

**VILLAGE OF PLEASANT PRAIRIE**

Pleasant Prairie, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

# VILLAGE OF PLEASANT PRAIRIE

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pleasant Prairie, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Pleasant Prairie's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

To the Village Board  
Village of Pleasant Prairie

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Pleasant Prairie, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the Village of Pleasant Prairie adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of funding progress and schedule of employer contributions 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.

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 combining financial statements and statement of cash flows - component unit are presented for purposes of additional analysis and are 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 combining financial statements and statement of cash flows - component unit are fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly Vinchow Kraus, LLP*

Madison, Wisconsin  
August 20, 2013

**Village of Pleasant Prairie**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**As of and for the Year Ended December 31, 2012**

Our discussion and analysis of the Village of Pleasant Prairie's financial performance provides an overview of the Village's financial activities as of and for the year ended December 31, 2012. Please read it in conjunction with the Village's financial statements following this section.

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**FINANCIAL HIGHLIGHTS**

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The total net position of the Village increased by \$8.6 million to \$126.4 million. Events that had major impacts on the Village's 2012 financials were:

- The Village's debt decreased by \$11.8 million ending the year with \$96.6 million in general obligation bonds outstanding. The Village didn't borrow any new money, but refinanced \$5.3 million, and paid \$17.1 million of principal in 2012.
- Capital grants and contributions were up \$1.1 million to \$4.4 million, because government activities contributions went from negative \$.7 million to positive \$.9 million, offset by a reduction in business type activities contributions of \$.5 million
- TID No. 2, in its 13<sup>th</sup> year of construction, has completed \$78.2 million or 83% of its 2012 amended plan of \$94.2 million planned expenditures. Eighty-three percent, \$65.1 million is for costs that can't be capitalized as governmental activities type assets, which has caused unrestricted net position of the governmental activities to decrease greatly. These costs will be recovered through future TID No. 2 tax increments.

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual financial report consists of four parts:

- *Management's discussion and analysis*
- *Basic financial statements*
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- *Required supplementary information,*
- *Combining statements for non-major governmental funds*

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 detailed 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 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 and liabilities. 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 and liabilities – 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 funds 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. 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 \$8.6 million to \$126.4 million. The increase of \$10.7 million of net investment in capital assets is attributed mainly to the reduction in related debt. Other reasons for the increase in net position can be found on pages 6-7. The majority of the net position, \$121.6 million, belongs to business-type activities of the Village, primarily the sewer (\$46 million) and water utilities (\$44.9 million).

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

|  | <b>Governmental</b> |             | <b>Business-type</b> |              | <b>Total</b> |              | <b>Total Change</b> |              |
|--|---------------------|-------------|----------------------|--------------|--------------|--------------|---------------------|--------------|
|  | <b>Activities</b>   |             | <b>Activities</b>    |              |              |              | <b>Dollars</b>      | <b>%</b>     |
|  | 2011                | 2012        | 2011                 | 2012         | 2011         | 2012         | 2011-2012           |              |
| Current and other assets               | 35.4                | 34.0        | 10.6                 | 13.9         | 46.1         | 47.8         | 1.8                 | 3.7%         |
| Capital Assets                         | 56.6                | 56.4        | 155.2                | 151.4        | 211.8        | 207.9        | (4.0)               | -1.8%        |
| <b>Total assets</b>                    | <b>92.1</b>         | <b>90.4</b> | <b>165.8</b>         | <b>165.3</b> | <b>257.9</b> | <b>255.7</b> | <b>(2.2)</b>        | <b>-0.9%</b> |
| Long-term debt outstanding             | 71.7                | 62.8        | 44.2                 | 41.4         | 115.9        | 104.2        | (11.7)              | -10.1%       |
| Other liabilities                      | 21.4                | 23.0        | 3.0                  | 2.2          | 24.4         | 25.2         | 0.9                 | 3.3%         |
| <b>Total liabilities</b>               | <b>93.1</b>         | <b>85.8</b> | <b>47.1</b>          | <b>43.6</b>  | <b>140.2</b> | <b>129.4</b> | <b>(10.8)</b>       | <b>-7.7%</b> |
| <b>Net Position</b>                    |                     |             |                      |              |              |              |                     |              |
| Net Investment in                      |                     |             |                      |              |              |              |                     |              |
| capital assets                         | 29.8                | 38.7        | 114.0                | 113.0        | 121.2        | 131.9        | 10.7                | 8.8%         |
| Restricted                             | 7.3                 | 2.4         | 1.1                  | 1.0          | 8.4          | 3.4          | (5.0)               | -59.5%       |
| Unrestricted (Deficit)                 | (38.1)              | (36.5)      | 3.6                  | 7.7          | (11.9)       | (8.9)        | 3.0                 | -25.2%       |
| <b>Total Net position -end of year</b> | <b>(1.1)</b>        | <b>4.6</b>  | <b>118.7</b>         | <b>121.6</b> | <b>117.7</b> | <b>126.4</b> | <b>8.6</b>          | <b>7.4%</b>  |

Figures may not total due to rounding.

All of the governmental activities net position is either restricted to the purposes they can be used for or are invested in capital assets (buildings, roads, equipment, and so on). Consequently, *unrestricted* net position showed a \$38.1 million deficit at the end of this year. This deficit does not mean the Village does not have resources available to pay its bills next year; rather, it is the result of the TID No. 2 expense for non-capitalized costs of \$65.1 million. These non-capitalized costs represent:

- \$16.5 million - Transferred to the Community Development Authority to purchase land along I-94 for redevelopment
- \$ 25.5 million - TID No. 2 contribution of infrastructure to the sanitary sewer, water and storm utilities (business-type activities)
- \$ 12.2 million – Site improvements to promote development
- \$ 4.9 million – Grading on private property for storm water management
- \$ 2.0 million - Development loan fund for Kenosha Area Business Alliance
- \$ 4.0 million – Operational expenses of TID No. 2

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

Governmental activities *Current and other assets'* decrease of \$1.4 million can be attributed to a decrease in cash of \$1.9 million offset by an increase in receivables (\$1 million), and smaller net

decreases in other areas. Net additions of \$3.8 million, mainly road additions, didn't offset depreciation and disposals (\$4 million) accounting for a \$.2 million decrease in the Village's governmental activities *Capital Assets*. *Other Liabilities increased* by \$1.6 million mainly because of an increase in unearned revenues of \$1.2 million. More information concerning the decrease in capital assets and long-term debt is explained starting on page 9.

The *net position* of the Village's business-type activities increased by \$2.9 million to \$121.6 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 2012 revenues total \$44.6 million and expenses total \$40.4 million resulting in an increase in net position of \$4.2 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 |             |
|--|-------------------------|-------------|--------------------------|--------------|--------------|--------------|--------------|-------------|
|  | 2011                    | 2012        | 2011                     | 2012         | 2011         | 2012         | Dollar       | %           |
| <b>Revenues</b>  |                         |             |                          |              |              |              |              |             |
| Program revenues                                       |                         |             |                          |              |              |              |              |             |
| Charges for services                                   | 2.2                     | 2.5         | 20.3                     | 21.4         | 22.5         | 23.9         | 1.3          | 6.2%        |
| Operating Grants and Contributions                     | 1.3                     | 1.4         | 0.0                      | 0.1          | 1.3          | 1.5          | 0.2          | 15.4%       |
| General revenues                                       |                         |             |                          |              |              |              |              |             |
| Property taxes   | 16.0                    | 16.4        | 0.0                      | 0.0          | 16.0         | 16.4         | 0.5          | 2.5%        |
| Other taxes  | 0.2                     | 0.2         | 0.0                      | 0.0          | 0.2          | 0.2          | 0.0          | 0.0%        |
| Intergovernmental (not restricted)                     | 2.0                     | 2.0         | 0.0                      | 0.0          | 2.0          | 2.0          | 0.0          | 0.0%        |
| Investment income                                      | 0.1                     | 0.1         | 0.2                      | 0.2          | 0.3          | 0.3          | 0.0          | 0.0%        |
| Others   | 0.2                     | 0.2         | 0.0                      | 0.0          | 0.2          | 0.2          | 0.0          | 0.0%        |
| <b>Total revenues</b>                                  | <b>22.0</b>             | <b>22.9</b> | <b>20.6</b>              | <b>21.7</b>  | <b>42.6</b>  | <b>44.6</b>  | <b>2.1</b>   | <b>4.7%</b> |
| <b>Expenses</b>  |                         |             |                          |              |              |              |              |             |
| General government                                     | 2.4                     | 2.9         | 0.0                      | 0.0          | 2.4          | 2.9          | 0.5          | 20.8%       |
| Public safety  | 7.3                     | 7.5         | 0.0                      | 0.0          | 7.3          | 7.5          | 0.1          | 2.7%        |
| Public works   | 5.2                     | 4.9         | 0.0                      | 0.0          | 5.2          | 4.9          | -0.3         | -5.8%       |
| Parks  | 0.5                     | 0.5         | 0.0                      | 0.0          | 0.5          | 0.5          | 0.0          | 0.0%        |
| Community development                                  | 0.7                     | 0.8         | 0.0                      | 0.0          | 0.7          | 0.8          | 0.1          | 14.3%       |
| Interest and fiscal charges                            | 2.8                     | 2.5         | 0.0                      | 0.0          | 2.8          | 2.5          | -0.3         | -10.7%      |
| Water  | 0.0                     | 0.0         | 3.2                      | 3.4          | 3.2          | 3.4          | 0.2          | 6.2%        |
| Sewer  | 0.0                     | 0.0         | 4.8                      | 4.6          | 4.8          | 4.6          | -0.2         | -4.2%       |
| Clean Water  | 0.0                     | 0.0         | 1.4                      | 1.3          | 1.4          | 1.3          | -0.1         | -7.1%       |
| LakeView RecPlex                                       | 0.0                     | 0.0         | 10.4                     | 10.6         | 10.4         | 10.6         | 0.3          | 1.9%        |
| Waste collection                                       | 0.0                     | 0.0         | 1.4                      | 1.4          | 1.4          | 1.4          | 0.0          | 0.0%        |
| <b>Total expenses</b>                                  | <b>19.0</b>             | <b>19.1</b> | <b>21.2</b>              | <b>21.3</b>  | <b>40.2</b>  | <b>40.4</b>  | <b>0.2</b>   | <b>0.5%</b> |
| Increase (Deficiency) before Transfers & contributions | 3.0                     | 3.9         | -0.7                     | 0.3          | 2.4          | 4.2          | 1.8          | 75.0%       |
| Capital contributions                                  | -0.7                    | 0.9         | 4.0                      | 3.5          | 3.3          | 4.4          | 1.1          | 33.3%       |
| Transfers  | -0.3                    | 0.9         | 0.3                      | -0.9         | 0.0          | 0.0          | 0.0          | 0.0%        |
| <b>CHANGE IN NET POSITION</b>                          | <b>2.1</b>              | <b>5.7</b>  | <b>3.6</b>               | <b>2.9</b>   | <b>5.6</b>   | <b>8.6</b>   |              |             |
| <b>ENDING NET POSITION (Deficit)</b>                   | <b>-1.1</b>             | <b>4.6</b>  | <b>118.7</b>             | <b>121.6</b> | <b>117.7</b> | <b>126.4</b> |              |             |

Figures may not total due to rounding.

### Governmental Activities

Revenues for the Village's governmental activities total \$22.9 million, with property taxes accounting for over half followed by charges for services. Building permits account for the majority of the user charges, followed by rescue billing, assessing contracts, engineering department fees and municipal court fines.

Governmental activities expenses total \$19.1 million, only \$.1 million more than 2011 expenses, with some areas increasing (general government, public safety, community development) by \$.8 million, offset by decreases in public works and interest charges. Capital contributions increased from a negative \$.7 million in 2011 to a positive \$.9 million in 2012. The negative \$.7 million relates to previously recorded special assessments that have not yet been earned as a future event needs to occur, so they have been removed until they become earned. The water utility (business activity) transferred \$.9 million to the general government for payment in lieu of taxes.

Table A-3 presents the total cost of each of the Village’s activities (\$19.1 million) as well as each activity’s net cost (\$14.2 million). Activity’s net cost is total cost minus fees generated by the activities and direct intergovernmental aid. The net cost shows the financial burden placed on Village taxpayers or indirect revenue sources by each of these activities.

The *decrease* in net cost of services of \$2 million is mainly attributed to public works because of the capital contribution increase explained above. The rest of the departments are up or down a little offsetting each other.

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

- Village Property Taxes (\$16.4 million)
- State of Wisconsin shared revenue (\$2.0 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       |               |
|-----------------------|------------------------|-------------|------------|-------------|----------------------|-------------|--------------|---------------|
|                       | 2011                   | 2012        | Dollar     | %           | 2011                 | 2012        | Dollar       | %             |
|                       |                        |             | 2011-2012  |             | 2011-2012            |             |              |               |
| General government    | 2.4                    | 2.9         | 0.5        | 19.2%       | 2.0                  | 2.5         | 0.5          | 22.7%         |
| Public safety         | 7.3                    | 7.5         | 0.1        | 1.8%        | 6.4                  | 6.1         | (0.2)        | -3.4%         |
| Public works          | 5.2                    | 4.9         | (0.3)      | -5.7%       | 4.6                  | 2.6         | (2.0)        | -43.9%        |
| Parks                 | 0.5                    | 0.5         | 0.0        | 6.8%        | 0.5                  | 0.5         | 0.0          | 6.9%          |
| Community development | 0.7                    | 0.8         | 0.1        | 11.3%       | 0.0                  | 0.1         | 0.1          | 417.5%        |
| Other                 | 2.8                    | 2.5         | (0.3)      | -11.9%      | 2.7                  | 2.4         | (0.3)        | -12.0%        |
| <b>Grand Total</b>    | <b>19.0</b>            | <b>19.1</b> | <b>0.1</b> | <b>0.4%</b> | <b>16.2</b>          | <b>14.2</b> | <b>(2.0)</b> | <b>-12.3%</b> |

Figures may not total due to rounding.

**Business-type Activities**

Revenue from the Village’s business-type activities total \$21.7 million with user fees accounting for 99%. The RecPlex celebrated its 12<sup>th</sup> year anniversary in 2012. In 2012 the RecPlex’s user fee revenues increased \$.7 million. This impressive facility offers a family-oriented recreation destination with five main activity areas: an aquatics center, fitness center, athletic field house, two ice rinks and a 50 meter competitive indoor swimming pool. The RecPlex experienced a decrease in memberships (42 memberships or .9% decrease), ending the year at 4,719 memberships. Memberships are a major revenue source accounting for 36% of actual operating revenues.

Business-type expenses total \$21.3 million. The RecPlex is the largest business type fund, accounting for 50% 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<br>RecPlex |             | Waste<br>Collection |            | Total        |              | Change      |               |
|--|---------------|-------------|---------------|-------------|-------------|-------------|---------------------|-------------|---------------------|------------|--------------|--------------|-------------|---------------|
|  | 2011          | 2012        | 2011          | 2012        | 2011        | 2012        | 2011                | 2012        | 2011                | 2012       | 2011         | 2012         | Dollar      | %             |
| <b>Revenues</b>                                      |               |             |               |             |             |             |                     |             |                     |            |              |              |             |               |
| Program revenues                                     |               |             |               |             |             |             |                     |             |                     |            |              |              |             |               |
| Charge for services                                  | 3.8           | 4.3         | 4.5           | 4.5         | 1.1         | 1.1         | 9.5                 | 10.2        | 1.5                 | 1.5        | 20.3         | 21.7         | 1.4         | 6.9%          |
| Intergovernmental                                    | 0.0           | 0.0         | 0.0           | 0.0         | 0.0         | 0.0         | 0.0                 | 0.0         | 0.0                 | 0.0        | 0.0          | 0.0          | 0.0         | NA            |
| General Revenues                                     |               |             |               |             |             |             |                     |             |                     |            |              |              |             |               |
| Investment Income                                    | 0.0           | 0.0         | 0.1           | 0.1         | 0.0         | 0.0         | 0.0                 | 0.0         | 0.0                 | 0.0        | 0.2          | 0.2          | 0.0         | 0.0%          |
| <b>Total revenue</b>                                 | <b>3.8</b>    | <b>4.4</b>  | <b>4.6</b>    | <b>4.6</b>  | <b>1.1</b>  | <b>1.2</b>  | <b>9.5</b>          | <b>10.3</b> | <b>1.5</b>          | <b>1.5</b> | <b>20.6</b>  | <b>21.9</b>  | <b>1.4</b>  | <b>6.3%</b>   |
| <b>Expenses</b>                                      | <b>3.2</b>    | <b>3.4</b>  | <b>4.8</b>    | <b>4.7</b>  | <b>1.4</b>  | <b>1.3</b>  | <b>10.4</b>         | <b>10.8</b> | <b>1.4</b>          | <b>1.5</b> | <b>21.2</b>  | <b>21.7</b>  | <b>0.5</b>  | <b>2.4%</b>   |
| Excess (deficiency) before transfers & contributions | 0.6           | 1.0         | -0.2          | 0.0         | -0.2        | -0.2        | -0.9                | -0.6        | 0.1                 | 0.1        | (0.7)        | 0.3          | 0.9         | -142.9%       |
| Capital contribution                                 | 0.0           | 0.2         | 1.4           | 0.3         | 0.8         | 0.2         | 2.8                 | 2.8         | 0.0                 | 0.0        | 5.1          | 3.5          | -1.6        | -31.4%        |
| Transfers  | -1.0          | -1.0        | 0.0           | 0.0         | 0.0         | 0.0         | 0.1                 | 0.1         | 0.0                 | 0.0        | (0.8)        | (0.9)        | 0.0         | 12.5%         |
| Internal service fund charge                         | 0.0           | 0.0         | 0.0           | 0.0         | 0.0         | 0.0         | 0.0                 | 0.0         | 0.0                 | 0.0        | 0.2          | 0.2          | 0.0         | 0.0%          |
| <b>CHANGE IN NET POSITION</b>                        | <b>(0.4)</b>  | <b>0.2</b>  | <b>1.2</b>    | <b>0.2</b>  | <b>0.6</b>  | <b>0.0</b>  | <b>2.0</b>          | <b>2.4</b>  | <b>0.1</b>          | <b>0.1</b> | <b>3.7</b>   | <b>3.1</b>   | <b>-0.7</b> | <b>-16.2%</b> |
| <b>ENDING NET POSITION</b>                           | <b>44.7</b>   | <b>44.9</b> | <b>45.8</b>   | <b>46.0</b> | <b>24.2</b> | <b>24.3</b> | <b>3.0</b>          | <b>5.4</b>  | <b>0.6</b>          | <b>0.6</b> | <b>118.5</b> | <b>121.3</b> | <b>2.9</b>  | <b>2.4%</b>   |

Figures may not total due to rounding.

