

**VILLAGE OF PLEASANT PRAIRIE**

Pleasant Prairie, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

# 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, 2013, 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, 2013 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. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Pleasant Prairie's basic financial statements. The combining financial statements and statement of cash flows - component unit as listed in the table of contents 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 Vinchur Krause, LLP*

Madison, Wisconsin  
July 23, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Our discussion and analysis of the Village of Pleasant Prairie's financial performance provides an overview of the Village's financial activities as of and for the year ended December 31, 2013. 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 \$7.4 million to \$132.4 million after the restatement for the implementation of GASB Statement No. 65. See Note IV.H for more detail on the restatement. Events that had major impacts on the Village's 2013 financials were:

- The Village's debt decreased by \$10.2 million ending the year with \$86.4 million in general obligation bonds outstanding. The Village didn't borrow any new money, but refinanced \$7.3 million, and paid \$17.5 million of principal in 2013.
- Capital grants and contributions were down \$2.5 million to \$1.9 million, because of a reduction of \$2.1 million in business type activities contributions plus a reduction of \$.3 million in government activities contributions.
- TID No. 2, in its 14<sup>th</sup> year of construction, has completed \$79.7 million or 85% of its 2012 amended plan of \$94.2 million planned expenditures. Eighty-three percent, \$65.8 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,*
- *Supplementary information*

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status. The remaining statements are fund financial statements that focus on individual parts of Village government and report the Village's operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more 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 supplementary information section with combining statements that provide details about our non-major governmental funds. The non-major funds are added together and presented in single columns in the basic financial statements.

## Government-wide Statements

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

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

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

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

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

## Fund Financial Statements

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

The Village has three kinds of funds:

- **Governmental funds** - Most of the Village's basic services are included in governmental funds which focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, governmental 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. The Village also has a retired employees' healthcare plan trust, which reports resources for members and beneficiaries of the benefit plan. All of the Village's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the Village's government-wide financial statements because these assets cannot be used to finance operations.

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

**STATEMENT OF NET POSITION**

The Village's combined net position increased by \$7.4 million to \$132.4 million after the restatement for the implementation of GASB Statement No. 65. See Note IV.H for more detail on the restatement. The majority of the net position, \$121.5 million, belongs to business-type activities of the Village, primarily the sewer (\$47.4 million) and water utilities (\$44.1 million).

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

	Governmental		Business-type		Total		Total Change	
	Activities		Activities				Dollars	%
	2012	2013	2012	2013	2012	2013	2012-2013	
Current and other assets	34.0	32.5	13.9	13.9	47.8	46.4	(1.4)	-2.9%
Capital assets	56.4	55.8	151.4	147.8	207.9	203.6	(4.2)	-2.1%
<b>Total assets</b>	<b>90.4</b>	<b>88.3</b>	<b>165.3</b>	<b>161.7</b>	<b>255.7</b>	<b>250.0</b>	<b>(5.6)</b>	<b>-2.2%</b>
Long-term debt outstanding	62.8	55.1	41.4	37.9	104.2	92.9	(11.3)	-10.8%
Other liabilities	3.2	2.7	2.2	2.4	5.4	5.1	(0.3)	-5.6%
<b>Total liabilities</b>	<b>66.0</b>	<b>57.8</b>	<b>43.6</b>	<b>40.2</b>	<b>109.6</b>	<b>98.0</b>	<b>(11.6)</b>	<b>-10.6%</b>
Deferred inflows of resources	19.8	19.7	-	-	19.8	19.7	(0.1)	-0.5%
<b>Net Position</b>								
Net investment in								
capital assets	38.7	38.9	113.0	111.3	131.9	132.9	1.0	0.8%
Restricted	2.4	3.2	1.0	1.1	3.4	4.3	0.9	26.5%
Unrestricted (deficit)	(36.5)	(31.2)	7.7	9.1	(8.9)	(4.8)	4.1	-46.1%
<b>Total Net position - end of year</b>	<b>4.6</b>	<b>10.9</b>	<b>121.6</b>	<b>121.5</b>	<b>126.4</b>	<b>132.4</b>	<b>6.0</b>	<b>4.7%</b>

Figures may not total due to rounding.

The 2012 numbers in table A-1 have not been restated.

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 \$31.2 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 \$65.8 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
- \$ 4.5 million – Operational expenses of TID No. 2
- \$ .2 million – Development incentives

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

Governmental activities *current and other assets* decrease of \$1.5 million can be attributed to a decrease in accounts receivables of \$.7 million from 2012 levels plus elimination of other assets of \$.7 million and smaller net decreases in other areas. Net additions of \$4.2 million, mainly road additions, didn't offset depreciation and disposals (\$4.8 million) accounting for a \$.6 million decrease in the Village's governmental activities *Capital Assets*. *Other Liabilities decreased* by \$.6 million mainly because of a decrease in accounts payable and accrued liabilities of \$.6 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 decreased slightly by \$.1 million to \$121.5 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 2013 revenues total \$46.3 million and expenses total \$40.8 million resulting in an increase in net position of \$5.5 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	
	2012	2013	2012	2013	2012	2013	Dollar	%
<b>Revenues</b>								
Program revenues								
Charges for services	2.5	3.2	21.4	21.7	23.9	24.9	1.0	4.2%
Operating grants and contributions	1.4	1.0	0.1	0.1	1.5	1.2	-0.4	-20.0%
General revenues								
Property taxes	16.4	17.4	0.0	0.0	16.4	17.4	0.9	6.1%
Other taxes	0.2	0.3	0.0	0.0	0.2	0.3	0.0	50.0%
Intergovernmental (not restricted)	2.0	2.4	0.0	0.0	2.0	2.4	0.4	20.0%
Investment income (loss)	0.1	-0.1	0.2	0.1	0.3	0.0	-0.3	-100.0%
Others	0.2	0.2	0.0	0.0	0.2	0.2	0.0	0.0%
<b>Total revenues</b>	<b>22.9</b>	<b>24.4</b>	<b>21.7</b>	<b>21.9</b>	<b>44.6</b>	<b>46.3</b>	<b>1.7</b>	<b>3.8%</b>
<b>Expenses</b>								
General government	2.9	2.8	0.0	0.0	2.9	2.8	-0.1	-3.4%
Public safety	7.5	8.2	0.0	0.0	7.5	8.2	0.7	9.3%
Public works	4.9	4.6	0.0	0.0	4.9	4.6	-0.3	-6.1%
Parks	0.5	0.6	0.0	0.0	0.5	0.6	0.1	20.0%
Community development	0.8	1.0	0.0	0.0	0.8	1.0	0.2	25.0%
Interest and fiscal charges	2.5	1.8	0.0	0.0	2.5	1.8	-0.7	-28.0%
Water	0.0	0.0	3.4	4.0	3.4	4.0	0.6	17.6%
Sewer	0.0	0.0	4.6	4.6	4.6	4.6	0.0	0.0%
Clean Water	0.0	0.0	1.3	1.3	1.3	1.3	0.0	0.0%
LakeView RecPlex	0.0	0.0	10.6	10.5	10.6	10.5	-0.1	-0.9%
Waste collection	0.0	0.0	1.4	1.5	1.4	1.5	0.1	7.1%
<b>Total expenses</b>	<b>19.1</b>	<b>19.0</b>	<b>21.3</b>	<b>21.8</b>	<b>40.4</b>	<b>40.8</b>	<b>0.4</b>	<b>1.0%</b>
Increase (deficiency) before transfers & contributions	3.9	5.4	0.3	0.1	4.2	5.5	1.3	31.0%
Capital contributions	0.9	0.6	3.5	1.4	4.4	1.9	-2.5	-56.8%
Transfers	0.9	1.0	-0.9	-1.0	0.0	0.0	0.0	0.0%
<b>CHANGE IN NET POSITION</b>	<b>5.7</b>	<b>7.0</b>	<b>2.9</b>	<b>0.5</b>	<b>8.6</b>	<b>7.4</b>		
<b>ENDING NET POSITION (Deficit)</b>	<b>4.6</b>	<b>10.9</b>	<b>121.6</b>	<b>121.5</b>	<b>126.4</b>	<b>132.5</b>		

