,511,799	820,868
2021	(131,660)	115,360
2022	1,378	422

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, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	4.5
<u>Variable Fund Asset Class</u>				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	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, 2017

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 3.78%. 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)	\$ 10,419,787	\$ 792,039	\$ (6,621,762)

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, 2017, 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, 2017

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, 2017. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

In 2009, the village issued a municipal revenue obligation as part of a development agreement, 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 TIF 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 \$770,230.

Water Supply and Wastewater Treatment

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

Water Purchase Agreement

On March 15, 2004, the water utility entered into an agreement to provide water to WE Energies. The agreement states the utility may provide up to 3.5 million gallons per day with WE Energies purchasing a minimum of 100 million gallons per year for the calendar years 2012 through 2016. After 2016, the minimum water purchase can't be less than 50 million gallons per year. For 2017, WE Energies purchased 171 million gallons.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS

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

Summary of Significant Accounting Policies

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

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

Plan Contribution Information

Members of the plan consisted of the following at January 1, 2016, the date of the latest actuarial valuation:

Retirees	17
Active plan members	180
Number of participating employers	1

Contribution requirements are established through collective bargaining agreements and past practice and may be amended only through negotiations between the village and the union. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The village contributes 95% of the current year premiums for a family or single plan, for eligible retired plan members and their spouses, upon attaining the age 60 for nonrepresented, 55 for police and 53 for fire until they reach Medicare eligible age. For 2017, the village contributed \$125,302 to the plan. There were no member contributions for 2017. The village does not pay any portion of the premiums for fire and rescue employees hired after August 17, 2009, nonrepresented employees hired after July 1, 2010, and police employees hired after January 1, 2011.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information (cont.)

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

Annual required contribution	\$	405,747
Interest on net OPEB obligation		158,336
Adjustment to annual required contribution		<u>(220,110)</u>
Annual OPEB cost		343,973
Contributions made		<u>(125,302)</u>
Increase in net OPEB obligation		218,671
Net OPEB Obligation – Beginning of Year		<u>3,958,409</u>
Net OPEB Obligation – End of Year	\$	<u><u>4,177,080</u></u>

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/17	\$ 343,973	36.4%	\$ 4,177,080
12/31/16	593,042	14.2%	3,958,409
12/31/15	627,481	15.6%	3,451,537

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information (cont.)

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 4,640,528
Actuarial value of plan assets	<u>(913,345)</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,727,183</u>
Funded ratio (actuarial value of plan assets/AAL)	19.7%
Covered payroll (active plan members)	\$ 5,931,076
UAAL as a percentage of covered payroll	63%

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information (cont.)

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

In the January 1, 2016 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 3.7% initially, increased by decrements to an ultimate rate of 4.0% after 75 years. Both rates include an inflationary assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized in level dollar payments. The amortization period at December 31, 2017, was 30 years.

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.

Plan membership. At December 31, 2017, VRBP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	13
Inactive plan members entitled to but not yet receiving benefit plans	4
Active plan members	<u>180</u>
Total	<u><u>197</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 and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits 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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Description – OPEB Trust (cont.)

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 an actuarially determined rate. For the year ended December 31, 2017, the village's average contribution rate was 2.1 percent of covered-employee payroll. Plan members are not required to contribute to the plan.

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 mutual bond funds as follows: VT II Vantagepoint Low Dur Bnd (54%) and VT II Vantagepoint Inflat Foc (25%).

Rate of return. For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 1.75 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, 2017, were as follows:

Total OPEB liability	\$ 4,838,920
Less: plan fiduciary net position	<u>(947,285)</u>
Village's Net OPEB Liability	<u>\$ 3,891,635</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.58%

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Net OPEB Liability (cont.)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	4.00%		
Salary Increases:			
Inflation	3.20%		
Seniority/Merit	0.20% - 5.60%		
Investment Rate of Return:	4.00%		
Healthcare Cost Trend Rates		Medical Rate	Dental Rate
	Year		
	2019	5.7%	4.8%
	2020	5.3%	5.3%
	2030	5.7%	4.9%
	2040	5.7%	5.0%
	2050	5.2%	4.7%
	2060	5.0%	4.6%
	2070	4.4%	4.2%
	2080	4.1%	3.9%
	2090	4.1%	3.9%
	2092+	4.0%	3.9%

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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Net OPEB Liability (cont.)