Our clean water utility and recreational complex experienced a decrease in net position during 2012 prior to capital contributions. If clean water capital contributions from developers, utility customers and the tax incremental districts are greater than the yearly operating loss, net position will increase, otherwise net position will decrease.

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## FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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As the Village completed the year, its governmental funds closed the year at a fund balance of \$9.9 million, down from \$12.8 million at the end of 2011. The decrease is primarily in the TID No. 2 Debt Service Fund (\$2.6 million) and TID No. 2 Capital Project Fund (\$.4 million). These decreases are attributed to spending of bond proceeds, not borrowing any new money and paying off debt.

The general fund balance increased \$.2 million to \$3.9 million, which represents 32.9% of the expenditures for year-end December 31, 2012. The 2013 general fund budget is a balanced budget which will keep the general fund balance at this historical high point.

Unassigned general fund balance was \$3.4 million or 87%. The non-spendable balance is mainly the result of the general fund loaning the sewer utility, an enterprise fund of the Village, \$.6 million for 10 years at a variable interest rate.

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## GENERAL FUND BUDGETARY HIGHLIGHTS

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Budgets are adopted at the department level of expenditures. Only minor budget amendments were made through the year, no supplemental appropriations. General fund revenues and other financing sources exceed budget by \$352,146 along with expenditures being under budget by \$564,448, before the transfer of \$700,000 to the general capital project fund.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Village had investments of \$207.9 million at the end of 2012 in capital assets, a net decrease of \$3.9 million. (See table A5). Additions of only \$4.9 million didn't offset depreciation of \$8.6 million, and disposals of \$.2 million causing this decrease 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 |            |
|-------------------------------|-------------------------|-------------|--------------------------|--------------|--------------|--------------|--------------|------------|
|                               | 2011                    | 2012        | 2011                     | 2012         | 2011         | 2012         | Dollar       | Percent    |
| Land                          | 17.2                    | 17.8        | 1.9                      | 2.0          | 19.1         | 19.8         | 0.7          | 4%         |
| Buildings and improvements    | 4.6                     | 4.7         | 55.4                     | 53.6         | 60.1         | 58.4         | (1.7)        | -3%        |
| Equipment / Intangible Assets | 6.4                     | 6.1         | 5.2                      | 4.7          | 11.7         | 10.9         | (0.8)        | -7%        |
| Infrastructure                | 27.8                    | 26.7        | 91.3                     | 89.5         | 119.0        | 116.1        | (2.9)        | -2%        |
| Construction in progress      | 0.6                     | 1.1         | 1.4                      | 1.6          | 2.0          | 2.7          | 0.7          | 37%        |
| <b>Total</b>                  | <b>56.6</b>             | <b>56.4</b> | <b>155.2</b>             | <b>151.4</b> | <b>211.8</b> | <b>207.9</b> | <b>(3.9)</b> | <b>-2%</b> |

Figures may not total due to rounding.

In 2012 \$3.8 million was spent for government-type activities, with roads leading the list at \$1.3 million. The business-type activities additions totaled \$1 million, with the water utility (\$.4 million) and RecPlex (\$.3 million) topping the list of additions. Listed below are major additions for 2012.

| Project Description                 | Type             | Source       | Millions     |
|-------------------------------------|------------------|--------------|--------------|
| Asbury Creek                        | Roads            | Developers   | \$0.9        |
| Chateau Eau Plaines                 | Land             | Governmental | \$0.5        |
| Various Road Improvements           | Roads            | Governmental | \$0.4        |
| Ingram Park                         | Land Improvement | Governmental | \$0.3        |
| 77th St / 109th Ave Water Extension | Water            | Developers   | \$0.2        |
| Building Improvements               | Building         | RecPlex      | \$0.1        |
| RecPlex Website                     | Intangibles      | RecPlex      | \$0.1        |
|                                     |                  | <b>Total</b> | <b>\$2.5</b> |

Long-term Debt

At year-end the Village had \$96.6 million in general obligation bonds, a decrease of \$11.8 million (See table A-6). The village had no new debt borrowings during the year, refinancings of \$5.3 million, and principal payments of \$17.1 million.

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

|   | Governmental Activities |             | Business-type Activities |             | Total        |             | Total Change  |               |
|---|-------------------------|-------------|--------------------------|-------------|--------------|-------------|---------------|---------------|
|   | 2011                    | 2012        | 2011                     | 2012        | 2011         | 2012        | Dollar        | %             |
| General obligation bonds<br>(backed by the Village) | 68.0                    | 58.8        | 40.4                     | 37.8        | 108.4        | 96.6        | (11.8)        | -10.9%        |
| <b>Total</b>  | <b>68.0</b>             | <b>58.8</b> | <b>40.4</b>              | <b>37.8</b> | <b>108.4</b> | <b>96.6</b> | <b>(11.8)</b> | <b>-10.9%</b> |

Figures may not total due to rounding.

The Village has the power to incur indebtedness for Village purposes specified by statute in an aggregate amount, not to exceed 5 percent of the equalized value of taxable property in the Village. Our legal debt capacity is \$124 million, so the Village is currently at 77.9% of capacity. We have additional borrowing capacity of \$27.4 million.

The majority of the governmental activities' outstanding debt, \$52.4 million or 89%, 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 2019. The general government has \$6.4 million of outstanding debt that will be paid by tax levy. The business-type activities' debt is supported by user fees from the Village's Sewer Utility (\$7.2 million), Water Utility (\$.5 million), RecPlex (\$29.8 million) and Waste Collection (\$.3 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 haven't changed since 2010.

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

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#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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The Village's strategic location between Milwaukee and Chicago is home to one of the largest and most successful corporate parks in Wisconsin. Pursuant to information gathered by WISPARK LLC (a Milwaukee based utility holding company that developed the corporate park) there are 79 companies located in Lakeview Corporate Park representing approximately 8,027 jobs, with an additional 205 anticipated. Abbott owns 631 acres of land west of I-94 for future development and creation of up to 12,000 jobs.

The Village's two largest employers are Pleasant Prairie Premium Outlets and Uline, Inc, both located in LakeView Corporate Park. Premium Outlets employs approximately 1,000 in all their various shops located in the center, and Uline employs 845 between their corporate office and distribution facilities.

The Village's tax base, currently \$2.5 billion, a slight decrease (\$.1 billion) after growing steadily, quadrupling in value since 1993 (\$.65 billion-1993). Our population has also grown at a steady rate to 19,850 (2012 Estimate) versus 12,604 in 1993.

The 2013 general fund-operating budget was approved as a balanced budget not using any of the Village's surpluses. Revenues were budgeted at \$13.1 million (5.6% increase) and expenditures of \$13.1 million (5.6% increase). Total general government property tax contribution remained at \$9.2 million, same as previous year's tax levy.

Water rates were increased 11% in March, 2012, after approval of the Public Service Commission of Wisconsin. The increase in rates is because of a 24 percent increase in gross plant investment and a 52 percent increase in operating expenses since the Village's last water rate case in 2003. No sewer rate increase planned for 2013.

The last RecPlex membership rate increase was May 1, 2011. The primary membership increase was 3% for residential and 6% for non-residential. An annual increase of \$10 for youth and \$30 for secondary adult members was also implemented. A rate increase is being planned for September 1, 2013, \$3 increase monthly for primary member, \$2 increase monthly for secondary member, no increase for youth members.

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#### CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

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

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF NET POSITION

As of December 31, 2012

|   | Primary Government         |                                 |                       | Component<br>Unit - Community<br>Development<br>Authority |
|---|----------------------------|---------------------------------|-----------------------|---|
|   | Governmental<br>Activities | Business-<br>type<br>Activities | Totals                |   |
| <b>ASSETS</b>                             |                            |                                 |                       |   |
| Cash and investments                      | \$ 12,687,668              | \$ 7,424,767                    | \$ 20,112,435         | \$ -  |
| Receivables (net)                         |                            |                                 |                       |   |
| Taxes                                     | 17,386,854                 | 445,325                         | 17,832,179            | -   |
| Delinquent taxes                          | 23,096                     | -                               | 23,096                | -   |
| Accounts                                  | 1,368,280                  | 1,429,375                       | 2,797,655             | -   |
| Special assessments                       | 501,986                    | 1,359,152                       | 1,861,138             | -   |
| Delinquent special assessments            | 245,493                    | -                               | 245,493               | -   |
| Accrued interest                          | 19,489                     | 2,789                           | 22,278                | -   |
| Other                                     | -                          | 1,191,747                       | 1,191,747             | -   |
| Internal balances                         | (501,200)                  | 501,200                         | -                     | -   |
| Prepaid items                             | 178,037                    | 22,111                          | 200,148               | -   |
| Inventories                               | -                          | 185,360                         | 185,360               | -   |
| Restricted assets                         | 1,070,839                  | 1,013,583                       | 2,084,422             | -   |
| Advances                                  | 307,500                    | (307,500)                       | -                     | -   |
| Other assets                              | 691,124                    | 582,786                         | 1,273,910             | -   |
| Capital assets                            |                            |                                 |                       |   |
| Land                                      | 5,031,900                  | 1,748,205                       | 6,780,105             | 11,320,595  |
| Right of way                              | 12,739,790                 | -                               | 12,739,790            | -   |
| Construction in progress                  | 1,097,827                  | 1,589,839                       | 2,687,666             | -   |
| Intangible assets, net of amortization    | 365,782                    | 377,400                         | 743,182               | -   |
| Other capital assets, net of depreciation | 37,191,603                 | 147,722,139                     | 184,913,742           | 307,929   |
| Total Assets                              | <u>90,406,068</u>          | <u>165,288,278</u>              | <u>255,694,346</u>    | <u>11,628,524</u>   |
| <b>LIABILITIES</b>                        |                            |                                 |                       |   |
| Accounts payable and accrued liabilities  | 3,241,241                  | 1,442,743                       | 4,683,984             | -   |
| Unearned revenues                         | 19,757,635                 | 799,996                         | 20,557,631            | -   |
| Noncurrent liabilities                    |                            |                                 |                       |   |
| Due within one year                       | 7,780,830                  | 2,305,872                       | 10,086,702            | -   |
| Due in more than one year                 | 55,001,180                 | 39,098,557                      | 94,099,737            | -   |
| Total Liabilities                         | <u>85,780,886</u>          | <u>43,647,168</u>               | <u>129,428,054</u>    | <u>-</u>  |
| <b>NET POSITION</b>                       |                            |                                 |                       |   |
| Net investment in capital assets          | 38,723,113                 | 112,954,240                     | 131,900,189           | 11,628,524  |
| Restricted                                |                            |                                 |                       |   |
| Debt service                              | 1,279,532                  | -                               | 1,279,532             | -   |
| Impact fees                               | 1,070,839                  | -                               | 1,070,839             | -   |
| Federally forfeited property recoveries   | 1,618                      | -                               | 1,618                 | -   |
| Equipment replacement                     | -                          | 1,013,583                       | 1,013,583             | -   |
| Unrestricted (deficit)                    | <u>(36,449,920)</u>        | <u>7,673,287</u>                | <u>(8,999,469)</u>    | <u>-</u>  |
| <b>TOTAL NET POSITION</b>                 | <u>\$ 4,625,182</u>        | <u>\$ 121,641,110</u>           | <u>\$ 126,266,292</u> | <u>\$ 11,628,524</u>                                      |

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

| Functions/Programs   | Program Revenues |                         |  |  | Net (Expenses) Revenues and<br>Changes in Net Position |                             |                | Component<br>Unit - Community<br>Development<br>Authority |
|--|------------------|-------------------------|--|--|--|-----------------------------|----------------|---|
|  | Expenses         | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                     |                             | Totals         |   |
|  |                  |                         |  |  | Governmental<br>Activities                             | Business-type<br>Activities |                |   |
| <b>Primary Government</b>                                      |                  |                         |  |  |  |                             |                |   |
| Governmental Activities  |                  |                         |  |  |  |                             |                |   |
| General government   | \$ 2,911,163     | \$ 423,186              | \$ 1,360                                 | \$ -                                   | \$ (2,486,617)   | \$ -                        | \$ (2,486,617) | \$ -  |
| Public safety  | 7,455,683        | 1,092,805               | 228,892                                  | -                                      | (6,133,986)  | -                           | (6,133,986)    | -   |
| Public works   | 4,900,738        | 286,037                 | 1,125,007                                | 910,779                                | (2,578,915)  | -                           | (2,578,915)    | -   |
| Parks  | 525,576          | -                       | -  | -                                      | (525,576)  | -                           | (525,576)      | -   |
| Community development  | 782,910          | 695,565                 | -  | -                                      | (87,345)   | -                           | (87,345)       | -   |
| Interest and fiscal charges                                    | 2,484,101        | -                       | 76,775                                   | -                                      | (2,407,326)  | -                           | (2,407,326)    | -   |
| Total Governmental Activities                                  | 19,060,171       | 2,497,593               | 1,432,034                                | 910,779                                | (14,219,765)   | -                           | (14,219,765)   | -   |
| Business-type Activities                                       |                  |                         |  |  |  |                             |                |   |
| Water Utility  | 3,404,080        | 4,329,918               | -  | 203,708                                | -  | 1,129,546                   | 1,129,546      | -   |
| Sewer Utility  | 4,588,880        | 4,487,603               | -  | 258,580                                | -  | 157,303                     | 157,303        | -   |
| Clean Water Utility  | 1,297,609        | 1,126,894               | -  | 215,531                                | -  | 44,816                      | 44,816         | -   |
| Lakeview Rec Plex  | 10,604,905       | 9,973,889               | 65,399                                   | 2,810,670                              | -  | 2,245,053                   | 2,245,053      | -   |
| Waste Collection   | 1,441,503        | 1,443,781               | 46,009                                   | -                                      | -  | 48,287                      | 48,287         | -   |
| Total Business-type Activities                                 | 21,336,977       | 21,362,085              | 111,408                                  | 3,488,489                              | -  | 3,625,005                   | 3,625,005      | -   |
| Total Primary Government                                       | \$ 40,397,148    | \$ 23,859,678           | \$ 1,543,442                             | \$ 4,399,268                           | (14,219,765)   | 3,625,005                   | (10,594,760)   | -   |
| <b>Component Unit</b>  |                  |                         |  |  |  |                             |                |   |
| Community Development Authority                                | \$ 568,384       | \$ -                    | \$ -                                     | \$ -                                   | -  | -                           | -              | (568,384)   |
| <b>General Revenues</b>  |                  |                         |  |  |  |                             |                |   |
| Taxes  |                  |                         |  |  |  |                             |                |   |
| Property taxes, levied for general purposes                    |                  |                         |  |  | 7,519,332  | -                           | 7,519,332      | -   |
| Property taxes, levied for debt service                        |                  |                         |  |  | 1,672,153  | -                           | 1,672,153      | -   |
| Property taxes, levied for TIF districts                       |                  |                         |  |  | 7,241,264  | -                           | 7,241,264      | -   |
| Other taxes  |                  |                         |  |  | 249,065  | -                           | 249,065        | -   |
| Intergovernmental revenues not restricted to specific programs |                  |                         |  |  | 1,998,719  | -                           | 1,998,719      | -   |
| Investment income  |                  |                         |  |  | 130,534  | 174,866                     | 305,400        | -   |
| Gain on sale of assets   |                  |                         |  |  | -  | 34,618                      | 34,618         | -   |
| Miscellaneous  |                  |                         |  |  | 196,454  | -                           | 196,454        | -   |
| Total General Revenues   |                  |                         |  |  | 19,007,521   | 209,484                     | 19,217,005     | -   |
| Transfers  |                  |                         |  |  | 889,303  | (889,303)                   | -              | -   |
| <b>Change in Net Position</b>                                  |                  |                         |  |  | 5,677,059  | 2,945,186                   | 8,622,245      | (568,384)   |
| NET POSITION (DEFICIT) - Beginning of Year                     |                  |                         |  |  | (1,051,877)  | 118,695,924                 | 117,644,047    | 12,196,908  |
| <b>NET POSITION - END OF YEAR</b>                              |                  |                         |  |  | \$ 4,625,182   | \$ 121,641,110              | \$ 126,266,292 | \$ 11,628,524   |