Figures may not total due to rounding.

The 2012 numbers in table A-2 have not been restated.

Governmental Activities

Revenues for the Village’s governmental activities total \$24.4 million, with property taxes accounting for over half followed by charges for services. Building permits account for the majority of the user charges, followed by rescue billing, assessing contracts, engineering department fees and municipal court fines.

Governmental activities expenses total \$19.0 million, only \$.1 million less than 2012 expenses, with some areas increasing (public safety, parks and community development) by \$1 million, offset by decreases in general government, public works and interest and fiscal charges. Capital contributions decreased from \$.9 million in 2012 to \$.6 million in 2013. The water utility (business activity) transferred \$1 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 (\$19.0 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.

Overall the net cost of services remained the same from 2012 to 2013. Some departments net cost were up (public safety, public works, and parks), as the rest of the departments were down to offset the increase.

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

- Village property taxes (\$17.4 million)
- State of Wisconsin shared revenue (\$2.4 million)

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

	Total Cost of Services		Change		Net Cost of Services		Change	
	2012	2013	Dollar	%	2012	2013	Dollar	%
			2012-2013		2012-2013			
General government	2.9	2.8	(0.1)	-3.4%	2.5	2.3	(0.2)	-6.4%
Public safety	7.5	8.2	0.7	9.4%	6.1	6.7	0.6	9.1%
Public works	4.9	4.6	(0.3)	-5.4%	2.6	3.0	0.4	16.7%
Parks	0.5	0.6	0.1	16.1%	0.5	0.6	0.1	16.1%
Community development	0.8	1.0	0.2	22.9%	0.1	(0.2)	(0.3)	-345.4%
Other	2.5	1.8	(0.7)	-26.9%	2.4	1.7	(0.7)	-27.7%
<b>Grand Total</b>	<b>19.1</b>	<b>19.0</b>	<b>(0.1)</b>	<b>-0.3%</b>	<b>14.2</b>	<b>14.2</b>	<b>(0.0)</b>	<b>-0.1%</b>

Figures may not total due to rounding.

Business-type Activities

Revenue from the Village’s business-type activities total \$22.2 million with user fees accounting for 99%. The RecPlex celebrated its 13<sup>th</sup> year anniversary in 2013. In 2013 the RecPlex’s user fee revenues increased \$.2 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 good increase in memberships (224 memberships or 4.7% increase), ending the year at 4,943 memberships. Memberships are a major revenue source accounting for 37% of actual operating revenues.

Business-type expenses total \$22.1 million. The RecPlex is the largest business type fund, accounting for 48% of all business-type expense activity. The sewer utility is a distant second at 21% of the business-type expenses. No property tax revenue was used to support business-type activities.

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

	Water Utility		Sewer Utility		Clean Water		LakeView RecPlex		Waste Collection		Total		Change	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	Dollar	%
<b>Revenues</b>														
Program revenues														
Charge for services	4.3	4.3	4.5	4.7	1.1	1.1	10.2	10.4	1.5	1.5	21.7	22.0	0.3	1.4%
Intergovernmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.0	NA
General Revenues														
Investment Income	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.1	-0.1	-50.0%
<b>Total revenue</b>	<b>4.4</b>	<b>4.3</b>	<b>4.6</b>	<b>4.7</b>	<b>1.2</b>	<b>1.1</b>	<b>10.3</b>	<b>10.5</b>	<b>1.5</b>	<b>1.6</b>	<b>21.9</b>	<b>22.2</b>	<b>0.2</b>	<b>1.4%</b>
<b>Expenses</b>														
Excess (deficiency) before transfers & contributions														
	1.0	0.3	0.0	0.1	-0.2	-0.1	-0.6	-0.3	0.1	0.0	0.3	0.0	-0.2	-100.0%
Capital contribution	0.2	0.0	0.3	1.4	0.2	0.1	2.8	0.0	0.0	0.0	3.5	1.5	-2.0	-57.1%
Transfers	-1.0	-1.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	(0.9)	(1.1)	-0.2	22.2%
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>0.2</b>	<b>(0.7)</b>	<b>0.2</b>	<b>1.4</b>	<b>0.0</b>	<b>(0.1)</b>	<b>2.4</b>	<b>(0.3)</b>	<b>0.1</b>	<b>0.0</b>	<b>3.1</b>	<b>0.6</b>	<b>-2.5</b>	<b>-80.6%</b>
<b>ENDING NET POSITION</b>	<b>44.9</b>	<b>44.1</b>	<b>46.0</b>	<b>47.4</b>	<b>24.3</b>	<b>24.2</b>	<b>4.9</b>	<b>4.6</b>	<b>0.6</b>	<b>0.6</b>	<b>120.8</b>	<b>121.2</b>	<b>0.4</b>	<b>0.3%</b>

Figures may not total due to rounding.

The 2012 numbers in table A-4 have not been restated.

Our clean water utility and recreational complex experienced a decrease in net position during 2013 prior to capital contributions. The clean water utility and RecPlex rates are set to generate positive cash flow not to recognize an operating gain. 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 \$10.1 million, up from \$9.9 million at the end of 2012. The increases are primarily in the general government operating (\$.7 million), TID No. 2 Debt Service Fund (\$.5 million) and general government capital project fund (\$.4 million) offset by a large decrease in TID No. 2 Capital Project Fund (\$1.4 million). The decrease is attributed to spending of bond proceeds and not borrowing any new money.

The general fund balance increased \$.7 million to \$4.6 million, which represents 36% of the expenditures for year-end December 31, 2013. The 2014 general fund budget is a balanced budget which will keep the general fund balance at this historical high point.