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, 2017 (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	0.18%
U.S. Short Bonds	1.34%
U.S. Inflation Indexed Bonds	1.36%

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.

Sensitivity of the net OPEB liability to changes in the discount rate. 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 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% Increase (5.00%)
Net OPEB liability (asset)	\$4,237,772	\$3,891,635	\$3,560,991

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 (3.00 percent decreasing to 2.0 percent) or 1-percentage-point higher (3.0 percent increasing to 4.0 percent) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates (Current Rate)	1% Increase
Net OPEB liability (asset)	\$3,353,500	\$3,891,635	\$4,510,864

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

NOTE V – OTHER INFORMATION (cont.)

E. SIGNIFICANT CUSTOMERS

Water Utility

The utility has one significant customer who was responsible for 17% of operating revenues in 2017.

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

New membership rates for the Lakeview Rec Plex were approved by Ordinance 17-46 on September 18, 2017 to be effective January 1, 2018.

The Village Board approved the creation of Tax Incremental Districts No. 6 and No. 7 on February 5, 2018 and May 7, 2018, respectively.

On February 14, 2018, WE Energies gave notification of termination of the water purchase agreement discussed in Note V.C. The plant stopped production in early April with 2018 usage of 94 million gallons.

The Village Board approved amendment No. 1 to Tax Incremental District No. 5 on June 18, 2018.

The water utility has begun the process of applying to the PSCW for a rate increase to be effective in 2019.

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

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

- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*
- > 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*