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2012

|   | General              | General<br>Debt<br>Service | TID No. 2<br>Debt<br>Service<br>Fund | General<br>Capital<br>Projects | TID No. 2<br>Capital<br>Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Totals               |
|---|----------------------|----------------------------|--------------------------------------|--------------------------------|--|------------------------------------|----------------------|
| <b>ASSETS</b>   |                      |                            |                                      |                                |  |                                    |                      |
| Cash and investments  | \$ 6,490,233         | \$ 461,172                 | \$ 1,024,175                         | \$ 2,157,413                   | \$ 1,762,227                             | \$ 47,135                          | \$ 11,942,355        |
| Receivables (net)   |                      |                            |                                      |                                |  |                                    |                      |
| Taxes   | 7,234,360            | 1,462,802                  | 8,173,067                            | 514,373                        | -  | 2,252                              | 17,386,854           |
| Delinquent taxes  | 23,096               | -                          | -                                    | -                              | -  | -                                  | 23,096               |
| Accounts  | 537,453              | -                          | 351,081                              | 454,363                        | -  | 1,552                              | 1,344,449            |
| Special assessments   | -                    | 475,896                    | 26,090                               | -                              | -  | -                                  | 501,986              |
| Delinquent special assessments  | -                    | 245,493                    | -                                    | -                              | -  | -                                  | 245,493              |
| Accrued interest  | 19,489               | -                          | -                                    | -                              | -  | -                                  | 19,489               |
| Prepaid items   | 178,037              | -                          | -                                    | -                              | -  | -                                  | 178,037              |
| Restricted assets   | -                    | -                          | -                                    | 1,070,839                      | -  | -                                  | 1,070,839            |
| Advances to other funds   | 307,500              | -                          | -                                    | -                              | -  | -                                  | 307,500              |
| <b>TOTAL ASSETS</b>   | <b>\$ 14,790,168</b> | <b>\$ 2,645,363</b>        | <b>\$ 9,574,413</b>                  | <b>\$ 4,196,988</b>            | <b>\$ 1,762,227</b>                      | <b>\$ 50,939</b>                   | <b>\$ 33,020,098</b> |
| <b>LIABILITIES AND FUND BALANCES</b>  |                      |                            |                                      |                                |  |                                    |                      |
| Liabilities   |                      |                            |                                      |                                |  |                                    |                      |
| Accounts payable  | \$ 470,760           | \$ 119,061                 | \$ -                                 | \$ 231,846                     | \$ 79,149                                | \$ 5,604                           | \$ 906,420           |
| Accrued liabilities   | 443,365              | -                          | -                                    | -                              | 13,024                                   | -                                  | 456,389              |
| Deferred revenues   | 8,958,663            | 1,452,709                  | 8,516,675                            | 1,445,276                      | -  | 2,252                              | 20,375,575           |
| Deferred special assessments  | -                    | 367,321                    | 29,622                               | -                              | -  | -                                  | 396,943              |
| Other liabilities   | 984,450              | -                          | -                                    | -                              | -  | -                                  | 984,450              |
| Total Liabilities   | <u>10,857,238</u>    | <u>1,939,091</u>           | <u>8,546,297</u>                     | <u>1,677,122</u>               | <u>92,173</u>                            | <u>7,856</u>                       | <u>23,119,777</u>    |
| Fund Balances   |                      |                            |                                      |                                |  |                                    |                      |
| Nonspendable  | 508,633              | 245,493                    | -                                    | -                              | -  | -                                  | 754,126              |
| Restricted  | -                    | 460,779                    | 1,028,116                            | 1,070,839                      | 1,670,054                                | 1,618                              | 4,231,406            |
| Committed   | -                    | -                          | -                                    | -                              | -  | 41,465                             | 41,465               |
| Assigned  | -                    | -                          | -                                    | 1,449,027                      | -  | -                                  | 1,449,027            |
| Unassigned  | 3,424,297            | -                          | -                                    | -                              | -  | -                                  | 3,424,297            |
| Total Fund Balances   | <u>3,932,930</u>     | <u>706,272</u>             | <u>1,028,116</u>                     | <u>2,519,866</u>               | <u>1,670,054</u>                         | <u>43,083</u>                      | <u>9,900,321</u>     |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>  | <b>\$ 14,790,168</b> | <b>\$ 2,645,363</b>        | <b>\$ 9,574,413</b>                  | <b>\$ 4,196,988</b>            | <b>\$ 1,762,227</b>                      | <b>\$ 50,939</b>                   |                      |
| Amounts reported for governmental activities in the statement of net position are different because:  |                      |                            |                                      |                                |  |                                    |                      |
| Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.   |                      |                            |                                      |                                |  |                                    | 53,798,820           |
| Special assessments are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.                               |                      |                            |                                      |                                |  |                                    | 396,943              |
| Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B. |                      |                            |                                      |                                |  |                                    | 617,940              |
| Internal service fund is reported in the statement of net position in the governmental activities column.   |                      |                            |                                      |                                |  |                                    | 2,829,837            |
| 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.   |                      |                            |                                      |                                |  |                                    | <u>(62,918,679)</u>  |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>  |                      |                            |                                      |                                |  |                                    | <b>\$ 4,625,182</b>  |

See accompanying notes to financial statements.

## VILLAGE OF PLEASANT PRAIRIE

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

For the Year Ended December 31, 2012

|  | General           | General<br>Debt<br>Service | TID No. 2<br>Debt Service<br>Fund | General<br>Capital<br>Projects | TID No. 2<br>Capital Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Totals            |
|--|-------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------------------|------------------------------------|-------------------|
| <b>REVENUES</b>                        |                   |                            |                                   |                                |                                       |                                    |                   |
| Taxes                                  | \$ 7,405,898      | \$ 1,672,153               | \$ 7,238,121                      | \$ 364,494                     | \$ -                                  | \$ 1,148                           | \$ 16,681,814     |
| Intergovernmental                      | 2,130,431         | -                          | 158,459                           | 885,583                        | -                                     | -                                  | 3,174,473         |
| Regulation and compliance              | 862,076           | -                          | -                                 | -                              | -                                     | -                                  | 862,076           |
| Public charges for services            | 976,874           | -                          | -                                 | 164,281                        | -                                     | -                                  | 1,141,155         |
| Intergovernmental charges for services | 327,700           | -                          | -                                 | -                              | -                                     | -                                  | 327,700           |
| Special assessments                    | -                 | 51,853                     | 8,396                             | -                              | -                                     | -                                  | 60,249            |
| Investment income                      | 71,206            | 29,353                     | 12,470                            | 7,323                          | 7,634                                 | 155                                | 128,141           |
| Miscellaneous                          | 201,248           | -                          | -                                 | 233,717                        | 14,066                                | 27,245                             | 476,276           |
| Total Revenues                         | <u>11,975,433</u> | <u>1,753,359</u>           | <u>7,417,446</u>                  | <u>1,655,398</u>               | <u>21,700</u>                         | <u>28,548</u>                      | <u>22,851,884</u> |
| <b>EXPENDITURES</b>                    |                   |                            |                                   |                                |                                       |                                    |                   |
| Current                                |                   |                            |                                   |                                |                                       |                                    |                   |
| General government                     | 2,567,596         | -                          | -                                 | -                              | -                                     | -                                  | 2,567,596         |
| Public safety                          | 7,127,872         | -                          | -                                 | -                              | -                                     | 28,187                             | 7,156,059         |
| Public works                           | 1,279,988         | -                          | -                                 | -                              | -                                     | -                                  | 1,279,988         |
| Parks                                  | 385,056           | -                          | -                                 | -                              | -                                     | -                                  | 385,056           |
| Community development                  | 591,488           | -                          | -                                 | -                              | -                                     | -                                  | 591,488           |
| Capital Outlay                         | -                 | -                          | -                                 | 2,581,788                      | 446,378                               | 10,998                             | 3,039,164         |
| Debt Service                           |                   |                            |                                   |                                |                                       |                                    |                   |
| Principal retirement                   | -                 | 1,425,317                  | 10,375,000                        | -                              | -                                     | -                                  | 11,800,317        |
| Interest and fiscal charges            | -                 | 302,538                    | 2,519,958                         | -                              | -                                     | -                                  | 2,822,496         |
| Total Expenditures                     | <u>11,952,000</u> | <u>1,727,855</u>           | <u>12,894,958</u>                 | <u>2,581,788</u>               | <u>446,378</u>                        | <u>39,185</u>                      | <u>29,642,164</u> |

## VILLAGE OF PLEASANT PRAIRIE

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

For the Year Ended December 31, 2012

|  | General             | General<br>Debt<br>Service | TID No. 2<br>Debt Service<br>Fund | General<br>Capital<br>Projects | TID No. 2<br>Capital Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Totals              |
|--|---------------------|----------------------------|-----------------------------------|--------------------------------|---------------------------------------|------------------------------------|---------------------|
| Excess (deficiency) of revenues<br>over expenditures | \$ 23,433           | \$ 25,504                  | \$ (5,477,512)                    | \$ (926,390)                   | \$ (424,678)                          | \$ (10,637)                        | \$ (6,790,280)      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                            |                                   |                                |                                       |                                    |                     |
| Debt issued  | -                   | -                          | 2,635,000                         | -                              | -                                     | -                                  | 2,635,000           |
| Premium on debt issued                               | -                   | -                          | 220,867                           | -                              | -                                     | -                                  | 220,867             |
| Sale of property                                     | -                   | -                          | -                                 | 38,648                         | -                                     | -                                  | 38,648              |
| Transfers in   | 893,154             | -                          | -                                 | 815,000                        | -                                     | -                                  | 1,708,154           |
| Transfers out  | (700,000)           | -                          | -                                 | -                              | -                                     | -                                  | (700,000)           |
| Total Other Financing Sources (Uses)                 | <u>193,154</u>      | <u>-</u>                   | <u>2,855,867</u>                  | <u>853,648</u>                 | <u>-</u>                              | <u>-</u>                           | <u>3,902,669</u>    |
| <b>Net Change in Fund Balance</b>                    | 216,587             | 25,504                     | (2,621,645)                       | (72,742)                       | (424,678)                             | (10,637)                           | (2,887,611)         |
| FUND BALANCES - Beginning of Year                    | <u>3,716,343</u>    | <u>680,768</u>             | <u>3,649,761</u>                  | <u>2,592,608</u>               | <u>2,094,732</u>                      | <u>53,720</u>                      | <u>12,787,932</u>   |
| <b>FUND BALANCES - END OF YEAR</b>                   | <u>\$ 3,932,930</u> | <u>\$ 706,272</u>          | <u>\$ 1,028,116</u>               | <u>\$ 2,519,866</u>            | <u>\$ 1,670,054</u>                   | <u>\$ 43,083</u>                   | <u>\$ 9,900,321</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, 2012

---

|  |                |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (2,887,611) |
|--|----------------|

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 | 3,039,164   |
| Some items reported as capital outlay were not capitalized   | (714,382)   |
| Depreciation is reported in the government-wide statements   | (3,424,329) |
| TID improvements transferred as assets to utility funds  | (3,851)     |
| Net book value of assets retired   | (60,138)    |

|  |         |
|--|---------|
| Contributed capital assets are reported as revenues in the government-wide statements. | 895,205 |
|--|---------|

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

|                     |          |
|---------------------|----------|
| Special assessments | (60,572) |
| Other               | 97,603   |

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      | (2,635,000) |
| Principal repaid | 11,800,317  |

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

|                                |           |
|--------------------------------|-----------|
| Compensated absences           | (18,399)  |
| Accrued interest on debt       | 115,761   |
| Other post-employment benefits | (478,274) |

Governmental funds report debt premiums, discounts, and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and 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        | 179,244   |
| Debt issuance costs | (177,478) |

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.

|  |       |
|--|-------|
|  | 9,799 |
|--|-------|

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

|  |              |
|--|--------------|
|  | \$ 5,677,059 |
|--|--------------|

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2012

|  | Business-type Activities |                      |                        |                           |  |                    | Governmental                                  |
|--|--------------------------|----------------------|------------------------|---------------------------|--|--------------------|---|
|  | Major                    |                      |                        |                           |  | Totals             | Internal                                      |
|  | Water<br>Utility         | Sewer<br>Utility     | Clean Water<br>Utility | Lakeview<br>Rec Plex Fund | Non-Major<br>Waste<br>Collection<br>Fund |                    | Service Fund<br>Fleet<br>Internal<br>Services |
| <b>ASSETS</b>                          |                          |                      |                        |                           |  |                    |   |
| Current Assets                         |                          |                      |                        |                           |  |                    |   |
| Cash and investments                   | \$ 1,192,074             | \$ 1,345,252         | \$ 1,437,279           | \$ 3,134,605              | \$ 315,557                               | \$ 7,424,767       | \$ 745,313                                    |
| Receivables                            |                          |                      |                        |                           |  |                    |   |
| Taxes                                  | 138,561                  | 177,146              | 63,248                 | -                         | 66,370                                   | 445,325            | -   |
| Accounts                               | 372,515                  | 463,760              | 165,715                | 254,337                   | 173,048                                  | 1,429,375          | 23,831  |
| Accrued interest                       | -                        | 2,789                | -                      | -                         | -  | 2,789              | -   |
| Other                                  | 21,771                   | 153,184              | -                      | 16,192                    | -  | 191,147            | -   |
| Prepaid items                          | 340                      | 6,513                | -                      | 14,821                    | 437                                      | 22,111             | -   |
| Current portion of advances            | 62,500                   | -                    | -                      | -                         | -  | 62,500             | -   |
| Current portion of special assessments | 32,054                   | 8,974                | 11,614                 | -                         | -  | 52,642             | -   |
| Inventories                            | 79,846                   | 17,386               | -                      | 88,128                    | -  | 185,360            | -   |
| Total Current Assets                   | <u>1,899,661</u>         | <u>2,175,004</u>     | <u>1,677,856</u>       | <u>3,508,083</u>          | <u>555,412</u>                           | <u>9,816,016</u>   | <u>769,144</u>                                |
| Noncurrent Assets                      |                          |                      |                        |                           |  |                    |   |
| Long-term receivables                  | -                        | 1,000,600            | -                      | -                         | -  | 1,000,600          | -   |
| Restricted assets                      |                          |                      |                        |                           |  |                    |   |
| Replacement account                    | -                        | 1,013,583            | -                      | -                         | -  | 1,013,583          | -   |
| Other assets                           |                          |                      |                        |                           |  |                    |   |
| Advance to other funds                 | 245,000                  | -                    | -                      | -                         | -  | 245,000            | -   |
| Unamortized debt issuance costs        | 11,612                   | 83,796               | -                      | 482,142                   | 5,236                                    | 582,786            | -   |
| Special assessments receivable         | 744,869                  | 485,193              | 76,448                 | -                         | -  | 1,306,510          | -   |
| Capital assets                         |                          |                      |                        |                           |  |                    |   |
| Plant in service                       | 55,113,057               | 73,579,216           | 29,459,509             | 44,818,366                | 1,034,834                                | 204,004,982        | 6,958,282                                     |
| Accumulated depreciation               | (12,010,319)             | (22,637,398)         | (8,239,744)            | (10,720,905)              | (548,872)                                | (54,157,238)       | (4,330,200)                                   |
| Construction work in progress          | 15,331                   | 231,465              | 1,339,388              | -                         | 3,655                                    | 1,589,839          | -   |
| Total Non-Current Assets               | <u>44,119,550</u>        | <u>53,756,455</u>    | <u>22,635,601</u>      | <u>34,579,603</u>         | <u>494,853</u>                           | <u>155,586,062</u> | <u>2,628,082</u>                              |
| Total Assets                           | <u>46,019,211</u>        | <u>55,931,459</u>    | <u>24,313,457</u>      | <u>38,087,686</u>         | <u>1,050,265</u>                         | <u>165,402,078</u> | <u>3,397,226</u>                              |
| <b>LIABILITIES</b>                     |                          |                      |                        |                           |  |                    |   |
| Current Liabilities                    |                          |                      |                        |                           |  |                    |   |
| Accounts payable                       | 199,972                  | 194,989              | 4,885                  | 179,040                   | 23,482                                   | 602,368            | 24,047  |
| Accrued liabilities                    | 44,461                   | 53,214               | 13,076                 | 259,991                   | 54,736                                   | 425,478            | 18,135  |
| Accrued interest                       | 5,153                    | 80,962               | -                      | 325,604                   | 3,178                                    | 414,897            | -   |
| Unearned revenues                      | 15,525                   | -                    | 5,865                  | 778,606                   | -  | 799,996            | -   |
| Current portion of long-term debt      | 175,420                  | 580,452              | -                      | 1,425,000                 | 125,000                                  | 2,305,872          | -   |
| Current portion of advances            | -                        | 125,000              | -                      | -                         | -  | 125,000            | -   |
| Total Current Liabilities              | <u>440,531</u>           | <u>1,034,617</u>     | <u>23,826</u>          | <u>2,968,241</u>          | <u>206,396</u>                           | <u>4,673,611</u>   | <u>42,182</u>                                 |
| Noncurrent Liabilities                 |                          |                      |                        |                           |  |                    |   |
| Long-term debt                         | 370,276                  | 6,586,983            | -                      | 28,340,000                | 170,000                                  | 35,467,259         | -   |
| Other post-employment benefits         | 24,090                   | 65,563               | 20,538                 | 322,643                   | 62,178                                   | 495,012            | 24,007  |
| Advance from other funds               | -                        | 490,000              | -                      | -                         | -  | 490,000            | -   |
| Unamortized debt premium               | 2,610                    | 218,971              | -                      | 1,062,286                 | 9,131                                    | 1,292,998          | -   |
| Customer advances for construction     | 312,308                  | 1,530,980            | -                      | -                         | -  | 1,843,288          | -   |
| Total Non-Current Liabilities          | <u>709,284</u>           | <u>8,892,497</u>     | <u>20,538</u>          | <u>29,724,929</u>         | <u>241,309</u>                           | <u>39,588,557</u>  | <u>24,007</u>                                 |
| Total Liabilities                      | <u>1,149,815</u>         | <u>9,927,114</u>     | <u>44,364</u>          | <u>32,693,170</u>         | <u>447,705</u>                           | <u>44,262,168</u>  | <u>66,189</u>                                 |
| <b>NET POSITION</b>                    |                          |                      |                        |                           |  |                    |   |
| Net Investment in capital assets       | 42,581,375               | 43,870,673           | 22,559,153             | 3,752,317                 | 190,722                                  | 112,954,240        | 2,628,082                                     |
| Restricted for equipment replacement   | -                        | 1,013,583            | -                      | -                         | -  | 1,013,583          | -   |
| Unrestricted                           | 2,288,021                | 1,120,089            | 1,709,940              | 1,642,199                 | 411,838                                  | 7,172,087          | 702,955                                       |
| <b>TOTAL NET POSITION</b>              | <u>\$ 44,869,396</u>     | <u>\$ 46,004,345</u> | <u>\$ 24,269,093</u>   | <u>\$ 5,394,516</u>       | <u>\$ 602,560</u>                        | <u>121,139,910</u> | <u>\$ 3,331,037</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