Unassigned general fund balance was \$4.2 million or 89%. 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. The balance of the general fund loan with the sewer utility as of December 31, 2013 was \$245,000.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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 \$385,065 along with expenditures being under budget by \$306,022.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Village had investments of \$203.6 million at the end of 2013 in capital assets, a net decrease of \$4.2 million. (See table A5). Additions of only \$6.9 million didn't offset depreciation of \$8.3 million, and disposals of \$2.8 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	
	2012	2013	2012	2013	2012	2013	Dollar	Percent
Land	17.8	18.0	2.0	2.0	19.8	19.9	0.1	1%
Buildings and improvements	4.7	5.0	53.6	52.4	58.4	57.4	(0.9)	-2%
Equipment / Intangible Assets	6.1	6.1	4.7	4.5	10.9	10.6	(0.2)	-2%
Infrastructure	26.7	25.6	89.5	88.6	116.1	114.2	(2.0)	-2%
Construction in progress	1.1	1.2	1.6	0.3	2.7	1.4	(1.3)	-47%
<b>Total</b>	<b>56.4</b>	<b>55.8</b>	<b>151.4</b>	<b>147.8</b>	<b>207.9</b>	<b>203.6</b>	<b>(4.2)</b>	<b>-2%</b>

Figures may not total due to rounding.

In 2013 \$4.2 million was spent for government-type activities, with roads leading the list at \$1.2 million. The business-type activities additions totaled \$2.7 million, with the sewer utility (\$1 million) and clean water utility (\$1.3 million) topping the list of additions. Listed below are major additions for 2013.

Project Description	Type	Source	Millions
South Kenosha Storm	Storm Water	Grant /Clean Water Utility	\$1.2
Paving Program	Governmental	Levy	\$0.7
Police Department Expansion	Governmental	Impact Fees	\$0.5
Whispering Knoll Roads	Governmental	Development	\$0.5
Prairie Farms Maintenance Trail	Sewer	Sewer Utility	\$0.4
IT Infrastructure and Software	Governmental	Levy	\$0.3
Land Purchase	Governmental	TID	\$0.2
Cooper Road Relining	Sewer	Sewer Utility	\$0.2
Carol Beach Lift Station Rebuild	Sewer	Sewer Utility	\$0.1
		<b>Total</b>	<b>\$4.1</b>

Long-term Debt

At year-end the Village had \$86.4 million in general obligation bonds, a decrease of \$10.2 million (See table A-6). No new borrowing, refinancing of \$7.3 million, and principal payments of \$17.5 million.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Change</b>	
	2012	2013	2012	2013	2012	2013	2012	-2013
General obligation bonds (backed by the Village)	58.8	51.5	37.8	34.9	96.6	86.4	(10.2)	-10.6%
<b>Total</b>	<b>58.8</b>	<b>51.5</b>	<b>37.8</b>	<b>34.9</b>	<b>96.6</b>	<b>86.4</b>	<b>(10.2)</b>	<b>-10.6%</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 \$123 million, so the Village is currently at 70% of capacity. We have additional borrowing capacity of \$36.6 million.

The majority of the governmental activities’ outstanding debt, \$46.3 million or 90%, is fully supported by TID No. 2. Based on a cash flow projection for TID No. 2, we expect all debt paid by tax incremental collections and district No. 2 land sales by 2022. The general government has \$5.2 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 (\$6.6 million), Water Utility (\$.4 million), RecPlex (\$27.8 million) and Waste Collection (\$.1 million). General obligation bonds are issued for our business-type activities to obtain a lower interest rate.

The Village has been rated since 2001 with the following rating changes. Standard & Poor’s jumped the Village two levels in 2008, from an A+ to AA. In 2010, all municipality ratings were re-evaluated by Moody’s Investor Services and our rating increased to AA2 in 2010. Our ratings 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 80 companies located in Lakeview Corporate Park representing approximately 8,109 jobs, with an additional 205 anticipated. Abbott owns 631 acres of land west of I-94 for future development.

The Village's two largest employers are Pleasant Prairie Premium Outlets and United Hospital System. Premium Outlets employs approximately 1,000 in all their various shops located in the center, and United Hospital Systems employs 955 at their local hospital and clinics.

The Village's tax base, currently \$2.5 billion, up slightly from 2012. Our population has also grown at a steady rate to 20,004 (2013 Estimate) versus 12,604 in 1993.

The 2014 general fund-operating budget was approved as a balanced budget not using any of the Village's surpluses. Revenues were budgeted at \$13.9 million (4.0% increase) and expenditures of \$13.9 million (4.0% increase). Total general government property tax contribution increased from \$9.2 to \$9.5 million.

A water rate study will be done in 2014 to accommodate a large new water customer, Niagara Bottling, who is constructing a water bottling plant in the Village of Pleasant Prairie.

The last RecPlex membership rate increase was September 1, 2013. The primary membership increased monthly by \$3, secondary membership \$2, and no increase for youth members. No membership rate increase is planned for 2014.

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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, 2013