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, 2017

	<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	\$ 8,600,282	\$ 8,600,282	\$ 8,600,296	\$ 14
Taxes - penalties and interest	55,405	55,405	199,400	143,995
Mobile home taxes	125,000	125,000	128,556	3,556
Hotel/motel room tax	60,000	60,000	60,887	887
Other taxes	19,450	19,450	20,063	613
Total Taxes	<u>8,860,137</u>	<u>8,860,137</u>	<u>9,009,202</u>	<u>149,065</u>
INTERGOVERNMENTAL				
Shared taxes from state	2,025,040	2,025,040	2,033,394	8,354
Fire insurance tax from state	103,983	103,983	122,591	18,608
Law enforcement grants	91,736	91,736	91,362	(374)
Ambulance service grant	4,199	4,199	4,201	2
Exempt computer aid	43,503	43,503	42,913	(590)
State payment for municipal service	1,800	1,800	1,925	125
Total Intergovernmental	<u>2,270,261</u>	<u>2,270,261</u>	<u>2,296,386</u>	<u>26,125</u>
REGULATION AND COMPLIANCE				
Liquor and malt beverage licenses	13,000	13,000	34,418	21,418
Cigarette licenses	1,100	1,100	1,500	400
Bartender licenses	7,000	7,000	10,445	3,445
Other miscellaneous licenses	3,000	3,000	3,230	230
Fire department permits	30,000	30,000	120,166	90,166
Dog licenses	7,500	7,500	6,568	(932)
Residential building permits	235,000	235,000	219,918	(15,082)
Commercial building permits	627,000	627,000	479,629	(147,371)
Application and zoning fees	209,087	209,087	256,314	47,227
Miscellaneous permits and fees	129,600	129,600	128,907	(693)
Court penalties and costs	331,365	331,365	340,381	9,016
Parking tickets	25,000	25,000	20,442	(4,558)
Total Regulation and Compliance	<u>1,618,652</u>	<u>1,618,652</u>	<u>1,621,918</u>	<u>3,266</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
PUBLIC CHARGES FOR SERVICES				
Prequalification fees	\$ 4,000	\$ 4,000	\$ 2,070	(1,930)
Administrative fees	5,000	5,000	25,248	20,248
Publication fees	700	700	815	115
Police department fees	30,763	30,763	42,353	11,590
Fire department fees	35,000	35,000	45,334	10,334
Rescue squad fees	527,302	527,302	538,008	10,706
Highway department fees	615,305	615,305	695,276	79,971
Engineering department fees	230,500	230,500	247,644	17,144
Street lighting	147,000	147,000	140,566	(6,434)
Special assessment letters	9,000	9,000	12,865	3,865
Weed control	7,000	7,000	3,350	(3,650)
Franchise fees	290,000	290,000	279,056	(10,944)
IT department services	7,000	7,000	7,000	-
Other	8,000	8,000	24,378	16,378
Total Public Charges for Services	<u>1,916,570</u>	<u>1,916,570</u>	<u>2,063,963</u>	<u>147,393</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Assessing contracts	247,724	247,724	176,061	(71,663)
Total Intergovernmental Charges for Services	<u>247,724</u>	<u>247,724</u>	<u>176,061</u>	<u>(71,663)</u>
INVESTMENT INCOME				
Investment income	61,000	61,000	99,450	38,450
MISCELLANEOUS				
Miscellaneous	41,500	41,500	61,257	19,757
Recovery of prior year expenditures	-	-	1,991,954	1,991,954
Tower leases	159,821	159,821	159,656	(165)
Village hall rent from utility	91,745	91,745	91,745	-
Total Miscellaneous	<u>293,066</u>	<u>293,066</u>	<u>2,304,612</u>	<u>2,011,546</u>
OTHER FINANCING SOURCES				
Transfers in	850,000	850,000	921,297	71,297
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>16,117,410</u>	<u>16,117,410</u>	<u>18,492,889</u>	<u>2,375,479</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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES AND OTHER FINANCING USES				
GENERAL GOVERNMENT				
Village board	\$ 94,966	\$ 94,966	\$ 92,729	\$ 2,237
Information technology	938,615	941,615	786,913	154,702
Administration, finance and human resources	1,146,828	1,146,828	977,124	169,704
Assessing	611,425	611,425	501,203	110,222
Municipal buildings	393,554	393,554	458,358	(64,804)
Contingency	-	-	261,220	(261,220)
Total General Government	<u>3,185,388</u>	<u>3,188,388</u>	<u>3,077,547</u>	<u>110,841</u>
PUBLIC SAFETY				
Police	4,222,678	4,222,678	4,138,598	84,080
Municipal court	172,835	172,835	161,127	11,708
Fire and rescue	3,916,531	3,913,531	3,565,627	347,904
Engineering department	345,748	345,748	304,571	41,177
Public safety communications	518,950	518,950	478,741	40,209
Total Public Safety	<u>9,176,742</u>	<u>9,173,742</u>	<u>8,648,664</u>	<u>525,078</u>
PUBLIC WORKS				
Public works	1,985,883	1,985,883	1,836,001	149,882
Street lighting	285,303	285,303	263,780	21,523
Total Public Works	<u>2,271,186</u>	<u>2,271,186</u>	<u>2,099,781</u>	<u>171,405</u>
CULTURE, RECREATION AND EDUCATION				
Historical Society	24,372	24,372	24,179	193
Parks	528,959	528,959	510,523	18,436
Total Culture, Recreation and Education	<u>553,331</u>	<u>553,331</u>	<u>534,702</u>	<u>18,629</u>
COMMUNITY DEVELOPMENT				
Community development	524,716	524,716	487,947	36,769
Inspection	458,848	458,848	422,608	36,240
Total Community Development	<u>983,564</u>	<u>983,564</u>	<u>910,555</u>	<u>73,009</u>
OTHER FINANCING USES				
Transfers out	-	-	1,991,954	(1,991,954)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>16,170,211</u>	<u>16,170,211</u>	<u>17,263,203</u>	<u>(1,092,992)</u>
Net Change in Fund Balance	(52,801)	(52,801)	1,229,686	1,282,487
FUND BALANCE - Beginning of Year	<u>5,160,808</u>	<u>5,160,808</u>	<u>5,160,808</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,108,007</u>	<u>\$ 5,108,007</u>	<u>\$ 6,390,494</u>	<u>\$ 1,282,487</u>

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

VILLAGE OF PLEASANT PRAIRIE

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

<u>Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2017	\$ 125,302	\$ 405,747	31%	\$ 4,177,079
12/31/2016	86,170	659,358	13%	3,958,409
12/31/2015	98,037	659,358	15%	3,451,537

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2016	\$ 913,345	\$ 4,640,528	\$ 3,727,183	20%	\$ 5,931,076	63%
1/1/2014	907,951	5,950,119	5,042,168	15%	9,532,739	53%
1/1/2012	328,955	5,552,226	5,223,271	6%	8,798,044	59%

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

VILLAGE OF PLEASANT PRAIRIE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION (ASSET) / LIABILITY -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) / Liability	Proportionate Share of the Net Pension Liability (Asset) / Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) / Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/17	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, 2017