501,200

**NET POSITION OF BUSINESS-TYPE ACTIVITIES**

\$ 121,641,110

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, 2012

|  | Business-type Activities |                      |                        |                           |                             |                     | Governmental                  |
|--|--------------------------|----------------------|------------------------|---------------------------|-----------------------------|---------------------|-------------------------------|
|  | Major                    |                      |                        |                           | Non-Major                   | Totals              | Internal                      |
|  | Water<br>Utility         | Sewer<br>Utility     | Clean Water<br>Utility | Lakeview<br>Rec Plex Fund | Waste<br>Collection<br>Fund |                     | Fleet<br>Internal<br>Services |
| <b>OPERATING REVENUES</b>  | \$ 4,329,918             | \$ 4,487,603         | \$ 1,126,894           | \$ 9,973,889              | \$ 1,443,781                | \$ 21,362,085       | \$ 1,425,781                  |
| <b>OPERATING EXPENSES</b>  |                          |                      |                        |                           |                             |                     |                               |
| Operation and maintenance  | 2,381,346                | 2,849,910            | 580,211                | 7,999,265                 | 1,373,591                   | 15,184,323          | 801,172                       |
| Depreciation   | 1,000,160                | 1,453,562            | 738,226                | 1,416,326                 | 95,395                      | 4,703,669           | 491,009                       |
| Total Operating Expenses   | <u>3,381,506</u>         | <u>4,303,472</u>     | <u>1,318,437</u>       | <u>9,415,591</u>          | <u>1,468,986</u>            | <u>19,887,992</u>   | <u>1,292,181</u>              |
| Operating Income (Loss)  | <u>948,412</u>           | <u>184,131</u>       | <u>(191,543)</u>       | <u>558,298</u>            | <u>(25,205)</u>             | <u>1,474,093</u>    | <u>133,600</u>                |
| <b>NONOPERATING REVENUES (EXPENSES)</b>  |                          |                      |                        |                           |                             |                     |                               |
| Investment income  | 49,879                   | 70,097               | 24,372                 | 11,329                    | 19,189                      | 174,866             | 2,393                         |
| Intergovernmental grant  | -                        | -                    | -                      | -                         | 46,009                      | 46,009              | -                             |
| Interest expense   | (26,342)                 | (328,802)            | -                      | (1,307,849)               | (12,291)                    | (1,675,284)         | -                             |
| Gain on disposal of assets   | 10,540                   | -                    | -                      | 2,578                     | 21,500                      | 34,618              | 64,052                        |
| Interest subsidy   | -                        | -                    | -                      | 65,399                    | -                           | 65,399              | -                             |
| Amortization of premium  | 3,391                    | 52,476               | -                      | 199,647                   | 5,463                       | 260,977             | -                             |
| Amortization of bond issuance costs  | (5,877)                  | (22,437)             | -                      | (81,883)                  | (3,137)                     | (113,334)           | -                             |
| Total Nonoperating Revenues (Expenses)   | <u>31,591</u>            | <u>(228,666)</u>     | <u>24,372</u>          | <u>(1,110,779)</u>        | <u>76,733</u>               | <u>(1,206,749)</u>  | <u>66,445</u>                 |
| Income (Loss) Before Contributions and Transfers                                       | <u>980,003</u>           | <u>(44,535)</u>      | <u>(167,171)</u>       | <u>(552,481)</u>          | <u>51,528</u>               | <u>267,344</u>      | <u>200,045</u>                |
| <b>CONTRIBUTIONS AND TRANSFERS</b>   |                          |                      |                        |                           |                             |                     |                               |
| Capital contributions  | 203,708                  | 258,580              | 215,531                | 2,810,670                 | -                           | 3,488,489           | -                             |
| Capital contributions - governmental activities  | -                        | 3,851                | -                      | -                         | -                           | 3,851               | 3,410                         |
| Transfers in   | -                        | -                    | -                      | 119,361                   | -                           | 119,361             | -                             |
| Transfers - tax equivalent   | (893,154)                | -                    | -                      | -                         | -                           | (893,154)           | -                             |
| Transfers out  | (119,361)                | -                    | -                      | -                         | -                           | (119,361)           | (115,000)                     |
| Total Contributions and Transfers  | <u>(808,807)</u>         | <u>262,431</u>       | <u>215,531</u>         | <u>2,930,031</u>          | <u>-</u>                    | <u>2,599,186</u>    | <u>(111,590)</u>              |
| <b>CHANGE IN NET POSITION</b>  | 171,196                  | 217,896              | 48,360                 | 2,377,550                 | 51,528                      | 2,866,530           | 88,455                        |
| NET POSITION – Beginning of Year   | <u>44,698,200</u>        | <u>45,786,449</u>    | <u>24,220,733</u>      | <u>3,016,966</u>          | <u>551,032</u>              |                     | <u>3,242,582</u>              |
| <b>NET POSITION – END OF YEAR</b>  | <u>\$ 44,869,396</u>     | <u>\$ 46,004,345</u> | <u>\$ 24,269,093</u>   | <u>\$ 5,394,516</u>       | <u>\$ 602,560</u>           |                     | <u>\$ 3,331,037</u>           |
| Internal service fund change in net position allocated to the business-type activities |                          |                      |                        |                           |                             | <u>78,656</u>       |                               |
| <b>CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES</b>                                 |                          |                      |                        |                           |                             | <u>\$ 2,945,186</u> |                               |

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2011

|   | Business-type Activities |                     |                        |                           |                             |                     | Governmental                  |
|---|--------------------------|---------------------|------------------------|---------------------------|-----------------------------|---------------------|-------------------------------|
|   |                          |                     |                        |                           |                             |                     | Internal                      |
|   | Major                    |                     |                        |                           | Non-Major                   |                     | Service Fund                  |
|   | Water<br>Utility         | Sewer<br>Utility    | Clean Water<br>Utility | Lakeview<br>Rec Plex Fund | Waste<br>Collection<br>Fund | Totals              | Fleet<br>Internal<br>Services |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                          |                     |                        |                           |                             |                     |                               |
| Received from customers   | \$ 4,393,984             | \$ 4,439,981        | \$ 1,823,289           | \$ 9,838,053              | \$ 1,517,906                | \$ 22,013,213       | \$ 1,401,950                  |
| Paid to suppliers for goods and services                        | (2,054,706)              | (2,552,836)         | (533,754)              | (4,158,186)               | (1,021,408)                 | (10,320,890)        | (758,251)                     |
| Paid to employees for services                                  | (349,646)                | (479,060)           | (133,695)              | (3,807,897)               | (361,278)                   | (5,131,576)         | (143,841)                     |
| Net Cash Flows From Operating Activities                        | <u>1,989,632</u>         | <u>1,408,085</u>    | <u>1,155,840</u>       | <u>1,871,970</u>          | <u>135,220</u>              | <u>6,560,747</u>    | <u>499,858</u>                |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                          |                     |                        |                           |                             |                     |                               |
| Repayment of advances from other funds                          | -                        | (120,000)           | -                      | -                         | -                           | (120,000)           | -                             |
| Paid to municipality for tax equivalent                         | (893,154)                | -                   | -                      | -                         | -                           | (893,154)           | -                             |
| Transfers from (to) other funds                                 | (119,361)                | -                   | -                      | 119,361                   | -                           | -                   | (115,000)                     |
| Net Cash Flows From Noncapital Financing Activities             | <u>(1,012,515)</u>       | <u>(120,000)</u>    | <u>-</u>               | <u>119,361</u>            | <u>-</u>                    | <u>(1,013,154)</u>  | <u>(115,000)</u>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                          |                     |                        |                           |                             |                     |                               |
| Investment income   | 41,765                   | 72,859              | 24,372                 | 11,329                    | 19,189                      | 169,514             | 2,393                         |
| Net Cash Flows From Investing Activities                        | <u>41,765</u>            | <u>72,859</u>       | <u>24,372</u>          | <u>11,329</u>             | <u>19,189</u>               | <u>169,514</u>      | <u>2,393</u>                  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                          |                     |                        |                           |                             |                     |                               |
| Debt issued   | -                        | -                   | -                      | 2,605,000                 | -                           | 2,605,000           | -                             |
| Debt retired  | (338,686)                | (740,997)           | -                      | (4,070,000)               | (125,000)                   | (5,274,683)         | -                             |
| Interest paid   | (29,852)                 | (340,391)           | -                      | (1,382,450)               | (13,651)                    | (1,766,344)         | -                             |
| Debt issuance costs   | -                        | -                   | -                      | (50,537)                  | -                           | (50,537)            | -                             |
| Debt premium  | -                        | -                   | -                      | 146,889                   | -                           | 146,889             | -                             |
| Capital contributions received                                  | -                        | 226,588             | 215,531                | 2,810,670                 | -                           | 3,252,789           | -                             |
| Acquisition and construction of capital assets                  | (334,201)                | (178,661)           | (246,606)              | (448,620)                 | (3,655)                     | (1,211,743)         | (653,256)                     |
| Cost of removal of capital assets                               | -                        | (18,254)            | -                      | -                         | -                           | (18,254)            | -                             |
| Salvage on retirement of plant                                  | 25,000                   | -                   | -                      | -                         | 21,500                      | 46,500              | 74,854                        |
| Special assessments received                                    | 106,434                  | 91,052              | 13,271                 | -                         | -                           | 210,757             | -                             |
| Interest subsidy  | -                        | -                   | -                      | 65,490                    | -                           | 65,490              | -                             |
| Net Cash Flows From Capital and Related Financing Activities    | <u>(571,305)</u>         | <u>(960,663)</u>    | <u>(17,804)</u>        | <u>(323,558)</u>          | <u>(120,806)</u>            | <u>(1,994,136)</u>  | <u>(578,402)</u>              |
| <b>Net Change in Cash and Cash Equivalents</b>                  | 447,577                  | 400,281             | 1,162,408              | 1,679,102                 | 33,603                      | 3,722,971           | (191,151)                     |
| CASH AND CASH EQUIVALENTS - Beginning of Year                   | <u>744,497</u>           | <u>1,958,554</u>    | <u>274,871</u>         | <u>1,455,503</u>          | <u>281,954</u>              | <u>4,715,379</u>    | <u>936,464</u>                |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                  | <u>\$ 1,192,074</u>      | <u>\$ 2,358,835</u> | <u>\$ 1,437,279</u>    | <u>\$ 3,134,605</u>       | <u>\$ 315,557</u>           | <u>\$ 8,438,350</u> | <u>\$ 745,313</u>             |

See accompanying notes to financial statements.

|  | Business-type Activities |                     |                        |                           |                             |                     | Governmental         |
|--|--------------------------|---------------------|------------------------|---------------------------|-----------------------------|---------------------|----------------------|
|  | Major                    |                     |                        |                           |                             | Non-Major           | Internal             |
|  | Water<br>Utility         | Sewer<br>Utility    | Clean Water<br>Utility | Lakeview<br>Rec Plex Fund | Waste<br>Collection<br>Fund | Totals              | Fleet                |
|  |                          |                     |                        |                           |                             |                     | Internal<br>Services |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>   |                          |                     |                        |                           |                             |                     |                      |
| <b>TO NET CASH FROM OPERATING ACTIVITIES</b>   |                          |                     |                        |                           |                             |                     |                      |
| Operating income (loss)  | \$ 948,412               | \$ 184,131          | \$ (191,543)           | \$ 558,298                | \$ (25,205)                 | \$ 1,474,093        | \$ 133,600           |
| Miscellaneous non-operating revenue  | -                        | -                   | -                      | -                         | 46,009                      | 46,009              | -                    |
| Noncash items included in income (loss)  |                          |                     |                        |                           |                             |                     |                      |
| Depreciation   | 1,000,160                | 1,453,562           | 738,226                | 1,416,326                 | 95,395                      | 4,703,669           | 491,009              |
| Depreciation charged to other funds  | 35,813                   | (35,813)            | -                      | -                         | -                           | -                   | -                    |
| Change in Assets and Liabilities   |                          |                     |                        |                           |                             |                     |                      |
| Taxes receivable   | (4,339)                  | (3,896)             | -                      | -                         | 5,049                       | (3,186)             | -                    |
| Accounts receivable  | (26,251)                 | 18,974              | 691,721                | (123,280)                 | -                           | 561,164             | -                    |
| Other accounts receivable  | (1,526)                  | (26,887)            | 4,674                  | -                         | 23,066                      | (673)               | (23,831)             |
| Prepaid items  | -                        | -                   | -                      | 5,122                     | (437)                       | 4,685               | -                    |
| Inventories  | (11,174)                 | 2,570               | 1,709                  | (9,088)                   | -                           | (15,983)            | -                    |
| Accounts payable   | (20,072)                 | (190,131)           | (99,141)               | (15,157)                  | (27,170)                    | (351,671)           | (106,885)            |
| Due to other funds   | 60,000                   | -                   | -                      | 5,888                     | -                           | 65,888              | -                    |
| Other current and accrued liabilities  | 5,602                    | (6,716)             | 5,796                  | -                         | 3,171                       | 7,853               | 300                  |
| Unearned revenues  | 369                      | -                   | -                      | (12,556)                  | -                           | (12,187)            | -                    |
| Other post employment benefits   | 2,638                    | 12,291              | 4,398                  | 46,417                    | 15,342                      | 81,086              | 5,665                |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>\$ 1,989,632</b>      | <b>\$ 1,408,085</b> | <b>\$ 1,155,840</b>    | <b>\$ 1,871,970</b>       | <b>\$ 135,220</b>           | <b>\$ 6,560,747</b> | <b>\$ 499,858</b>    |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>            |                          |                     |                        |                           |                             |                     |                      |
| Cash and investments - statement of net position   | \$ 1,192,074             | \$ 1,345,252        | \$ 1,437,279           | \$ 3,134,605              | \$ 315,557                  | \$ 7,424,767        | \$ 745,313           |
| Restricted cash and investments - statement of net position                                    | -                        | 1,013,583           | -                      | -                         | -                           | 1,013,583           | -                    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>   | <b>\$ 1,192,074</b>      | <b>\$ 2,358,835</b> | <b>\$ 1,437,279</b>    | <b>\$ 3,134,605</b>       | <b>\$ 315,557</b>           | <b>\$ 8,438,350</b> | <b>\$ 745,313</b>    |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                          |                     |                        |                           |                             |                     |                      |
| Capital costs special assessed to customers  | \$ 194,139               | \$ 42,179           | \$ -                   | \$ -                      | \$ -                        | \$ 236,318          | \$ -                 |
| Capital additions contributed to the utility by the municipality, customers, and TID districts | \$ -                     | \$ 3,851            | \$ -                   | \$ -                      | \$ -                        | \$ 3,851            | \$ 3,410             |
| Interest subsidy receivable  | \$ -                     | \$ -                | \$ -                   | \$ 16,192                 | \$ -                        | \$ 16,192           | \$ -                 |

See accompanying notes to financial statements.