	Primary Government			Component Unit - Community Development Authority
	Governmental Activities	Business- type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 12,669,408	\$ 8,927,821	\$ 21,597,229	\$ -
Receivables (net)				
Taxes	17,367,363	378,227	17,745,590	-
Delinquent taxes	24,246	-	24,246	-
Accounts	649,498	1,563,524	2,213,022	-
Special assessments	417,755	1,218,942	1,636,697	-
Delinquent special assessments	236,239	-	236,239	-
Accrued interest	15,494	2,264	17,758	-
Other	-	216,062	216,062	-
Internal balances	(541,440)	541,440	-	-
Prepaid items	195,679	23,943	219,622	-
Inventories	-	171,933	171,933	-
Restricted assets	1,249,145	1,087,070	2,336,215	-
Advances	245,000	(245,000)	-	-
Capital assets				
Land	5,221,414	1,788,006	7,009,420	11,131,601
Right of way	12,739,790	-	12,739,790	-
Construction in progress	1,176,720	253,762	1,430,482	-
Intangible assets, net of amortization	440,365	268,800	709,165	-
Other capital assets, net of depreciation	36,217,104	145,523,985	181,741,089	296,199
Total Assets	<u>88,323,780</u>	<u>161,720,779</u>	<u>250,044,559</u>	<u>11,427,800</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,682,524	2,376,439	5,058,963	-
Noncurrent liabilities				
Due within one year	7,693,793	2,456,810	10,150,603	-
Due in more than one year	47,381,159	35,393,631	82,774,790	-
Total Liabilities	<u>57,757,476</u>	<u>40,226,880</u>	<u>97,984,356</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenues	19,666,297	-	19,666,297	-
<b>NET POSITION</b>				
Net investment in capital assets	38,946,160	111,260,494	132,899,992	11,427,800
Restricted				
Debt service	1,947,190	-	1,947,190	-
Impact fees	1,249,145	-	1,249,145	-
Federally forfeited property recoveries	1,622	-	1,622	-
Equipment replacement	-	1,087,070	1,087,070	-
Unrestricted (deficit)	<u>(31,244,110)</u>	<u>9,146,335</u>	<u>(4,791,113)</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 10,900,007</u>	<u>\$ 121,493,899</u>	<u>\$ 132,393,906</u>	<u>\$ 11,427,800</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit - Community Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-type Activities	Totals	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government	\$ 2,811,493	\$ 482,140	\$ 1,427	\$ -	\$ (2,327,926)	\$ -	\$ (2,327,926)	\$ -
Public safety	8,154,048	1,257,234	204,668	-	(6,692,146)	-	(6,692,146)	-
Public works	4,636,101	306,506	758,832	562,398	(3,008,365)	-	(3,008,365)	-
Parks	610,185	-	-	-	(610,185)	-	(610,185)	-
Community development	962,096	1,176,473	-	-	214,377	-	214,377	-
Interest and fiscal charges	1,815,001	-	73,435	-	(1,741,566)	-	(1,741,566)	-
Total Governmental Activities	<u>18,988,924</u>	<u>3,222,353</u>	<u>1,038,362</u>	<u>562,398</u>	<u>(14,165,811)</u>	<u>-</u>	<u>(14,165,811)</u>	<u>-</u>
<b>Business-type Activities</b>								
Water Utility	3,960,117	4,258,119	-	(974)	-	297,028	297,028	-
Sewer Utility	4,600,339	4,641,143	-	1,294,858	-	1,335,662	1,335,662	-
Clean Water Utility	1,255,129	1,121,532	-	68,059	-	(65,538)	(65,538)	-
Lakeview Rec Plex	10,473,576	10,132,120	62,820	-	-	(278,636)	(278,636)	-
Waste Collection	1,506,461	1,498,367	56,070	-	-	47,976	47,976	-
Total Business-type Activities	<u>21,795,622</u>	<u>21,651,281</u>	<u>118,890</u>	<u>1,361,943</u>	<u>-</u>	<u>1,336,492</u>	<u>1,336,492</u>	<u>-</u>
Total Primary Government	<u>\$ 40,784,546</u>	<u>\$ 24,873,634</u>	<u>\$ 1,157,252</u>	<u>\$ 1,924,341</u>	<u>(14,165,811)</u>	<u>1,336,492</u>	<u>(12,829,319)</u>	<u>-</u>
<b>Component Unit</b>								
Community Development Authority	<u>\$ 200,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,724)</u>
<b>General Revenues</b>								
<b>Taxes</b>								
Property taxes, levied for general purposes					7,738,762	-	7,738,762	-
Property taxes, levied for debt service					1,452,709	-	1,452,709	-
Property taxes, levied for TIF districts					8,167,846	-	8,167,846	-
Other taxes					267,466	-	267,466	-
Intergovernmental revenues not restricted to specific programs					2,403,817	-	2,403,817	-
Investment income (loss)					(72,657)	111,831	39,174	-
Miscellaneous					161,061	-	161,061	-
Total General Revenues					<u>20,119,004</u>	<u>111,831</u>	<u>20,230,835</u>	<u>-</u>
Transfers					<u>1,012,756</u>	<u>(1,012,756)</u>	<u>-</u>	<u>-</u>
<b>Change in Net Position</b>					<u>6,965,949</u>	<u>435,567</u>	<u>7,401,516</u>	<u>(200,724)</u>
NET POSITION - Beginning of Year (as restated)					<u>3,934,058</u>	<u>121,058,332</u>	<u>124,992,390</u>	<u>11,628,524</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ 10,900,007</u>	<u>\$ 121,493,899</u>	<u>\$ 132,393,906</u>	<u>\$ 11,427,800</u>

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2013

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>							
Cash and investments	\$ 6,595,552	\$ 617,593	\$ 1,518,472	\$ 2,681,002	\$ 412,289	\$ 45,733	\$ 11,870,641
Receivables (net)							
Taxes	7,388,486	1,363,636	7,836,857	776,236	-	2,148	17,367,363
Delinquent taxes	24,246	-	-	-	-	-	24,246
Accounts	600,618	-	-	48,880	-	-	649,498
Special assessments	-	396,367	21,388	-	-	-	417,755
Delinquent special assessments	-	236,239	-	-	-	-	236,239
Accrued interest	15,494	-	-	-	-	-	15,494
Prepaid items	195,679	-	-	-	-	-	195,679
Restricted assets	-	-	-	1,249,145	-	-	1,249,145
Advances to other funds	245,000	-	-	-	-	-	245,000
<b>TOTAL ASSETS</b>	<b><u>\$ 15,065,075</u></b>	<b><u>\$ 2,613,835</u></b>	<b><u>\$ 9,376,717</u></b>	<b><u>\$ 4,755,263</u></b>	<b><u>\$ 412,289</u></b>	<b><u>\$ 47,881</u></b>	<b><u>\$ 32,271,060</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 507,901	\$ 171,281	\$ -	\$ 122,485	\$ 136,014	\$ 2,900	\$ 940,581
Accrued liabilities	314,366	-	-	-	14,652	-	329,018
Other liabilities	686,885	-	-	-	-	-	686,885
Total Liabilities	<u>1,509,152</u>	<u>171,281</u>	<u>-</u>	<u>122,485</u>	<u>150,666</u>	<u>2,900</u>	<u>1,956,484</u>
<b>Deferred Inflows of Resources</b>							
Unearned revenue	8,729,181	1,359,817	7,833,449	1,741,702	-	2,148	19,666,297
Unavailable revenue	202,725	281,517	20,855	-	-	-	505,097
Total Deferred Inflows of Resources	<u>8,931,906</u>	<u>1,641,334</u>	<u>7,854,304</u>	<u>1,741,702</u>	<u>-</u>	<u>2,148</u>	<u>20,171,394</u>
<b>Fund Balances</b>							
Nonspendable	464,925	236,239	-	-	-	-	701,164
Restricted	-	564,981	1,522,413	1,249,145	261,623	1,622	3,599,784
Committed	-	-	-	-	-	41,211	41,211
Assigned	-	-	-	1,641,931	-	-	1,641,931
Unassigned	4,159,092	-	-	-	-	-	4,159,092
Total Fund Balances	<u>4,624,017</u>	<u>801,220</u>	<u>1,522,413</u>	<u>2,891,076</u>	<u>261,623</u>	<u>42,833</u>	<u>10,143,182</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 15,065,075</u></b>	<b><u>\$ 2,613,835</u></b>	<b><u>\$ 9,376,717</u></b>	<b><u>\$ 4,755,263</u></b>	<b><u>\$ 412,289</u></b>	<b><u>\$ 47,881</u></b>	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. See Note II.A.							52,946,993
Special assessments are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.							302,372
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.							202,725
Internal service fund is reported in the statement of net position in the governmental activities column.							3,034,044
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>(55,729,309)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>							<b><u>\$ 10,900,007</u></b>

See accompanying notes to financial statements.