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/17	\$ 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%

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

VILLAGE OF PLEASANT PRAIRIE

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

	2017
Total OPEB Liability	
Service cost	\$ 174,030
Interest on the total OPEB liability	189,938
Employer contributions	(197,000)
Net change in the total OPEB liability	\$ 166,968
Total OPEB liability, beginning	\$ 4,671,952
Total OPEB liability, ending (a)	\$ 4,838,920
Fiduciary Net Position	
Employer contributions	197,000
Member contributions	-
Net investment income	16,273
Benefit payments	(197,000)
Administrative expenses	-
Net change in plan fiduciary net position	\$ 16,273
Total fiduciary net position, beginning	\$ 931,012
Total fiduciary, ending (b)	\$ 947,285
Net OPEB liability, ending = (a) - (b)	\$ 3,891,635
Covered payroll	5,931,076
Net OPEB liability as a percent of covered payroll	65.6%

Notes to the Schedule:

Benefit changes: There are no changes in benefits

Changes in assumptions: There are no changes in assumptions

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

VILLAGE OF PLEASANT PRAIRIE

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

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2017

BUDGETARY INFORMATION

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

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

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

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF PLEASANT PRAIRIE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2017

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Total Nonmajor Funds</u>
	<u>Police Canine Unit</u>	<u>Federally Forfeited Property Fund</u>	<u>TID No. 4</u>	<u>TID No. 5</u>	
ASSETS					
Cash and investments	\$ 2,622	\$ 4,276	\$ -	\$ -	\$ 6,898
Taxes receivable	-	-	3,516	-	3,516
TOTAL ASSETS	<u>\$ 2,622</u>	<u>\$ 4,276</u>	<u>\$ 3,516</u>	<u>\$ -</u>	<u>\$ 10,414</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 634	\$ 634
Due to other funds	-	-	-	31,719	31,719
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,353</u>	<u>32,353</u>
Deferred Inflows of Resources					
Unearned revenue	-	-	3,516	-	3,516
Fund Balances (Deficit)					
Restricted	-	4,276	-	-	4,276
Committed	2,622	-	-	-	2,622
Unrestricted (deficit)	-	-	-	(32,353)	(32,353)
Total Fund Balances (Deficit)	<u>2,622</u>	<u>4,276</u>	<u>-</u>	<u>(32,353)</u>	<u>(25,455)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,622</u>	<u>\$ 4,276</u>	<u>\$ 3,516</u>	<u>\$ -</u>	<u>\$ 10,414</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

	Special Revenue Funds		Capital Project Funds		Total Nonmajor Funds
	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	TID No. 5	
REVENUES					
Taxes	\$ -	\$ -	\$ 3,148	\$ -	\$ 3,148
Investment income	40	80	-	-	120
Miscellaneous	32,913	-	-	-	32,913
Total Revenues	<u>32,953</u>	<u>80</u>	<u>3,148</u>	<u>-</u>	<u>36,181</u>
EXPENDITURES					
Current					
Public safety	32,891	21,626	-		54,517
Capital outlay	-	-	3,148	32,353	35,501
Total Expenditures	<u>32,891</u>	<u>21,626</u>	<u>3,148</u>	<u>32,353</u>	<u>90,018</u>
Net Change in Fund Balance	62	(21,546)	-	(32,353)	(53,837)
FUND BALANCE - Beginning of Year	<u>2,560</u>	<u>25,822</u>	<u>-</u>	<u>-</u>	<u>28,382</u>
FUND BALANCE - END OF YEAR (DEFICIT)	<u>\$ 2,622</u>	<u>\$ 4,276</u>	<u>\$ -</u>	<u>\$ (32,353)</u>	<u>\$ (25,455)</u>

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS -
COMPONENT UNIT
For the Year Ended December 31, 2017

	Community Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>
Net Change 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>\$ (4,983,265)</u>
Write-down in fair market value of land	<u><u>\$ (2,414,807)</u></u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2017

	Tax Collection Fund	Mobile Home Fees	Total
ASSETS			
Cash and investments	\$ 16,498,441	\$ 65,253	\$ 16,563,694
Receivables			
Taxes	27,471,018	-	27,471,018
Accounts	-	15,547	15,547
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 43,969,459</u>	<u>\$ 80,800</u>	<u>\$ 44,050,259</u>
LIABILITIES			
Accounts payable	\$ 36,154	\$ -	\$ 36,154
Due to other taxing units	<u>43,933,305</u>	<u>80,800</u>	<u>44,014,105</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 43,969,459</u>	<u>\$ 80,800</u>	<u>\$ 44,050,259</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2017