# VILLAGE OF PLEASANT PRAIRIE

## STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2012

---

|                           | Retired<br>Employees<br>Healthcare<br>Plan Trust | Agency<br>Funds   |
|---------------------------|--|-------------------|
| <b>ASSETS</b>             |  |                   |
| Cash and investments      | \$ 328,955                                       | \$ 13,045,226     |
| Receivables               |  |                   |
| Taxes                     | -  | 26,480,223        |
| Accounts                  | -  | 33,583            |
| Total Assets              | <u>328,955</u>                                   | <u>39,559,032</u> |
| <b>LIABILITIES</b>        |  |                   |
| Accounts payable          |  | 8,066             |
| Due to other taxing units | -  | <u>39,550,966</u> |
| Total Liabilities         | <u>-</u>   | <u>39,559,032</u> |
| <b>NET POSITION</b>       |  |                   |
| Held in trust             | <u>328,955</u>                                   | <u>-</u>          |
| <b>TOTAL NET POSITION</b> | <u>\$ 328,955</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, 2012

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|                               | Retired<br>Employees<br>Healthcare<br>Plan Trust |
|-------------------------------|--|
| <b>ADDITIONS</b>              |  |
| Interest income               | \$ 14,146  |
| <b>DEDUCTIONS</b>             | -  |
| <b>Change in Net Position</b> | 14,146   |
| NET POSITION - Beginning      | 314,809  |
| <b>NET POSITION - ENDING</b>  | <u>\$ 328,955</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, 2012

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# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. REPORTING ENTITY**

This report includes all of the funds of the Village of Pleasant Prairie. The reporting entity for the village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from 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, 2012. 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, 2012

---

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

---

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

##### ***Government-Wide Financial Statements***

In June 2011, the GASB issued Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities.

The village made the decision to implement this standard effective January 1, 2012.

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 reporting entity 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, liabilities, net position/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major 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, liabilities, 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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

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

- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

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

The village reports the following non-major governmental and enterprise funds:

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

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

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

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

Waste Collection Fund

In addition, the village reports the following fund types:

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

Fleet Internal Services

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

Retired Employees Healthcare Plan Trust

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

Tax Collection Fund  
Mobile Home Fees

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

##### ***Government-Wide Financial Statements***

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

##### ***Government-Wide Financial Statements (cont.)***

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's 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 revenues. 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 deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 deferred 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, 2012, there were \$3,947,557 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

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

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

The village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, LIABILITIES, 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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

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

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

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

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

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

No policy exists for the following risk:

Concentration of credit risk

#### ***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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

---

#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

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

###### **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 quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and the carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, 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 deferred revenues and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

Property tax calendar – 2012 tax roll:

|  |                  |
|--|------------------|
| Lien date and levy date                      | December 2012    |
| Tax bills mailed                             | December 2012    |
| Payment in full, or                          | January 31, 2013 |
| First installment due                        | January 31, 2013 |
| Second installment due                       | April 30, 2013   |
| Third installment due                        | July 31, 2013    |
| Personal property taxes in full              | January 31, 2013 |
| Tax sale – 2012 delinquent real estate taxes | October 2015     |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

---

#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

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

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.”

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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

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

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

##### **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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

##### **5. Capital Assets**

###### **Government-Wide Statements**

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$2,600 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

|                         |             |
|-------------------------|-------------|
| Land Improvements       | 30 Years    |
| Buildings               | 30 Years    |
| Intangible Assets       | 2-50 Years  |
| Machinery and Equipment | 2-15 Years  |
| Infrastructure          | 20-30 Years |
| Utility Systems         | 17-91 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. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and in the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

##### **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, 2012 are determined on the basis of current salary rates and include salary related payments.

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

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, 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 \$102,909,772, made up of 8 issues.

##### **9. Claims and Judgments**

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. There were no significant claims or judgments at year end.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

**D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

**10. Equity Classifications**

**Government-Wide Statements**

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

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

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

|                                  | Governmental<br>Activities | Business-type<br>Activities | Adjustment      | Total          |
|----------------------------------|----------------------------|-----------------------------|-----------------|----------------|
| Net investment in capital assets | \$ 38,723,113              | \$ 112,954,240              | \$ (19,777,164) | \$ 131,900,189 |
| Unrestricted                     | (36,449,920)               | 7,673,287                   | 19,777,164      | (8,999,469)    |

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 equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the village classifies governmental fund balance as follows:

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

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

---

#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

##### **10. Equity Classifications (cont.)**

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

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The village board has the authority to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted not committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a minimum fund balance policy. That policy is to maintain a working capital fund of 15% of the subsequent years' general fund expenditures. The balance at year end was \$3,424,297 or 26%, and is shown as unassigned general fund balance.

See Note IV.G. for further information.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)**

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

###### *Water Utility*

The water utility was authorized current rates by the Public Service Commission (PSC) effective March 3, 2012 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 May 2, 2011 for the Pleasant Prairie and Lake Michigan Sewer Districts.

###### *Clean Water Utility*

Current clean water rates were approved by the village board on December 21, 2009, effective January 1, 2010.

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

Current membership rates were approved on May 1, 2011.

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

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

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

|  |                      |
|--|----------------------|
| Capital assets per statement of net position |                      |
| Land   | \$ 5,031,900         |
| Right of way                                 | 12,739,790           |
| Construction in progress                     | 1,097,827            |
| Intangible assets, net of amortization       | 365,782              |
| Other capital assets, net of depreciation    | <u>37,191,603</u>    |
| Sub-total                                    | 56,426,902           |
| Less: Internal service fund capital assets   | <u>(2,628,082)</u>   |
| Net Adjustment for Capital Assets            | <u>\$ 53,798,820</u> |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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

|   |                                 |
|---|---------------------------------|
| Bonds and notes payable                           | \$ 58,796,868                   |
| Compensated absences                              | 461,703                         |
| Accrued interest                                  | 851,800                         |
| Premium   | 1,529,962                       |
| Unamortized issue costs                           | (691,124)                       |
| Other post-employment benefits                    | <u>1,969,470</u>                |
| <br>Combined Adjustment for Long-Term Liabilities | <br><u><u>\$ 62,918,679</u></u> |

### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. BUDGETARY INFORMATION

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

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.

#### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

| Fund                         | Budgeted<br>Expenditures | Actual<br>Expenditures | Excess<br>Expenditures<br>Over Budget |
|------------------------------|--------------------------|------------------------|---------------------------------------|
| General Fund                 | \$ 12,516,448            | \$ 12,652,000          | \$ 135,552                            |
| TID No. 2 Debt Service       | 10,009,018               | 12,894,958             | 2,885,940                             |
| General Capital Projects     | 1,791,475                | 2,581,788              | 790,313                               |
| Fire and Rescue              | 14,700                   | 32,878                 | 18,178                                |
| Police Canine Unit           | 2,010                    | 2,088                  | 78                                    |
| Federally Forfeited Property | -                        | 3,071                  | 3,071                                 |

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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### C. DEFICIT BALANCES

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

As of December 31, 2012, no individual funds held a deficit balance.

#### D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that 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 for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

### 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<br>Value    | Statement<br>Balances | Associated<br>Risks  |
|---------------------------------------|----------------------|-----------------------|--|
| Demand deposits                       | \$ 24,908,559        | \$ 24,845,797         | Custodial credit risk  |
| Money markets                         | 65,101               | 65,101                | Custodial credit risk  |
| U.S. agencies (implicitly guaranteed) | 603,782              | 603,782               | Custodial credit risk, credit risk,<br>concentration of credit risk,<br>interest rate risk |
| U.S. agencies (explicitly guaranteed) | 1,461,686            | 1,461,686             | Custodial credit risk, interest<br>rate risk   |
| Mutual funds – bonds                  | 328,955              | 328,955               | Credit risk, interest rate risk  |
| LGIP                                  | 8,190,980            | 8,190,980             | Credit risk  |
| Petty cash                            | 11,975               | -                     | N/A  |
| <b>Total Cash and Investments</b>     | <b>\$ 35,571,038</b> | <b>\$ 35,496,301</b>  |  |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Reconciliation to financial statements:

|                                    |                          |
|------------------------------------|--------------------------|
| Per statement of net position      |                          |
| Unrestricted cash and investments  | \$ 20,112,435            |
| Restricted cash and investments    | 2,084,422                |
| Per statement of net position –    |                          |
| Fiduciary Funds                    |                          |
| Retired employees healthcare       |                          |
| plan trust                         | 328,955                  |
| Agency                             | <u>13,045,226</u>        |
| <br>Total Deposits and Investments | <br>\$ <u>35,571,038</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), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit amounts (interest-bearing and noninterest bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, 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, 2012, the banks had pledged various government securities in the amount of \$16,512,554 to secure the village's deposits.

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

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

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

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

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

## VILLAGE OF PLEASANT PRAIRIE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

#### **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, 2012, the village's investments were rated as follows:

| Investment Type                       | Standard & Poor's | Moody's Investor Service | Morningstar |
|---------------------------------------|-------------------|--------------------------|-------------|
| U.S. agencies (implicitly guaranteed) | AAA               | AAA                      |             |
| Mutual funds – bonds                  |                   |                          | 3 stars     |

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, 2012, the investment portfolio was concentrated as follows:

| Issuer                                | Investment Type        | Percentage of Portfolio |
|---------------------------------------|------------------------|-------------------------|
| U.S. agencies (implicitly guaranteed) | Federal Home Loan Bank | 5.7%                    |

##### **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, 2012, the village's investments were as follows:

| Investment Type                       | Fair Value          | Maturity (In Years) |                   |                     |
|---------------------------------------|---------------------|---------------------|-------------------|---------------------|
|                                       |                     | Less than 1         | 2 – 5             | 6 – 10              |
| U.S. agencies (implicitly guaranteed) | \$ 603,782          | \$ -                | \$ -              | \$ 603,782          |
| U.S. agencies (explicitly guaranteed) | 1,461,686           | -                   | -                 | 1,461,686           |
| Mutual funds – bonds                  | 328,955             | -                   | 328,955           | -                   |
| <b>Totals</b>                         | <b>\$ 2,394,423</b> | <b>\$ -</b>         | <b>\$ 328,955</b> | <b>\$ 2,065,468</b> |

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### **B. RECEIVABLES**

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

|  | General             | General<br>Debt<br>Service | TID No. 2<br>Debt<br>Service<br>Fund | General<br>Capital<br>Projects | Nonmajor<br>Funds | Total                |
|--|---------------------|----------------------------|--------------------------------------|--------------------------------|-------------------|----------------------|
| Total Receivables  | \$ 7,923,351        | \$ 2,184,191               | \$ 8,550,238                         | \$ 968,736                     | \$ 3,804          | \$ 19,630,320        |
| Less: Allowance for uncollectible rescue accounts receivable | <u>(108,953)</u>    | -                          | -                                    | -                              | -                 | <u>(108,953)</u>     |
| Total Net Receivable   | <u>\$ 7,814,398</u> | <u>\$ 2,184,191</u>        | <u>\$ 8,550,238</u>                  | <u>\$ 968,736</u>              | <u>\$ 3,804</u>   | <u>\$ 19,521,367</u> |
| Amounts not expected to be collected within one year         | <u>\$ 23,096</u>    | <u>\$ 715,590</u>          | <u>\$ 21,388</u>                     | <u>\$ -</u>                    | <u>\$ -</u>       | <u>\$ 760,074</u>    |

Delinquent taxes, special assessment, and delinquent special assessments receivable are not expected to be collected within one year, as well as long-term receivables in the sewer utility.

Revenues of the Lakeview Rec Plex are reported net of uncollectable amounts. Total uncollectable amounts related to revenues of the current period are \$39,186.

Governmental funds report *deferred 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 *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

|  | Unavailable         | Unearned             | Total                |
|--|---------------------|----------------------|----------------------|
| Property taxes receivable for subsequent year          | \$ -                | \$ 17,359,317        | \$ 17,359,317        |
| Rescue accounts receivable                             | 175,679             | -                    | 175,679              |
| Assessing contracts receivable                         | -                   | 251,025              | 251,025              |
| Developer fees   | -                   | 1,116,950            | 1,116,950            |
| Special assessments not yet due                        | 396,943             | -                    | 396,943              |
| Street light replacement                               | -                   | 30,588               | 30,588               |
| Transportation improvement fees receivable             | -                   | 756,268              | 756,268              |
| Miscellaneous  | <u>442,261</u>      | <u>243,487</u>       | <u>685,748</u>       |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 1,014,883</u> | <u>\$ 19,757,635</u> | <u>\$ 20,772,518</u> |

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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**C. RESTRICTED ASSETS**

Certain proceeds of the utilities' debt, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited. The following accounts are reported as 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.

***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, 2012:

|                                     | <u>Restricted<br/>Assets</u> |
|-------------------------------------|------------------------------|
| Sewer equipment replacement account | \$ 1,013,583                 |
| Impact fee account                  | <u>1,070,839</u>             |
| Total Restricted Assets             | <u>\$ 2,084,422</u>          |

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

#### Governmental Activities

|   | Beginning<br>Balance | Additions  | Deletions | Ending<br>Balance |
|---|----------------------|------------|-----------|-------------------|
| Capital assets not being depreciated/<br>amortized      |                      |            |           |                   |
| Land  | \$ 4,468,192         | \$ 563,708 | \$ -      | \$ 5,031,900      |
| Right of way  | 12,739,790           | -          | -         | 12,739,790        |
| Construction in progress – general                      | 606,958              | 500,450    | 55,740    | 1,051,668         |
| Construction in progress –<br>TID water and sewer       | 678                  | 45,481     | -         | 46,159            |
| Total Capital Assets Not Being<br>Depreciated/Amortized | 17,815,618           | 1,109,639  | 55,740    | 18,869,517        |
| Capital assets being depreciated/<br>amortized          |                      |            |           |                   |
| Land improvements                                       | 2,037,634            | 400,213    | -         | 2,437,847         |
| Buildings   | 6,976,775            | 36,730     | -         | 7,013,505         |
| Intangible assets - computer software                   | 759,619              | 143,541    | 92,500    | 810,660           |
| Machinery and equipment                                 | 8,298,826            | 285,051    | 713,732   | 7,870,145         |
| Machinery and equipment<br>– fleet internal services    | 6,616,656            | 572,626    | 231,000   | 6,958,282         |
| Roads   | 53,552,140           | 1,296,702  | -         | 54,848,842        |
| Street lighting   | 1,325,429            | -          | -         | 1,325,429         |
| Traffic signals   | 290,544              | -          | -         | 290,544           |
| Railroad spur   | 1,295,421            | -          | -         | 1,295,421         |
| Total Capital Assets Being<br>Depreciated/Amortized     | 81,153,044           | 2,734,863  | 1,037,232 | 82,850,675        |