## VILLAGE OF PLEASANT PRAIRIE

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

For the Year Ended December 31, 2013

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>							
Taxes	\$ 7,491,903	\$ 1,452,709	\$ 8,165,546	\$ 514,373	\$ -	\$ 2,252	\$ 17,626,783
Intergovernmental	2,053,366	-	161,648	1,199,427	-	-	3,414,441
Regulation and compliance	1,478,009	-	-	-	-	-	1,478,009
Public charges for services	1,104,137	-	-	258,999	-	-	1,363,136
Intergovernmental charges for services	355,904	-	-	-	-	-	355,904
Special assessments	-	83,105	275,523	-	-	-	358,628
Investment income (loss)	(114,532)	22,550	122,465	5,271	2,961	99	38,814
Miscellaneous	239,286	-	-	-	1,000	28,954	269,240
Total Revenues	<u>12,608,073</u>	<u>1,558,364</u>	<u>8,725,182</u>	<u>1,978,070</u>	<u>3,961</u>	<u>31,305</u>	<u>24,904,955</u>
<b>EXPENDITURES</b>							
Current							
General government	2,440,633	-	-	-	-	-	2,440,633
Public safety	7,755,440	-	-	-	-	23,269	7,778,709
Public works	1,544,021	-	-	-	-	-	1,544,021
Parks	449,452	-	-	-	-	-	449,452
Community development	666,617	-	-	-	-	-	666,617
Capital Outlay	-	-	-	1,677,208	1,412,392	8,286	3,097,886
Debt Service							
Principal retirement	-	1,219,127	6,100,000	-	-	-	7,319,127
Interest and fiscal charges	-	244,289	2,130,885	-	-	-	2,375,174
Total Expenditures	<u>12,856,163</u>	<u>1,463,416</u>	<u>8,230,885</u>	<u>1,677,208</u>	<u>1,412,392</u>	<u>31,555</u>	<u>25,671,619</u>

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
Excess (deficiency) of revenues over expenditures	\$ (248,090)	\$ 94,948	\$ 494,297	\$ 300,862	\$ (1,408,431)	\$ (250)	\$ (766,664)
<b>OTHER FINANCING SOURCES</b>							
Sale of property	-	-	-	30,368	-	-	30,368
Transfers in	939,177	-	-	39,980	-	-	979,157
Total Other Financing Sources	939,177	-	-	70,348	-	-	1,009,525
<b>Net Change in Fund Balance</b>	691,087	94,948	494,297	371,210	(1,408,431)	(250)	242,861
FUND BALANCES - Beginning of Year	3,932,930	706,272	1,028,116	2,519,866	1,670,054	43,083	9,900,321
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 4,624,017</b>	<b>\$ 801,220</b>	<b>\$ 1,522,413</b>	<b>\$ 2,891,076</b>	<b>\$ 261,623</b>	<b>\$ 42,833</b>	<b>\$ 10,143,182</b>

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, 2013

Net change in fund balances - total governmental funds	\$	242,861
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		3,097,886
Some items reported as capital outlay were not capitalized		(729,050)
Depreciation is reported in the government-wide statements		(3,372,873)
Improvements transferred as assets to utility funds		(100,000)
Net book value of assets retired		(238,751)
Contributed capital assets are reported as revenues in the government-wide statements.		490,961
<p>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.</p>		
Special assessments		(94,571)
Other		(415,215)
<p>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.</p>		
Principal repaid		7,319,127
<p>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.</p>		
Compensated absences		(38,901)
Accrued interest on debt		172,983
Other post-employment benefits		40,095
<p>Governmental funds report debt premiums and discounts, as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Debt premium		387,190
<p>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.</p>		
		204,207
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>6,965,949</u></b>

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 As of December 31, 2013

	Business-type Activities						Governmental
						Internal	
						Service Fund	
	Major				Nonmajor		Fleet
	Water	Sewer	Clean Water	Lakeview	Waste	Totals	Internal
	Utility	Utility	Utility	Rec Plex Fund	Collection		Services
					Fund		
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 1,384,588	\$ 2,780,557	\$ 2,016,941	\$ 2,468,577	\$ 277,158	\$ 8,927,821	\$ 798,767
Receivables							
Taxes	98,577	157,840	58,722	-	63,088	378,227	-
Accounts	382,789	461,967	221,379	308,051	189,338	1,563,524	-
Accrued interest	-	2,264	-	-	-	2,264	-
Other	58,809	140,881	-	16,372	-	216,062	-
Prepaid items	147	6,799	-	16,997	-	23,943	-
Current portion of advances	65,000	-	-	-	-	65,000	-
Current portion of special assessments	19,280	1,916	9,921	-	-	31,117	-
Inventories	74,051	15,277	-	82,605	-	171,933	-
Total Current Assets	<u>2,083,241</u>	<u>3,567,501</u>	<u>2,306,963</u>	<u>2,892,602</u>	<u>529,584</u>	<u>11,379,891</u>	<u>798,767</u>
Noncurrent Assets							
Restricted assets							
Replacement account	-	1,087,070	-	-	-	1,087,070	-
Other assets							
Advance to other funds	180,000	-	-	-	-	180,000	-
Special assessments receivable	684,835	440,930	62,060	-	-	1,187,825	-
Capital assets							
Plant in service	55,226,266	74,197,140	30,670,437	44,086,585	1,064,260	205,244,688	7,394,459
Accumulated depreciation	(12,980,621)	(23,851,392)	(9,008,622)	(11,210,549)	(612,713)	(57,663,897)	(4,546,059)
Construction work in progress	15,331	-	238,431	-	-	253,762	-
Total Noncurrent Assets	<u>43,125,811</u>	<u>51,873,748</u>	<u>21,962,306</u>	<u>32,876,036</u>	<u>451,547</u>	<u>150,289,448</u>	<u>2,848,400</u>
Total Assets	<u>45,209,052</u>	<u>55,441,249</u>	<u>24,269,269</u>	<u>35,768,638</u>	<u>981,131</u>	<u>161,669,339</u>	<u>3,647,167</u>
<b>LIABILITIES</b>							
Current Liabilities							
Accounts payable	322,400	186,388	18,214	288,497	65,585	881,084	34,742
Accrued liabilities	32,497	39,821	15,582	218,114	39,563	345,577	12,481
Accrued interest	3,577	75,500	-	289,028	-	368,105	-
Other current liabilities	21,656	-	-	760,017	-	781,673	-
Current portion of long-term debt	181,641	600,169	-	1,505,000	170,000	2,456,810	-
Current portion of advances	-	130,000	-	-	-	130,000	-
Total Current Liabilities	<u>561,771</u>	<u>1,031,878</u>	<u>33,796</u>	<u>3,060,656</u>	<u>275,148</u>	<u>4,963,249</u>	<u>47,223</u>
Noncurrent Liabilities							
Long-term debt	188,635	5,986,813	-	26,290,000	-	32,465,448	-
Other post-employment benefits	14,277	55,812	21,095	328,883	63,627	483,694	24,460
Advance from other funds	-	360,000	-	-	-	360,000	-
Unamortized debt premium	1,677	169,766	-	1,476,691	3,667	1,651,801	-
Customer advances for construction	312,308	480,380	-	-	-	792,688	-
Total Noncurrent Liabilities	<u>516,897</u>	<u>7,052,771</u>	<u>21,095</u>	<u>28,095,574</u>	<u>67,294</u>	<u>35,753,631</u>	<u>24,460</u>
Total Liabilities	<u>1,078,668</u>	<u>8,084,649</u>	<u>54,891</u>	<u>31,156,230</u>	<u>342,442</u>	<u>40,716,880</u>	<u>71,683</u>
<b>NET POSITION</b>							
Net investment in capital assets	41,889,023	43,589,000	21,900,246	3,604,345	277,880	111,260,494	2,848,400
Restricted for equipment replacement	-	1,087,070	-	-	-	1,087,070	-
Unrestricted	2,241,361	2,680,530	2,314,132	1,008,063	360,809	8,604,895	727,084
<b>TOTAL NET POSITION</b>	<u>\$ 44,130,384</u>	<u>\$ 47,356,600</u>	<u>\$ 24,214,378</u>	<u>\$ 4,612,408</u>	<u>\$ 638,689</u>	<u>120,952,459</u>	<u>\$ 3,575,484</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						541,440	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>						<u>\$ 121,493,899</u>	