	Fleet	Insurance	Total
ASSETS			
Current Assets			
Cash and investments	\$ 855,517	\$ 1,991,954	\$ 2,847,471
Total Current Assets	855,517	1,991,954	2,847,471
Noncurrent Assets			
Capital assets			
Intangibles	16,699	-	16,699
Machinery and equipment	9,317,323	-	9,317,323
Accumulated depreciation	(5,873,777)	-	(5,873,777)
Accumulated amortization	(8,946)	-	(8,946)
Total Noncurrent Assets	3,451,299	-	3,451,299
Total Assets	4,306,816	1,991,954	6,298,770
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related amounts	79,024	-	79,024
LIABILITIES			
Current Liabilities			
Accounts payable	74,240	-	74,240
Accrued liabilities	12,596	-	12,596
Total Current Liabilities	86,836	-	86,836
Noncurrent Liabilities			
Other post-employment benefits	42,893	-	42,893
Net pension liability	11,096	-	11,096
Total Noncurrent Liabilities	53,989	-	53,989
Total Liabilities	140,825	-	140,825
DEFERRED INFLOWS OF RESOURCES			
Pension-related amounts	32,585	-	32,585
NET POSITION			
Net investment in capital assets	3,451,299	-	3,451,299
Unrestricted	761,131	1,991,954	2,753,085
TOTAL NET POSITION	\$ 4,212,430	\$ 1,991,954	\$ 6,204,384

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Fleet	Insurance	Total
OPERATING REVENUES	<u>\$ 1,765,721</u>	<u>\$ -</u>	<u>\$ 1,765,721</u>
OPERATING EXPENSES			
Operation and maintenance	959,911	-	959,911
Depreciation/amortization	<u>574,797</u>	<u>-</u>	<u>574,797</u>
Total Operating Expenses	<u>1,534,708</u>	<u>-</u>	<u>1,534,708</u>
Operating Income	<u>231,013</u>	<u>-</u>	<u>231,013</u>
NONOPERATING REVENUES			
Investment income	7,050	-	7,050
Gain on disposal of assets	<u>13,041</u>	<u>-</u>	<u>13,041</u>
Total Nonoperating Revenues	<u>20,091</u>	<u>-</u>	<u>20,091</u>
Income Before Transfers	<u>251,104</u>	<u>-</u>	<u>251,104</u>
TRANSFERS			
Transfers in	<u>-</u>	<u>1,991,954</u>	<u>1,991,954</u>
CHANGE IN NET POSITION	251,104	1,991,954	2,243,058
NET POSITION – Beginning of Year	<u>3,961,326</u>	<u>-</u>	<u>3,961,326</u>
NET POSITION – END OF YEAR	<u>\$ 4,212,430</u>	<u>\$ 1,991,954</u>	<u>\$ 6,204,384</u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2017

	Fleet	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,765,721	\$ -	\$ 1,765,721
Paid to suppliers for goods and services	(610,993)	-	(653,903)
Paid to employees for services	(292,784)	-	(249,874)
Net Cash Flows From Operating Activities	861,944	-	861,944
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	1,991,954	1,991,954
Net Cash Flows From Noncapital Financing Activities	-	1,991,954	1,991,954
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	7,050	-	7,050
Net Cash Flows From Investing Activities	7,050	-	7,050
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(793,331)	-	(793,331)
Net Cash Flows From Capital and Related Financing Activities	(793,331)	-	(793,331)
Net Change in Cash and Cash Equivalents	75,663	1,991,954	2,067,617
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	779,854	-	779,854
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 855,517	\$ 1,991,954	\$ 2,847,471
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 231,013	\$ -	\$ 231,013
Noncash items included in income			
Depreciation/amortization	574,797	-	574,797
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources			
Accounts payable	40,694	-	40,694
Other current and accrued liabilities	(4,960)	-	(4,960)
Pension-related amounts	3,508	-	3,508
Other post employment benefits	16,892	-	16,892
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 861,944	\$ -	\$ 861,944
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
None			