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

**Governmental Activities (cont.)**

|  | Beginning<br>Balance | Additions          | Deletions      | Ending<br>Balance    |
|--|----------------------|--------------------|----------------|----------------------|
| Less: Accumulated depreciation/<br>amortization      |                      |                    |                |                      |
| Land improvements                                    | \$ (762,122)         | \$ (99,708)        | \$ -           | \$ (861,830)         |
| Buildings  | (3,637,264)          | (221,438)          | -              | (3,858,702)          |
| Intangible assets -<br>computer software             | (452,127)            | (85,251)           | 92,500         | (444,878)            |
| Machinery and equipment                              | (4,750,508)          | (619,741)          | 653,594        | (4,716,655)          |
| Machinery and equipment –<br>fleet internal services | (4,059,389)          | (491,009)          | 220,198        | (4,330,200)          |
| Roads  | (27,633,007)         | (2,267,695)        | -              | (29,900,702)         |
| Street lighting                                      | (404,742)            | (67,945)           | -              | (472,687)            |
| Traffic signals                                      | (50,191)             | (19,370)           | -              | (69,561)             |
| Railroad spur  | (594,894)            | (43,181)           | -              | (638,075)            |
| Total Accumulated<br>Depreciation/Amortization       | <u>(42,344,244)</u>  | <u>(3,915,338)</u> | <u>966,292</u> | <u>(45,293,290)</u>  |
| Net Capital Assets                                   | <u>\$ 56,624,418</u> |                    |                | <u>\$ 56,426,902</u> |

Depreciation/amortization expense was charged to functions as follows:

**Governmental Activities**

|   |                     |
|---|---------------------|
| General government  | \$ 344,286          |
| Public safety   | 368,129             |
| Public works, which includes the depreciation of roads,<br>street lighting, traffic signals, and railroad spurs     | 2,565,498           |
| Parks   | 143,567             |
| Community development   | 2,849               |
| Sub-total   | <u>3,424,329</u>    |
| Capital assets held by internal service fund charged<br>to the various functions based on their usage of the assets | <u>491,009</u>      |
| Total Governmental Activities Depreciation/Amortization Expense   | <u>\$ 3,915,338</u> |

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

##### Business-type Activities

|   | Beginning<br>Balance | Additions   | Deletions | Ending<br>Balance |
|---|----------------------|-------------|-----------|-------------------|
| <u>Water</u>  |                      |             |           |                   |
| Capital assets not being depreciated/<br>amortized      |                      |             |           |                   |
| Land and land rights                                    | \$ 546,218           | \$ -        | \$ -      | \$ 546,218        |
| Intangible assets                                       | 16,850               | -           | -         | 16,850            |
| Construction in progress                                | 40,032               | -           | 24,701    | 15,331            |
| Total Capital Assets<br>Not Being Depreciated/Amortized | 603,100              | -           | 24,701    | 578,399           |
| Capital assets being depreciated/<br>amortized          |                      |             |           |                   |
| Source of supply  | 195,690              | -           | -         | 195,690           |
| Pumping   | 3,701,757            | 64,104      | 51,374    | 3,714,487         |
| Transmission and distribution                           | 49,216,443           | 290,277     | 12,034    | 49,494,686        |
| General assets  | 1,126,502            | 18,624      | -         | 1,145,126         |
| Total Capital Assets<br>Being Depreciated/Amortized     | 54,240,392           | 373,005     | 63,408    | 54,549,989        |
| Total Capital Assets                                    | 54,843,492           | 373,005     | 88,109    | 55,128,388        |
| Less: Accumulated<br>depreciation/amortization          | (11,009,191)         | (1,035,973) | 34,845    | (12,010,319)      |
| Net Water Plant   | \$ 43,834,301        |             |           | \$ 43,118,069     |

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

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

|   | Beginning<br>Balance | Additions   | Deletions | Ending<br>Balance |
|---|----------------------|-------------|-----------|-------------------|
| <b>Sewer</b>  |                      |             |           |                   |
| Capital assets not being depreciated/<br>amortized      |                      |             |           |                   |
| Land and land rights                                    | \$ 1,198,819         | \$ -        | \$ -      | \$ 1,198,819      |
| Intangible assets                                       | 85,550               | -           | -         | 85,550            |
| Construction in progress                                | 165,590              | 85,588      | 19,713    | 231,465           |
| Total Capital Assets<br>Not Being Depreciated/Amortized | 1,449,959            | 85,588      | 19,713    | 1,515,834         |
| Capital assets being depreciated/<br>amortized          |                      |             |           |                   |
| Collection systems                                      | 65,069,000           | 6,501       | -         | 65,075,501        |
| Collection system<br>Pumping                            | 4,949,931            | 45,139      | 8,264     | 4,986,806         |
| Treatment and disposal                                  | 318,620              | 12,956      | -         | 331,576           |
| General assets  | 1,881,241            | 19,723      | -         | 1,900,964         |
| Total Capital Assets<br>Being Depreciated/Amortized     | 72,218,792           | 84,319      | 8,264     | 72,294,847        |
| Total Capital Assets                                    | 73,668,751           | 169,907     | 27,977    | 73,810,681        |
| Less: Accumulated<br>depreciation/amortization          | (21,234,002)         | (1,429,914) | 26,518    | (22,637,398)      |
| Net Sewer Plant   | \$ 52,434,749        |             |           | \$ 51,173,283     |

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

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

|  | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|--|----------------------|-----------|-----------|-------------------|
| <u>Clean Water</u>                                 |                      |           |           |                   |
| Capital assets not being depreciated/<br>amortized |                      |           |           |                   |
| Land   | \$ 3,168             | \$ -      | \$ -      | \$ 3,168          |
| Construction in progress                           | 1,092,781            | 246,607   | -         | 1,339,388         |
| Total Capital Assets                               |                      |           |           |                   |
| Not Being Depreciated/Amortized                    | 1,095,949            | 246,607   | -         | 1,342,556         |
| Capital assets being depreciated/<br>amortized     |                      |           |           |                   |
| Equipment  | 19,552               | -         | -         | 19,552            |
| Intangible assets                                  | 8,072                | -         | -         | 8,072             |
| Storm sewers                                       | 29,428,717           | -         | -         | 29,428,717        |
| Total Capital Assets                               |                      |           |           |                   |
| Being Depreciated/Amortized                        | 29,456,341           | -         | -         | 29,456,341        |
| Total Capital Assets                               | 30,552,290           | 246,607   | -         | 30,798,897        |
| Less: Accumulated<br>depreciation/amortization     | (7,501,518)          | (738,226) | -         | (8,239,744)       |
| Net Clean Water Capital Assets                     | \$ 23,050,772        |           |           | \$ 22,559,153     |

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

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

|  | Beginning<br>Balance | Additions   | Deletions | Ending<br>Balance |
|--|----------------------|-------------|-----------|-------------------|
| <u>Lakeview Rec Plex</u>                           |                      |             |           |                   |
| Capital assets not being depreciated/<br>amortized |                      |             |           |                   |
| Construction in progress                           | \$ 56,972            | \$ -        | \$ 56,972 | \$ -              |
| Capital assets being depreciated/<br>amortized     |                      |             |           |                   |
| Building   | 38,932,142           | 108,043     | -         | 39,040,185        |
| Equipment  | 3,459,686            | 91,485      | 256,132   | 3,295,039         |
| Infrastructure                                     | 198,788              | -           | -         | 198,788           |
| Intangible assets                                  | 91,000               | 167,855     | -         | 258,855           |
| Land improvements                                  | 2,017,844            | 7,655       | -         | 2,025,499         |
| Total Capital Assets                               |                      |             |           |                   |
| Being Depreciated/Amortized                        | 44,699,460           | 375,038     | 256,132   | 44,818,366        |
| Total Capital Assets                               | 44,756,432           | 375,038     | 313,104   | 44,818,366        |
| Less: Accumulated<br>depreciation/amortization     |                      |             |           |                   |
| Building   | (6,412,393)          | (1,011,830) | 879       | (7,423,344)       |
| Equipment  | (2,340,519)          | (279,613)   | 246,355   | (2,373,777)       |
| Infrastructure                                     | (72,888)             | (6,626)     | -         | (79,514)          |
| Intangible assets                                  | (45,755)             | (104,802)   | -         | (150,557)         |
| Land improvements                                  | (594,456)            | (99,257)    | -         | (693,713)         |
| Total Accumulated<br>Depreciation/Amortization     | (9,466,011)          | (1,502,128) | 247,234   | (10,720,905)      |
| Net Lakeview Rec<br>Plex Capital Assets            | \$ 35,290,421        |             |           | \$ 34,097,461     |

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

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

|  | Beginning<br>Balance | Additions | Deletions | Ending<br>Balance |
|--|----------------------|-----------|-----------|-------------------|
| <u>Waste Collection</u>  |                      |           |           |                   |
| Capital assets not being depreciated/<br>amortized                               |                      |           |           |                   |
| Construction in progress   | \$ -                 | \$ 3,655  | \$ -      | \$ 3,655          |
| Capital assets being depreciated/<br>amortized                                   |                      |           |           |                   |
| Land improvements  | 16,269               | -         | -         | 16,269            |
| Buildings  | 205,239              | -         | -         | 205,239           |
| Equipment  | 805,253              | -         | -         | 805,253           |
| Intangible assets  | 8,073                | -         | -         | 8,073             |
| Total Capital Assets   |                      |           |           |                   |
| Being Depreciated/Amortized  | 1,034,834            | -         | -         | 1,034,834         |
| Less: Accumulated<br>depreciation/amortization                                   |                      |           |           |                   |
| Land improvements  | (4,971)              | (542)     | -         | (5,513)           |
| Buildings  | (62,872)             | (10,338)  | -         | (73,210)          |
| Equipment  | (380,870)            | (82,900)  | -         | (463,770)         |
| Intangible assets  | (4,764)              | (1,615)   | -         | (6,379)           |
| Total Accumulated<br>Depreciation/Amortization                                   | (453,477)            | (95,395)  | -         | (548,872)         |
| Net Waste Collection<br>Capital Assets   | \$ 581,357           |           |           | \$ 489,617        |
| Business-type Capital Assets,<br>Net of Accumulated<br>Depreciation/Amortization | \$ 155,191,600       |           |           | \$ 151,437,583    |

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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                              | \$ 1,000,160        |
| Sewer                              | 1,453,562           |
| Clean Water                        | 738,226             |
| Lakeview Rec Plex                  | 1,416,326           |
| Waste Collection                   | <u>95,395</u>       |
| <br>Total Business-type Activities |                     |
| Depreciation/Amortization Expense  | <u>\$ 4,703,669</u> |

Depreciation/amortization expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and costs associated with the disposal of assets.

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

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables:

| Receivable Fund   | Payable Fund   | Amount            |
|---|--|-------------------|
| Business-type Activities – internal service allocations             | Governmental Activities – internal service allocations | <u>\$ 501,200</u> |
| Total Internal Balances - Government-wide Statement of Net Position |  | <u>\$ 501,200</u> |

All amounts are due within one year.

For the statement of net position, interfunds balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**Advances**

The general fund and water utility are advancing funds to the sewer utility. Repayment schedules have been established.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### **Advances (cont.)**

The following is a schedule of interfund advances:

| Receivable Fund  | Payable Fund  | Amount                   | Amount Not Due Within One Year |
|--|---------------|--------------------------|--------------------------------|
| General Fund   | Sewer Utility | \$ 307,500               | \$ 245,000                     |
| Water Utility  | Sewer Utility | <u>307,500</u>           | 245,000                        |
| Total – Fund Financial Statements                          |               | 615,000                  |                                |
| Less: Fund eliminations                                    |               | <u>(307,500)</u>         |                                |
| Total Advances – Government-wide Statement of Net Position |               | <u><u>\$ 307,500</u></u> |                                |

For the statement of net position, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

The repayment schedule for both advances is as follows:

| Year Ending<br>December 31 | Principal                | Interest               | Total                    |
|----------------------------|--------------------------|------------------------|--------------------------|
| 2013                       | \$ 125,000               | \$ 3,076               | \$ 128,076               |
| 2014                       | 130,000                  | 2,450                  | 132,450                  |
| 2015                       | 135,000                  | 1,800                  | 136,800                  |
| 2016                       | <u>225,000</u>           | <u>1,126</u>           | <u>226,126</u>           |
| Totals                     | <u><u>\$ 615,000</u></u> | <u><u>\$ 8,452</u></u> | <u><u>\$ 623,452</u></u> |

##### **Transfers**

The following is a schedule of interfund transfers:

| Fund Transferred To   | Fund Transferred From       | Amount                   | Principal Purpose                    |
|---|-----------------------------|--------------------------|--------------------------------------|
| General Fund  | Water Utility               | \$ 893,154               | Payment in lieu of taxes             |
| General Capital Projects  | General Fund                | 700,000                  | Capital projects                     |
| General Capital Projects  | Fleet Internal Service Fund | 115,000                  | Cover cost for park land improvement |
| Lakeview Rec Plex   | Water Utility               | <u>119,361</u>           | Tower lease payments                 |
| Total – Fund Financial Statements   |                             | 1,827,515                |                                      |
| Less: Fund eliminations   |                             | (934,361)                |                                      |
| Less: Transfer to business-type activities for capital assets funded by the governmental activities |                             | <u>(3,851)</u>           |                                      |
| Total Transfers – Government-Wide Statement of Activities   |                             | <u><u>\$ 889,303</u></u> |                                      |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### **Transfers (cont.)**

| <u>Fund Transferred To</u>                    | <u>Fund Transferred From</u> | <u>Amount</u>     |
|---|------------------------------|-------------------|
| Governmental Activities                       | Business-type Activities     | \$ 893,154        |
| Business-type Activities                      | Governmental Activities      | <u>(3,851)</u>    |
| Total Government-wide Statement of Activities |                              | <u>\$ 889,303</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.

For the government-wide statement of activities transfers which are between funds within the governmental activities or business-type activities are netted and eliminated.

#### **F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2012 was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>     | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|---|------------------------------|---------------------|----------------------|---------------------------|--|
| <b>GOVERNMENTAL ACTIVITIES</b>                          |                              |                     |                      |                           |  |
| Bonds and Notes Payable:                                |                              |                     |                      |                           |  |
| General obligation debt                                 | \$ 67,962,185                | \$ 2,635,000        | \$ 11,800,317        | \$ 58,796,868             | \$ 7,319,127                               |
| Premium   | 1,709,206                    | 220,867             | 400,111              | 1,529,962                 | -  |
| Sub-totals  | <u>69,671,391</u>            | <u>2,855,867</u>    | <u>12,200,428</u>    | <u>60,326,830</u>         | <u>7,319,127</u>                           |
| Other Liabilities                                       |                              |                     |                      |                           |  |
| Vested compensated absences                             | 443,304                      | 461,703             | 443,304              | 461,703                   | 461,703                                    |
| Capital lease – internal service                        | 84,040                       | -                   | 84,040               | -                         | -  |
| Other post-employment benefits                          |                              |                     |                      |                           |  |
| General   | 1,491,196                    | 478,274             | -                    | 1,969,470                 | -  |
| Internal Service  | 18,342                       | 5,665               | -                    | 24,007                    | -  |
| Total Other Liabilities                                 | <u>2,036,882</u>             | <u>945,642</u>      | <u>527,344</u>       | <u>2,455,180</u>          | <u>461,703</u>                             |
| Total Governmental Activities<br>Long-Term Liabilities  | <u>\$ 71,708,273</u>         | <u>\$ 3,801,509</u> | <u>\$ 12,727,772</u> | <u>\$ 62,782,010</u>      | <u>\$ 7,780,830</u>                        |
| <b>BUSINESS-TYPE ACTIVITIES</b>                         |                              |                     |                      |                           |  |
| Bonds and Notes Payable:                                |                              |                     |                      |                           |  |
| General obligation debt                                 | \$ 40,442,814                | \$ 2,605,000        | \$ 5,274,683         | \$ 37,773,131             | \$ 2,305,872                               |
| Premium   | 1,407,086                    | 146,889             | 260,977              | 1,292,998                 | -  |
| Sub-totals  | <u>41,849,900</u>            | <u>2,751,889</u>    | <u>5,535,660</u>     | <u>39,066,129</u>         | <u>2,305,872</u>                           |
| Other Liabilities                                       |                              |                     |                      |                           |  |
| Customer advances                                       | 1,892,669                    | -                   | 49,381               | 1,843,288                 | -  |
| Other post-employment benefits                          | 413,926                      | 81,086              | -                    | 495,012                   | -  |
| Total Other Liabilities                                 | <u>2,306,595</u>             | <u>81,086</u>       | <u>49,381</u>        | <u>2,338,300</u>          | <u>-</u>                                   |
| Total Business-type Activities<br>Long-Term Liabilities | <u>\$ 44,156,495</u>         | <u>\$ 2,832,975</u> | <u>\$ 5,585,041</u>  | <u>\$ 41,404,429</u>      | <u>\$ 2,305,872</u>                        |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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, 2012, was \$124,088,030. Total general obligation debt outstanding at year end was \$96,569,999.