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, 2013

	Business-type Activities					Totals	Governmental
	Major				Nonmajor		Activities
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Internal Service Fund Fleet Internal Services
<b>OPERATING REVENUES</b>	\$ 4,258,119	\$ 4,641,143	\$ 1,121,532	\$ 10,132,120	\$ 1,498,367	\$21,651,281	\$ 1,506,564
<b>OPERATING EXPENSES</b>							
Operation and maintenance	2,886,545	2,964,007	492,188	8,264,774	1,423,337	16,030,851	892,942
Depreciation	1,009,674	1,319,988	768,878	1,059,879	91,021	4,249,440	540,524
Total Operating Expenses	3,896,219	4,283,995	1,261,066	9,324,653	1,514,358	20,280,291	1,433,466
Operating Income (Loss)	361,900	357,148	(139,534)	807,467	(15,991)	1,370,990	73,098
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income	42,242	19,118	21,527	12,091	16,853	111,831	1,337
Intergovernmental grant	-	-	-	-	56,070	56,070	-
Interest expense	(15,690)	(302,350)	-	(1,191,169)	(8,256)	(1,517,465)	-
Loss on disposal of assets	(52,561)	(69,134)	(3,168)	(102,260)	(10,376)	(237,499)	(9,241)
Interest subsidy	-	-	-	62,820	-	62,820	-
Amortization of premium	933	49,205	-	251,527	5,464	307,129	-
Amortization of bond issuance costs	-	-	-	(107,736)	-	(107,736)	-
Total Nonoperating Revenues (Expenses)	(25,076)	(303,161)	18,359	(1,074,727)	59,755	(1,324,850)	(7,904)
Income (Loss) Before Contributions and Transfers	336,824	53,987	(121,175)	(267,260)	43,764	46,140	65,194
<b>CONTRIBUTIONS AND TRANSFERS</b>							
Capital contributions	(974)	1,294,858	68,059	-	-	1,361,943	-
Capital contributions - governmental activities	-	100,000	-	-	-	100,000	45,654
Transfers in	-	-	-	116,884	-	116,884	133,599
Transfers - tax equivalent	(939,177)	-	-	-	-	(939,177)	-
Transfers out	(124,080)	(12,794)	(1,599)	(149,591)	(2,399)	(290,463)	-
Total Contributions and Transfers	(1,064,231)	1,382,064	66,460	(32,707)	(2,399)	349,187	179,253
<b>CHANGE IN NET POSITION</b>	(727,407)	1,436,051	(54,715)	(299,967)	41,365	395,327	244,447
NET POSITION – Beginning of Year (as restated)	44,857,791	45,920,549	24,269,093	4,912,375	597,324		3,331,037
<b>NET POSITION – END OF YEAR</b>	\$ 44,130,384	\$ 47,356,600	\$ 24,214,378	\$ 4,612,408	\$ 638,689		\$ 3,575,484
Internal service fund change in net position allocated to the business-type activities						40,240	
<b>CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES</b>						\$ 435,567	

See accompanying notes to financial statements.

**VILLAGE OF PLEASANT PRAIRIE**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2013

	Business-type Activities						Governmental
	Major				Nonmajor	Totals	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Fleet Internal Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Received from customers	\$ 4,318,215	\$ 4,593,717	\$ 1,070,394	\$ 10,059,817	\$ 1,541,429	\$ 21,583,572	\$ 1,530,395
Paid to suppliers for goods and services	(2,416,346)	(2,505,637)	(330,538)	(4,279,899)	(978,677)	(10,511,097)	(723,702)
Paid to employees for services	(363,553)	(466,271)	(151,123)	(3,893,025)	(417,692)	(5,291,664)	(163,746)
Net Cash Flows From Operating Activities	<u>1,538,316</u>	<u>1,621,809</u>	<u>588,733</u>	<u>1,886,893</u>	<u>145,060</u>	<u>5,780,811</u>	<u>642,947</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Repayment of advances from other funds	-	(125,000)	-	-	-	(125,000)	-
Paid to municipality for tax equivalent	(939,177)	-	-	-	-	(939,177)	-
Transfers from (to) other funds	(124,080)	(12,794)	(1,599)	100,892	(2,399)	(39,980)	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,063,257)</u>	<u>(137,794)</u>	<u>(1,599)</u>	<u>100,892</u>	<u>(2,399)</u>	<u>(1,104,157)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment income	56,399	21,367	21,527	12,091	16,853	128,237	1,337
Net Cash Flows From Investing Activities	<u>56,399</u>	<u>21,367</u>	<u>21,527</u>	<u>12,091</u>	<u>16,853</u>	<u>128,237</u>	<u>1,337</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Debt issued	-	-	-	7,305,000	-	7,305,000	-
Debt retired	(175,420)	(580,453)	-	(9,275,000)	(125,000)	(10,155,873)	-
Interest paid	(17,266)	(310,068)	-	(1,227,745)	(9,587)	(1,564,666)	-
Debt issuance costs	-	-	-	(107,735)	-	(107,735)	-
Debt premium	-	-	-	665,932	-	665,932	-
Capital contributions received	-	1,220,200	68,059	-	-	1,288,259	-
Acquisition and construction of capital assets	(232,792)	(453,702)	(113,139)	(88,996)	(63,326)	(951,955)	(590,830)
Special assessments received	86,534	127,433	16,081	-	-	230,048	-
Interest subsidy	-	-	-	62,640	-	62,640	-
Net Cash Flows From Capital and Related Financing Activities	<u>(338,944)</u>	<u>3,410</u>	<u>(28,999)</u>	<u>(2,665,904)</u>	<u>(197,913)</u>	<u>(3,228,350)</u>	<u>(590,830)</u>
<b>Net Change in Cash and Cash Equivalents</b>	192,514	1,508,792	579,662	(666,028)	(38,399)	1,576,541	53,454
CASH AND CASH EQUIVALENTS - Beginning of Year	<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>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,384,588</u>	<u>\$ 3,867,627</u>	<u>\$ 2,016,941</u>	<u>\$ 2,468,577</u>	<u>\$ 277,158</u>	<u>\$ 10,014,891</u>	<u>\$ 798,767</u>

See accompanying notes to financial statements.

	Business-type Activities						Governmental
	Major					Nonmajor	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund	Totals	Service Fund Fleet Internal Services
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 361,900	\$ 357,148	\$ (139,534)	\$ 807,467	\$ (15,991)	\$ 1,370,990	\$ 73,098
Miscellaneous non-operating revenue	-	-	-	5,850	56,070	61,920	-
Noncash items included in income (loss)							
Depreciation	1,009,674	1,319,988	768,878	1,059,879	91,021	4,249,440	540,524
Depreciation charged to other funds	27,650	(27,650)	-	-	-	-	-
Change in assets and liabilities							
Taxes receivable	11,127	16,128	-	-	3,282	30,537	-
Accounts receivable	(10,274)	1,793	(55,665)	(53,714)	-	(117,860)	23,831
Other accounts receivable	(37,038)	(37,697)	4,526	-	(16,290)	(86,499)	-
Prepaid items	193	(286)	-	(2,176)	437	(1,832)	-
Inventories	5,795	2,109	-	5,523	-	13,427	-
Accounts payable	122,435	13,420	13,330	118,290	42,102	309,577	10,695
Due from other funds	62,500	-	-	-	-	62,500	-
Other current and accrued liabilities	(5,833)	(13,393)	(3,359)	(60,466)	(17,020)	(100,071)	(5,654)
Other post employment benefits	(9,813)	(9,751)	557	6,240	1,449	(11,318)	453
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ 1,538,316</b>	<b>\$ 1,621,809</b>	<b>\$ 588,733</b>	<b>\$ 1,886,893</b>	<b>\$ 145,060</b>	<b>\$ 5,780,811</b>	<b>\$ 642,947</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>							
Cash and investments - statement of net position	\$ 1,384,588	\$ 2,780,557	\$ 2,016,941	\$ 2,468,577	\$ 277,158	\$ 8,927,821	\$ 798,767
Restricted cash and investments - statement of net position	-	1,087,070	-	-	-	1,087,070	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,384,588</b>	<b>\$ 3,867,627</b>	<b>\$ 2,016,941</b>	<b>\$ 2,468,577</b>	<b>\$ 277,158</b>	<b>\$ 10,014,891</b>	<b>\$ 798,767</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Capital costs special assessed to customers	\$ 15,219	\$ 74,658	\$ -	\$ -	\$ -	\$ 89,877	\$ -
Capital additions contributed to the utility by the municipality, customers, and TID districts	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ -
Capital assets written off	\$ 16,193	\$ -	\$ 3,168	\$ -	\$ 10,376	\$ 29,737	\$ 41,441
Interest subsidy receivable	\$ -	\$ -	\$ -	\$ 16,372	\$ -	\$ 16,372	\$ -
Transfer of capital assets to other funds	\$ -	\$ -	\$ -	\$ 133,599	\$ -	\$ 133,599	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,253

See accompanying notes to financial statements.

# VILLAGE OF PLEASANT PRAIRIE

## STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2013

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	Retired Employees Healthcare Plan Trust	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 907,951	\$ 17,251,605
Receivables		
Taxes	-	24,355,555
Accounts	-	37,442
Total Assets	<u>907,951</u>	<u>41,644,602</u>
<b>LIABILITIES</b>		
Accounts payable		964
Due to other taxing units	-	41,643,638
Total Liabilities	<u>-</u>	<u>41,644,602</u>
<b>NET POSITION</b>		
Held in trust	<u>907,951</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 907,951</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, 2013

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	Retired Employees Healthcare Plan Trust
<b>ADDITIONS</b>	
Contributions	\$ 600,000
Investment earnings (loss)	<u>(21,004)</u>
Total Additions	<u>578,996</u>
<b>DEDUCTIONS</b>	<u>-</u>
<b>Change in Net Position</b>	578,996
NET POSITION - Beginning	<u>328,955</u>
<b>NET POSITION - ENDING</b>	<u>\$ 907,951</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, 2013

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# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

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

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

##### *Community Development Authority*

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. See Note IV. I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2013. 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, 2013

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

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

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

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013 and prior periods were restated (see Note IV.H.).

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

- 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 nonmajor governmental and enterprise funds:

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

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

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, 2013

---

### 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 unearned 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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general debt service fund. At December 31, 2013, there were \$3,854,274 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, 2013

---

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

---

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

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

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, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY**

##### **1. Deposits and Investments**

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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#### **D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2013

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

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#### **D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2013, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

##### **2. Receivables**

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

Property tax calendar – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	April 30, 2014
Third installment due	July 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October 2016

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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#### ***D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2013

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

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#### **D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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. \$2,256 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	3-100 Years

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

---

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

##### ***6. 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, 2013 are determined on the basis of current salary rates and include salary related payments.

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

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in 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 \$102,609,772, made up of 8 issues.

##### ***8. Deferred Inflows of Resources***

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

**9. 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 Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 38,946,160	\$ 111,260,494	\$ (17,306,662)	\$ 132,899,992
Unrestricted (deficit)	(31,244,110)	9,146,335	17,306,662	(4,791,113)

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 and displayed as follows:

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### **9. 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 \$4,159,092 or 30.6%, 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, 2013

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

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

##### **10. 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 effective September 1, 2013.

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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	\$ 5,221,414
Right of way	12,739,790
Construction in progress	1,176,720
Intangible assets, net of amortization	440,365
Other capital assets, net of depreciation	36,217,104
Sub-total	<u>55,795,393</u>
Less: Internal service fund capital assets	<u>(2,848,400)</u>
Net Adjustment for Capital Assets	<u>\$ 52,946,993</u>

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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	\$ 51,477,741
Compensated absences	500,604
Accrued interest	678,817
Unamortized debt premium	1,142,772
Other post-employment benefits	<u>1,929,375</u>
 Combined Adjustment for Long-Term Liabilities	 <u><u>\$ 55,729,309</u></u>

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

**A. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Police Canine Unit	\$ 2,000	\$ 2,205	\$ 205

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

**B. DEFICIT BALANCES**

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

As of December 31, 2013, no individual funds held a deficit balance.