#### **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<br>General Obligation Debt             | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebted-<br>ness | Balance<br>12-31-12         |
|--|------------------|-------------------|-------------------|-------------------------------|-----------------------------|
| Refunding bonds  | 05/03/04         | 09/01/17          | 5.00%             | 13,865,000                    | \$ 13,865,000               |
| Refunding bonds  | 03/23/05         | 09/01/15          | 3.25 – 5.00%      | 1,875,000                     | 600,000                     |
| Refunding bonds  | 09/29/05         | 10/01/14          | 3.63 – 3.70%      | 908,176                       | 939                         |
| Promissory notes   | 02/19/08         | 08/01/13          | 3.16 – 5.00%      | 9,525,000                     | 2,000,000                   |
| Refunding bonds  | 02/19/08         | 09/01/15          | 3.25 – 4.96%      | 10,355,000                    | 10,355,000                  |
| Promissory notes   | 02/19/08         | 02/01/18          | 3.00 – 4.00%      | 2,235,000                     | 1,435,000                   |
| Refunding bonds  | 06/16/08         | 09/01/15          | 4.00%             | 2,405,500                     | 1,120,929                   |
| Promissory note  | 01/21/09         | 09/01/15          | 3.25 – 2.50%      | 6,000,000                     | 6,000,000                   |
| Promissory note  | 02/19/09         | 09/01/18          | 3.85 – 5.00%      | 10,800,000                    | 10,800,000                  |
| Promissory note  | 02/19/09         | 09/01/18          | 3.85 – 5.00%      | 1,900,000                     | 1,325,000                   |
| Promissory notes   | 04/27/10         | 04/01/20          | 3.00 – 4.50%      | 2,025,000                     | 1,925,000                   |
| Promissory notes – BAB   | 09/01/10         | 04/01/18          | 3.01 – 3.30%*     | 6,735,000                     | 6,735,000                   |
| Refunding bonds  | 10/25/12         | 06/01/19          | 2.00 – 3.00%      | 2,635,000                     | 2,635,000                   |
| <b>Total Governmental Activities – General Obligation Debt</b> |                  |                   |                   |                               | <b><u>\$ 58,796,868</u></b> |

#### Business-type Activities General Obligation Debt

|                  |          |          |               |            |            |
|------------------|----------|----------|---------------|------------|------------|
| Promissory notes | 11/18/03 | 12/01/15 | 2.00 – 3.80%  | 1,684,452  | \$ 520,984 |
| Refunding notes  | 11/18/03 | 04/01/15 | 2.00 – 3.80%  | 2,003,232  | 674,016    |
| Refunding bonds  | 05/03/04 | 09/01/17 | 5.00%         | 10,000,000 | 8,150,000  |
| Promissory notes | 03/23/05 | 03/01/15 | 3.25 – 5.00%  | 1,500,000  | 1,275,000  |
| Refunding notes  | 09/29/05 | 10/01/15 | 3.40 – 3.625% | 331,824    | 124,062    |
| Promissory notes | 06/01/06 | 12/01/11 | 4.15 – 4.38%  | 425,000    | 275,000    |
| Refunding notes  | 02/19/08 | 09/01/18 | 3.00 – 4.39%  | 3,765,000  | 3,190,000  |
| Refunding notes  | 06/16/08 | 12/01/19 | 4.00 – 4.25%  | 950,000    | 950,000    |

## VILLAGE OF PLEASANT PRAIRIE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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

| Business-type Activities<br>General Obligation Debt (cont.) | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebted-<br>ness | Balance<br>12-31-12  |
|---|------------------|-------------------|-------------------|-------------------------------|----------------------|
| Refunding notes   | 06/16/08         | 09/01/15          | 4.00%             | \$ 534,500                    | \$ 249,069           |
| Promissory notes  | 06/16/08         | 12/01/18          | 4.25%             | 500,000                       | 500,000              |
| Promissory notes  | 12/04/08         | 09/01/18          | 4.00 – 4.75%      | 1,270,000                     | 1,270,000            |
| Promissory notes  | 02/19/09         | 09/01/18          | 3.85 – 5.00%      | 8,000,000                     | 7,200,000            |
| Promissory notes  | 04/27/10         | 04/01/20          | 3.00 – 4.50%      | 2,375,000                     | 2,375,000            |
| 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                     | 6,525,000            |
| Refunding notes   | 02/01/12         | 12/01/23          | 2.00 – 3.00%      | 2,605,000                     | 2,605,000            |
| Total Business-type Activities General Obligation Debt      |                  |                   |                   |                               | <u>\$ 37,773,131</u> |

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

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Governmental Activities<br/>General Obligation Debt</u> |                     | <u>Business-type Activities<br/>General Obligation Debt</u> |                     |
|--------------|--|---------------------|---|---------------------|
|              | <u>Principal</u>   | <u>Interest</u>     | <u>Principal</u>  | <u>Interest</u>     |
| 2013         | \$ 7,319,127   | \$ 2,375,174        | \$ 2,305,872  | \$ 1,603,473        |
| 2014         | 7,193,189  | 2,135,096           | 9,906,811   | 1,332,478           |
| 2015         | 11,964,552   | 1,890,275           | 3,030,448   | 1,040,738           |
| 2016         | 8,425,000  | 1,341,955           | 1,775,000   | 951,290             |
| 2017         | 11,940,000   | 961,568             | 2,000,000   | 886,696             |
| 2018 – 2022  | 11,955,000   | 397,403             | 16,585,000  | 1,574,313           |
| 2023 – 2027  | -  | -                   | 2,170,000   | 325,943             |
| Totals       | <u>\$ 58,796,868</u>                                       | <u>\$ 9,101,471</u> | <u>\$ 37,773,131</u>  | <u>\$ 7,714,931</u> |

#### **Other Debt Information**

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

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### **Current Refunding**

On February 2, 2012, bonds in the amount of \$2,605,000 were issued with an average interest rate of 2.59% to refund \$2,700,000 of outstanding bonds with an average interest rate of 4.09 %. The net proceeds of \$2,701,352 (after payment of \$50,537 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements as of December 1, 2012 on the old bonds.

The cash flow requirements on the old bonds prior to the current refunding was \$2,810,350 from December 1, 2012 through December 31, 2013. The cash flow requirements on the new bonds are \$3,085,108 from December 1, 2012 through 2023. The current refunding resulted in an economic loss of \$274,758.

On October 25, 2012, the village issued \$2,635,000 in general obligation bonds with an average interest rate of 2.6% to current refund \$2,800,000 of outstanding bonds with an average interest rate of 4%. The net proceeds were used to prepay a portion of the outstanding debt service requirements on the old bonds.

The cash flow requirements on the refunded bonds and notes prior to the current refunding was \$2,870,000 for 2013. The cash flow requirements on the 2012 refunding bonds are \$2,978,330 from 2013 through 2019. The current refunding resulted in an economic loss of \$108,330.

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

Governmental activities net position reported on the government wide statement of net position at December 31, 2012 includes the following:

##### **Governmental Activities**

|  |                     |
|--|---------------------|
| Net investment in capital assets   |                     |
| Land   | \$ 5,031,900        |
| Right of way   | 12,739,790          |
| Construction in progress   | 1,097,827           |
| Intangible assets, net of amortization                                     | 365,782             |
| Other capital assets, net of accumulated depreciation                      | 37,191,603          |
| Less: related long-term debt outstanding (net of unspent proceeds of debt) | (17,703,789)        |
| Total Net Investment in Capital Assets                                     | <u>38,723,113</u>   |
| Restricted   |                     |
| Debt service   | 1,279,532           |
| Impact fees  | 1,070,839           |
| Federally forfeited property recoveries                                    | 1,618               |
| Total Restricted   | <u>2,351,989</u>    |
| Unrestricted (deficit)   | <u>(36,449,920)</u> |
| Total Governmental Activities Net Position                                 | <u>\$ 4,625,182</u> |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### G. NET POSITION/FUND BALANCES (cont.)

##### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

|                              | General<br>Fund | General<br>Debt<br>Service | TID No. 2<br>Debt<br>Service<br>Fund | General<br>Capital<br>Projects | TID No. 2<br>Capital<br>Projects<br>Fund | Non-Major<br>Govern-<br>mental<br>Funds | Totals       |
|------------------------------|-----------------|----------------------------|--------------------------------------|--------------------------------|--|---|--------------|
| <b>Fund Balances</b>         |                 |                            |                                      |                                |  |   |              |
| <b>Nonspendable:</b>         |                 |                            |                                      |                                |  |   |              |
| Delinquent taxes/specials    | \$ 23,096       | \$ 245,493                 | \$ -                                 | \$ -                           | \$ -                                     | \$ -                                    | \$ 268,589   |
| Prepaid items                | 178,037         | -                          | -                                    | -                              | -  | -                                       | 178,037      |
| Advances                     | 307,500         | -                          | -                                    | -                              | -  | -                                       | 307,500      |
| <b>Restricted for:</b>       |                 |                            |                                      |                                |  |   |              |
| Debt service                 | -               | 460,779                    | 1,028,116                            | -                              | -  | -                                       | 1,488,895    |
| TID purposes                 | -               | -                          | -                                    | -                              | 1,670,054                                | -                                       | 1,670,054    |
| Impact fees                  | -               | -                          | -                                    | 1,070,839                      | -  | -                                       | 1,070,839    |
| Federally forfeited property | -               | -                          | -                                    | -                              | -  | 1,618                                   | 1,618        |
| <b>Committed to:</b>         |                 |                            |                                      |                                |  |   |              |
| Fire and rescue              | -               | -                          | -                                    | -                              | -  | 39,446                                  | 39,446       |
| Police canine unit           | -               | -                          | -                                    | -                              | -  | 2,019                                   | 2,019        |
| <b>Assigned to:</b>          |                 |                            |                                      |                                |  |   |              |
| Capital projects             | -               | -                          | -                                    | 1,449,027                      | -  | -                                       | 1,449,027    |
| <b>Unassigned:</b>           |                 |                            |                                      |                                |  |   |              |
|                              | 3,424,297       | -                          | -                                    | -                              | -  | -                                       | 3,424,297    |
| Total Fund Balances          | \$ 3,932,930    | \$ 706,272                 | \$ 1,028,116                         | \$ 2,519,866                   | \$ 1,670,054                             | \$ 43,083                               | \$ 9,900,321 |

##### Business-type Activities

###### Net Investment in Capital Assets

|   |              |
|---|--------------|
| Land  | \$ 1,748,205 |
| Construction in progress                              | 1,589,839    |
| Intangible assets, net of amortization                | 377,400      |
| Other capital assets, net of accumulated depreciation | 147,722,139  |
| Less: Long-term debt outstanding                      | (37,773,131) |
| Plus: Unamortized debt issuance costs                 | 582,786      |
| Less: Unamortized debt premium                        | (1,292,998)  |
| Total Net Investment in Capital Assets                | 112,954,240  |

###### Restricted

|                       |           |
|-----------------------|-----------|
| Equipment replacement | 1,013,583 |
|-----------------------|-----------|

###### Unrestricted

|  |           |
|--|-----------|
|  | 7,673,287 |
|--|-----------|

|   |                |
|---|----------------|
| Total Business-type Activities Net Position | \$ 121,641,110 |
|---|----------------|

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**H. COMPONENT UNIT**

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At December 31, 2012, the CDA held no cash or investments.

c. Capital Assets

|                                   | Beginning<br>Balance | Additions   | Deletions  | Ending<br>Balance |
|-----------------------------------|----------------------|-------------|------------|-------------------|
| Land                              | \$ 11,889,659        | \$ -        | \$ 569,064 | \$ 11,320,595     |
| Buildings                         | 342,867              | -           | -          | 342,867           |
| Less: Accumulated<br>depreciation | (23,509)             | (11,429)    | -          | (34,938)          |
| Totals                            | \$ 12,209,017        | \$ (11,429) | \$ 569,064 | \$ 11,628,524     |

**NOTE V – OTHER INFORMATION**

**A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same 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. Contribution rates for 2012 are:

|                                    | <u>Employee</u> | <u>Employer</u> |
|------------------------------------|-----------------|-----------------|
| General                            | 5.9%            | 5.9%            |
| Executives and Elected Officials   | 7.05%           | 7.05%           |
| Protective with Social Security    | 5.9%            | 9.0%            |
| Protective without Social Security | 5.9%            | 11.3%           |

The payroll for village employees covered by WRS for the year ended December 31, 2012 was \$10,102,026; the employer's total payroll was \$11,783,046. The total required contribution for the year ended December 31, 2012 was \$1,388,096 or 13.7 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$1,295,175 and \$1,273,819, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years' earnings. Employees terminating covered employment and submitting an application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2012, there was no pension-related debt for the village.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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#### **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**

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.

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

The village has active construction projects as of December 31, 2012. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The village has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor:

|                                 |            |
|---------------------------------|------------|
| General Capital Projects Fund   | \$ 169,823 |
| TID No. 2 Capital Projects Fund | \$ 65,073  |

In 2009, the village issued a municipal revenue obligation as part of a development agreement. The amount of the obligation was \$715,365, and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 4.

Payments are scheduled through the year 2027, and carry an interest rate not to exceed 9.75%. The obligation does not constitute a charge upon any funds of the village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the village. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end was \$452,062.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### ***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.

#### **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 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, 2012 the date of the latest actuarial valuation:

|                                   |     |
|-----------------------------------|-----|
| Retirees                          | 5   |
| Active plan members               | 120 |
| Number of participating employers | 1   |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the village and the union. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The village contributes 97% of the current year premiums for a family or single plan, for eligible retired plan members and their spouses, upon attaining the age 60 for nonrepresented, 55 for police and 53 for fire until they reach Medicare eligible age. For 2012, the village contributed \$72,824 to the plan. For 2012, total member contributions were \$0. 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.

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               | \$     | 667,865                     |
| Interest on net OPEB obligation            |        | 76,939                      |
| Adjustment to annual required contribution |        | <u>(106,955)</u>            |
| Annual OPEB cost                           |        | 637,849                     |
| Contributions made                         |        | <u>(72,824)</u>             |
| Increase in net OPEB obligation            |        | 565,025                     |
| Net OPEB Obligation – Beginning of Year    |        | <u>1,923,464</u>            |
| <br>Net OPEB Obligation – End of Year      | <br>\$ | <br><u><u>2,488,489</u></u> |

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

| Fiscal Year Ended | Annual OPEB<br>Cost | Percentage of<br>Annual OPEB<br>Cost<br>Contributed | Net OPEB<br>Obligation |
|-------------------|---------------------|---|------------------------|
| 12/31/12          | \$ 637,849          | 11.4%   | \$ 2,488,489           |
| 12/31/11          | 655,641             | 43%   | 1,923,464              |
| 12/31/10          | 635,494             | 7.5%  | 1,549,773              |

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

The funded status of the plan as of January 1, 2012, the most recent actuarial valuation date, was as follows:

|   |                     |
|---|---------------------|
| Actuarial accrued liability (AAL)                 | \$ 5,552,226        |
| Actuarial value of plan assets                    | <u>(328,955)</u>    |
| Unfunded Actuarial Accrued Liability (UAAL)       | <u>\$ 5,223,271</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 6%                  |
| Covered payroll (active plan members)             | \$ 8,798,044        |
| UAAL as a percentage of covered payroll           | 59%                 |

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 schedules of employer contributions present 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.

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, 2012 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 8.9% initially, reduced by decrements to an ultimate rate of 4.7% after 70 years. Both rates include an inflationary assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2012, was 30 years.

# VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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### **E. SIGNIFICANT CUSTOMERS**

#### ***Water Utility***

The utility has one significant customer who was responsible for 19% of operating revenues in 2012.

### **F. SUBSEQUENT EVENTS**

On February 21, 2013, the village issued general obligation refunding bonds in the amount of \$7,305,000 with an interest rate of 3.00 - 3.25%. This amount will be used to refund the 2004 Series A general obligation promissory notes.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. 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, 2012

|   | <u>Budgeted Amounts</u> |                  |                  | Variance with<br>Final Budget |
|---|-------------------------|------------------|------------------|-------------------------------|
|   | <u>Original</u>         | <u>Final</u>     | <u>Actual</u>    |                               |
| <b>REVENUES</b>                         |                         |                  |                  |                               |
| <b>TAXES</b>                            |                         |                  |                  |                               |
| General property tax for local purposes | \$ 7,154,860            | \$ 7,154,860     | \$ 7,154,838     | \$ (22)                       |
| Taxes - penalties and interest          | 38,880                  | 38,880           | 44,729           | 5,849                         |
| Mobile home taxes                       | 135,000                 | 135,000          | 140,950          | 5,950                         |
| Hotel/motel room tax                    | 44,920                  | 44,920           | 48,451           | 3,531                         |
| Other taxes                             | 17,000                  | 17,000           | 16,930           | (70)                          |
| Total Taxes                             | <u>7,390,660</u>        | <u>7,390,660</u> | <u>7,405,898</u> | <u>15,238</u>                 |
| <b>INTERGOVERNMENTAL</b>                |                         |                  |                  |                               |
| Shared taxes from state                 | 1,888,427               | 1,888,427        | 1,891,613        | 3,186                         |
| Fire insurance tax from state           | 76,484                  | 76,484           | 79,302           | 2,818                         |
| Law enforcement grants                  | 55,111                  | 55,111           | 55,676           | 565                           |
| State aid - other grants                | -                       | -                | 3,804            | 3,804                         |
| State aid - emergency government        | -                       | -                | 70,608           | 70,608                        |
| Ambulance service grant                 | 5,687                   | 5,687            | 6,450            | 763                           |
| Exempt computer aid                     | 21,567                  | 21,567           | 21,618           | 51                            |
| State payment for municipal service     | 1,200                   | 1,200            | 1,360            | 160                           |
| Total Intergovernmental                 | <u>2,048,476</u>        | <u>2,048,476</u> | <u>2,130,431</u> | <u>81,955</u>                 |
| <b>REGULATION AND COMPLIANCE</b>        |                         |                  |                  |                               |
| Liquor and malt beverage licenses       | 12,000                  | 12,000           | 11,980           | (20)                          |
| Cigarette licenses                      | 1,200                   | 1,200            | 1,200            | -                             |
| Bartender licenses                      | 6,500                   | 6,500            | 4,795            | (1,705)                       |
| Theater licenses                        | 300                     | 300              | 300              | -                             |
| Other miscellaneous licenses            | 2,540                   | 2,540            | 3,030            | 490                           |
| Fire department permits                 | 24,180                  | 24,180           | 49,123           | 24,943                        |
| Dog licenses                            | 6,600                   | 6,600            | 7,313            | 713                           |
| Residential building permits            | 147,000                 | 147,000          | 186,646          | 39,646                        |
| Commercial building permits             | 60,000                  | 60,000           | 70,539           | 10,539                        |
| Application and zoning fees             | 82,065                  | 82,065           | 96,513           | 14,448                        |
| Miscellaneous permits and fees          | 79,200                  | 79,200           | 57,769           | (21,431)                      |
| Court penalties and costs               | 265,000                 | 265,000          | 360,218          | 95,218                        |
| Parking tickets                         | 27,034                  | 27,034           | 12,650           | (14,384)                      |
| Total Regulation and Compliance         | <u>713,619</u>          | <u>713,619</u>   | <u>862,076</u>   | <u>148,457</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, 2012

|   | Budgeted Amounts |            |            | Variance with<br>Final Budget |
|---|------------------|------------|------------|-------------------------------|
|   | Original         | Final      | Actual     |                               |
| <b>PUBLIC CHARGES FOR SERVICES</b>                |                  |            |            |                               |
| Publication fees                                  | \$ 350           | \$ 350     | \$ 503     | 153                           |
| Administrative fees                               | 4,800            | 4,800      | 5,551      | 751                           |
| Prequalification fees                             | 2,000            | 2,000      | 1,695      | (305)                         |
| Police department fees                            | 5,000            | 5,000      | 24,496     | 19,496                        |
| Fire department fees                              | 20,000           | 20,000     | 26,236     | 6,236                         |
| Rescue squad fees                                 | 345,936          | 345,936    | 325,503    | (20,433)                      |
| Highway department fees                           | 3,000            | 3,000      | 5,704      | 2,704                         |
| Engineering department fees                       | 125,000          | 125,000    | 134,276    | 9,276                         |
| Street lighting                                   | 135,000          | 135,000    | 136,243    | 1,243                         |
| Special assessment letters                        | 5,500            | 5,500      | 7,265      | 1,765                         |
| Weed control                                      | 12,000           | 12,000     | 4,389      | (7,611)                       |
| Franchise fees                                    | 280,000          | 280,000    | 286,148    | 6,148                         |
| IT department services                            | 3,280            | 3,280      | 5,425      | 2,145                         |
| Other   | 5,920            | 5,920      | 13,440     | 7,520                         |
| Total Public Charges for Services                 | 947,786          | 947,786    | 976,874    | 29,088                        |
| <b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>     |                  |            |            |                               |
| Assessing contracts                               | 293,356          | 293,356    | 282,518    | (10,838)                      |
| School liaison officer                            | 64,790           | 64,790     | 45,182     | (19,608)                      |
| Total Intergovernmental Charges for Services      | 358,146          | 358,146    | 327,700    | (30,446)                      |
| <b>INVESTMENT INCOME</b>                          |                  |            |            |                               |
| Investment income                                 | 52,300           | 52,300     | 71,206     | 18,906                        |
| <b>MISCELLANEOUS</b>                              |                  |            |            |                               |
| Miscellaneous                                     | 46,150           | 46,150     | 61,626     | 15,476                        |
| Tower leases                                      | 76,601           | 76,601     | 79,646     | 3,045                         |
| Village hall rent from utility                    | 59,976           | 59,976     | 59,976     | -                             |
| Total Miscellaneous                               | 182,727          | 182,727    | 201,248    | 18,521                        |
| <b>OTHER FINANCING SOURCES</b>                    |                  |            |            |                               |
| Transfers in                                      | 822,727          | 822,727    | 893,154    | 70,427                        |
| <b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b> | 12,516,441       | 12,516,441 | 12,868,587 | 352,146                       |

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, 2012

|   | <u>Budgeted Amounts</u> |                     |                     | Variance with<br>Final Budget |
|---|-------------------------|---------------------|---------------------|-------------------------------|
|   | <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       |                               |
| <b>EXPENDITURES</b>                         |                         |                     |                     |                               |
| <b>GENERAL GOVERNMENT</b>                   |                         |                     |                     |                               |
| Village board                               | \$ 90,494               | \$ 90,494           | \$ 90,413           | \$ 81                         |
| Information technology                      | 611,404                 | 611,404             | 661,720             | (50,316)                      |
| Administration, finance and human resources | 873,778                 | 873,778             | 880,766             | (6,988)                       |
| Assessing                                   | 595,472                 | 595,472             | 604,999             | (9,527)                       |
| Municipal buildings                         | 320,430                 | 320,430             | 329,698             | (9,268)                       |
| Total General Government                    | <u>2,491,578</u>        | <u>2,491,578</u>    | <u>2,567,596</u>    | <u>(76,018)</u>               |
| <b>PUBLIC SAFETY</b>                        |                         |                     |                     |                               |
| Police                                      | 3,485,981               | 3,485,981           | 3,460,848           | 25,133                        |
| Municipal court                             | 153,960                 | 153,960             | 150,914             | 3,046                         |
| Fire and rescue                             | 3,196,213               | 3,196,213           | 2,881,850           | 314,363                       |
| Engineering department                      | 263,775                 | 263,775             | 286,682             | (22,907)                      |
| Public safety communications                | 437,025                 | 437,025             | 347,578             | 89,447                        |
| Total Public Safety                         | <u>7,536,954</u>        | <u>7,536,954</u>    | <u>7,127,872</u>    | <u>409,082</u>                |
| <b>PUBLIC WORKS</b>                         |                         |                     |                     |                               |
| Public works                                | 1,294,001               | 1,294,001           | 1,027,914           | 266,087                       |
| Street lighting                             | 237,705                 | 237,705             | 252,074             | (14,369)                      |
| Total Public Works                          | <u>1,531,706</u>        | <u>1,531,706</u>    | <u>1,279,988</u>    | <u>251,718</u>                |
| <b>PARKS</b>                                |                         |                     |                     |                               |
|   | <u>353,898</u>          | <u>353,898</u>      | <u>385,056</u>      | <u>(31,158)</u>               |
| <b>COMMUNITY DEVELOPMENT</b>                |                         |                     |                     |                               |
| Community development                       | 367,928                 | 367,928             | 353,401             | 14,527                        |
| Inspection                                  | 234,384                 | 234,384             | 238,087             | (3,703)                       |
| Total Community Development                 | <u>602,312</u>          | <u>602,312</u>      | <u>591,488</u>      | <u>10,824</u>                 |
| <b>OTHER FINANCING USES</b>                 |                         |                     |                     |                               |
| Transfers out                               | -                       | -                   | 700,000             | (700,000)                     |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>12,516,448</u>       | <u>12,516,448</u>   | <u>12,652,000</u>   | <u>(135,552)</u>              |
| Net Change in Fund Balance                  | (7)                     | (7)                 | 216,587             | 216,594                       |
| FUND BALANCE - Beginning of Year            | <u>3,716,343</u>        | <u>3,716,343</u>    | <u>3,716,343</u>    | <u>-</u>                      |
| FUND BALANCE - END OF YEAR                  | <u>\$ 3,716,336</u>     | <u>\$ 3,716,336</u> | <u>\$ 3,932,930</u> | <u>\$ 216,594</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 For the Year Ended December 31, 2012

| <u>Year Ended</u> |  | <u>Annual<br/>Required<br/>Contribution</u> |         | <u>Percentage<br/>Contributed</u> |  |  |
|-------------------|--|---|---------|-----------------------------------|--|--|
| 12/31/2012        |  | \$  | 667,865 | 11%                               |  |  |
| 12/31/2011        |  |   |         | 42%                               |  |  |
| 12/31/2010        |  |   |         | 8%                                |  |  |

  

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value<br/>of Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL) -<br/>Projected<br/>Unit</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>Percentage<br/>of<br/>Covered<br/>Payroll</u> |
|---|--|---|------------------------------------|-------------------------|----------------------------|--|
| 1/1/2012                                | \$ 328,955                               | \$ 5,552,226  | \$ 5,223,271                       | 6%                      | \$ 8,798,044               | 59%  |
| 1/1/2011                                | 314,809                                  | 5,194,617   | 4,879,808                          | 6%                      | 7,513,554                  | 65%  |
| 1/1/2010                                | 81,282                                   | 4,785,607   | 4,704,325                          | 2%                      | 8,682,974                  | 54%  |

See independent auditors' report.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2012

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations and other financing uses are as follows:

| <u>General Fund</u>                         | <u>Original and<br/>Final Budget</u> | <u>Actual</u> | <u>Excess</u> |
|---|--------------------------------------|---------------|---------------|
| Information technology                      | \$ 611,404                           | \$ 661,720    | \$ 50,316     |
| Administration, finance and human resources | 873,778                              | 880,766       | 6,988         |
| Assessing                                   | 595,472                              | 604,999       | 9,527         |
| Municipal Buildings                         | 320,430                              | 329,698       | 9,268         |
| Engineering department                      | 263,775                              | 286,682       | 22,907        |
| Street Lighting                             | 237,705                              | 252,074       | 14,369        |
| Parks                                       | 353,898                              | 385,056       | 31,158        |
| Inspection                                  | 234,384                              | 238,087       | 3,703         |
| Transfers out                               | -                                    | 700,000       | 700,000       |

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2012

|  | Special Revenue Funds      |                          |  | Capital<br>Project Fund | Total<br>Non-Major<br>Funds |
|--|----------------------------|--------------------------|--|-------------------------|-----------------------------|
|  | Fire and<br>Rescue<br>Fund | Police<br>Canine<br>Unit | Federally<br>Forfeited<br>Property<br>Fund | TID No. 4               |                             |
| <b>ASSETS</b>                                  |                            |                          |  |                         |                             |
| Cash and investments                           | \$ 43,487                  | \$ 2,030                 | \$ 1,618                                   | \$ -                    | \$ 47,135                   |
| Taxes receivable                               | -                          | -                        | -  | 2,252                   | 2,252                       |
| Accounts receivable                            | 1,552                      | -                        | -  | -                       | 1,552                       |
| <b>TOTAL ASSETS</b>                            | <b><u>\$ 45,039</u></b>    | <b><u>\$ 2,030</u></b>   | <b><u>\$ 1,618</u></b>                     | <b><u>\$ 2,252</u></b>  | <b><u>\$ 50,939</u></b>     |
| <b>LIABILITIES AND FUND BALANCES</b>           |                            |                          |  |                         |                             |
| Liabilities                                    |                            |                          |  |                         |                             |
| Accounts payable                               | \$ 5,593                   | \$ 11                    | \$ -                                       | \$ -                    | \$ 5,604                    |
| Deferred revenues                              | -                          | -                        | -  | 2,252                   | 2,252                       |
| <b>Total Liabilities</b>                       | <b><u>5,593</u></b>        | <b><u>11</u></b>         | <b><u>-</u></b>                            | <b><u>2,252</u></b>     | <b><u>7,856</u></b>         |
| Fund Balances                                  |                            |                          |  |                         |                             |
| Restricted                                     | -                          | -                        | 1,618                                      | -                       | 1,618                       |
| Committed                                      | 39,446                     | 2,019                    | -  | -                       | 41,465                      |
| <b>Total Fund Balances</b>                     | <b><u>39,446</u></b>       | <b><u>2,019</u></b>      | <b><u>1,618</u></b>                        | <b><u>-</u></b>         | <b><u>43,083</u></b>        |
| <b>TOTAL LIABILITIES AND<br/>FUND BALANCES</b> | <b><u>\$ 45,039</u></b>    | <b><u>\$ 2,030</u></b>   | <b><u>\$ 1,618</u></b>                     | <b><u>\$ 2,252</u></b>  | <b><u>\$ 50,939</u></b>     |

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

|                                  | Special Revenue Funds      |                          |  | Capital<br>Project Fund | Total<br>Non-Major<br>Funds |
|----------------------------------|----------------------------|--------------------------|--|-------------------------|-----------------------------|
|                                  | Fire and<br>Rescue<br>Fund | Police<br>Canine<br>Unit | Federally<br>Forfeited<br>Property<br>Fund | TID No. 4               |                             |
| <b>REVENUES</b>                  |                            |                          |  |                         |                             |
| Taxes                            | \$ -                       | \$ -                     | \$ -                                       | \$ 1,148                | \$ 1,148                    |
| Investment income                | 134                        | 5                        | 16   | -                       | 155                         |
| Miscellaneous                    | 24,890                     | 2,355                    | -  | -                       | 27,245                      |
| Total Revenues                   | <u>25,024</u>              | <u>2,360</u>             | <u>16</u>                                  | <u>1,148</u>            | <u>28,548</u>               |
| <b>EXPENDITURES</b>              |                            |                          |  |                         |                             |
| Current                          |                            |                          |  |                         |                             |
| Public safety                    | 23,028                     | 2,088                    | 3,071                                      | -                       | 28,187                      |
| Capital outlay                   | 9,850                      | -                        | -  | 1,148                   | 10,998                      |
| Total Expenditures               | <u>32,878</u>              | <u>2,088</u>             | <u>3,071</u>                               | <u>1,148</u>            | <u>39,185</u>               |
| Net Change in Fund Balance       | (7,854)                    | 272                      | (3,055)                                    | -                       | (10,637)                    |
| FUND BALANCE - Beginning of Year | <u>47,300</u>              | <u>1,747</u>             | <u>4,673</u>                               | <u>-</u>                | <u>53,720</u>               |
| FUND BALANCE - END OF YEAR       | <u>\$ 39,446</u>           | <u>\$ 2,019</u>          | <u>\$ 1,618</u>                            | <u>\$ -</u>             | <u>\$ 43,083</u>            |

# VILLAGE OF PLEASANT PRAIRIE

## STATEMENT OF CASH FLOWS - COMPONENT UNIT For the Year Ended December 31, 2012

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|   | Community<br>Development<br>Authority |
|---|---------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   | <u>\$ -</u>                           |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                           | <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>                    |
| <b>RECONCILIATION OF OPERATING INCOME TO<br/>NET CASH FLOWS FROM OPERATING ACTIVITIES</b> |                                       |
| Operating income  | \$ 680                                |
| Noncash items included in income  |                                       |
| Depreciation  | 11,429                                |
| Change in Assets and Liabilities  |                                       |
| Accounts payable  | (5,292)                               |
| Due to primary government   | <u>(6,817)</u>                        |
| NET CASH FLOWS FROM OPERATING ACTIVITIES  | <u>\$ -</u>                           |
| <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                   |                                       |
| Donation of land  | <u>\$ (569,064)</u>                   |

# VILLAGE OF PLEASANT PRAIRIE

## COMBINING STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2012

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|                           | Agency Funds                |                             |                             |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|
|                           | Tax<br>Collection<br>Fund   | Mobile<br>Home<br>Fees      | Totals                      |
| <b>ASSETS</b>             |                             |                             |                             |
| Cash and investments      | \$ 12,980,004               | \$ 65,222                   | \$ 13,045,226               |
| Receivables               |                             |                             |                             |
| Taxes                     | 26,480,223                  | -                           | 26,480,223                  |
| Accounts                  | -                           | 33,583                      | 33,583                      |
|                           | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| TOTAL ASSETS              | <u>\$ 39,460,227</u>        | <u>\$ 98,805</u>            | <u>\$ 39,559,032</u>        |
| <b>LIABILITIES</b>        |                             |                             |                             |
| Accounts payable          | \$ 8,066                    | \$ -                        | \$ 8,066                    |
| Due to other taxing units | 39,452,161                  | 98,805                      | 39,550,966                  |
|                           | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| TOTAL LIABILITIES         | <u>\$ 39,460,227</u>        | <u>\$ 98,805</u>            | <u>\$ 39,559,032</u>        |