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

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

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 12,643,465	\$ 12,973,233	Custodial credit risk
U.S. agencies (implicitly guaranteed)	2,287,508	2,287,508	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agencies (explicitly guaranteed)	291,299	291,299	Custodial credit risk, interest rate risk
Mutual funds – bonds	907,951	907,951	Credit risk, interest rate risk
LGIP	25,950,702	25,950,702	Credit risk
Petty cash	12,075	-	N/A
<b>Total Cash and Investments</b>	<b><u>\$ 42,093,000</u></b>	<b><u>\$ 42,410,693</u></b>	

#### Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 21,597,229
Restricted cash and investments	2,336,215
Per statement of net position – Fiduciary Funds	
Retired employees healthcare plan trust	907,951
Agency	<u>17,251,605</u>
<b>Total Deposits and Investments</b>	<b><u>\$ 42,093,000</u></b>

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

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts in Category 1 above.

The village maintains collateral agreements with its banks. At December 31, 2013, the banks had pledged various government securities in the amount of \$10,599,453 to secure the village's deposits.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***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.

***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, 2013, 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, 2013, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
U.S. agencies (implicitly guaranteed)	Federal Home Loan Bank	7.8%

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**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, 2013, 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)	\$ 2,287,508	\$ -	\$ -	\$ 2,287,508
U.S. agencies (explicitly guaranteed)	291,299	-	-	291,299
Mutual funds – bonds	907,951	-	907,951	-
<b>Totals</b>	<b>\$ 3,486,758</b>	<b>\$ -</b>	<b>\$ 907,951</b>	<b>\$ 2,578,807</b>

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

**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 Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	Nonmajor Funds	Total
Total Receivables	\$ 8,090,984	\$ 1,996,242	\$ 7,858,245	\$ 825,116	\$ 2,148	\$ 18,772,735
Less: Allowance for uncollectible rescue accounts receivable	(62,140)	-	-	-	-	(62,140)
<b>Total Net Receivable</b>	<b>\$ 8,028,844</b>	<b>\$ 1,996,242</b>	<b>\$ 7,858,245</b>	<b>\$ 825,116</b>	<b>\$ 2,148</b>	<b>\$ 18,710,595</b>
Amounts not expected to be collected within one year	\$ 24,246	\$ 630,135	\$ 16,686	\$ -	\$ -	\$ 671,067

Delinquent taxes, special assessments, and delinquent special assessments receivable are not expected to be collected within one year.

Revenues of the Lakeview Rec Plex are reported net of uncollectable amounts. Total uncollectable amounts related to revenues of the current period are \$50,136.

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**B. RECEIVABLES (cont.)**

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

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$ -	\$ 17,358,027
Rescue accounts receivable	172,237	-
Assessing contracts receivable	-	314,893
Developer fees	-	905,821
Special assessments not yet due	302,372	-
Street light replacement	-	33,252
Transportation improvement fees receivable	-	769,447
Miscellaneous	30,488	284,857
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 505,097	\$ 19,666,297

**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, 2013:

	Restricted Assets
Sewer equipment replacement account	\$ 1,087,070
Impact fee account	1,249,145
Total Restricted Assets	\$ 2,336,215

## VILLAGE OF PLEASANT PRAIRIE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

#### **Governmental Activities**

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/ amortized				
Land	\$ 5,031,900	\$ 255,429	\$ 65,915	\$ 5,221,414
Right of way	12,739,790	-	-	12,739,790
Construction in progress – general	1,051,668	492,606	436,330	1,107,944
Construction in progress – TID water and sewer	46,159	22,617	-	68,776
Total Capital Assets Not Being Depreciated/Amortized	<u>18,869,517</u>	<u>770,652</u>	<u>502,245</u>	<u>19,137,924</u>
Capital assets being depreciated/ amortized				
Land improvements	2,437,847	111,306	8,377	2,540,776
Buildings	7,013,505	502,467	29,013	7,486,959
Intangible assets - computer software	810,660	151,040	38,149	923,551
Machinery and equipment	7,870,145	398,470	938,152	7,330,463
Machinery and equipment – fleet internal services	6,958,282	986,240	550,064	7,394,458
Roads	54,848,842	1,222,706	-	56,071,548
Street lighting	1,325,429	39,486	13,741	1,351,174
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total Capital Assets Being Depreciated/Amortized	<u>82,850,675</u>	<u>3,411,715</u>	<u>1,577,496</u>	<u>84,684,894</u>

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**Governmental Activities (cont.)**

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation/ amortization				
Land improvements	\$ (861,830)	\$ (113,866)	\$ 5,610	\$ (970,086)
Buildings	(3,858,702)	(234,363)	16,161	(4,076,904)
Intangible assets - computer software	(444,878)	(70,566)	32,258	(483,186)
Machinery and equipment	(4,716,655)	(600,050)	794,308	(4,522,397)
Machinery and equipment – fleet internal services	(4,330,200)	(540,524)	324,666	(4,546,058)
Roads	(29,900,702)	(2,223,908)	-	(32,124,610)
Street lighting	(472,687)	(67,423)	6,259	(533,851)
Traffic signals	(69,561)	(19,565)	-	(89,126)
Railroad spur	(638,075)	(43,132)	-	(681,207)
Total Accumulated Depreciation/Amortization	<u>(45,293,290)</u>	<u>(3,913,397)</u>	<u>1,179,262</u>	<u>(48,027,425)</u>
Net Capital Assets	<u>\$ 56,426,902</u>			<u>\$ 55,795,393</u>

Depreciation/amortization expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 276,587
Public safety	360,850
Public works, which includes the depreciation of roads, street lighting, traffic signals, and railroad spurs	2,581,846
Parks	151,139
Community development	2,451
Sub-total	<u>3,372,873</u>
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	<u>540,524</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 3,913,397</u>

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

##### Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Water</i>				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 546,218	\$ -	\$ -	\$ 546,218
Intangible assets	16,850	-	-	16,850
Construction in progress	15,331	-	-	15,331
Total Capital Assets Not Being Depreciated/Amortized	578,399	-	-	578,399
Capital assets being depreciated/ amortized				
Source of supply	195,690	-	-	195,690
Pumping	3,714,487	55,727	56,760	3,713,454
Transmission and distribution	49,494,686	173,111	19,522	49,648,275
General assets	1,145,126	3,954	43,301	1,105,779
Total Capital Assets Being Depreciated/Amortized	54,549,989	232,792	119,583	54,663,198
Total Capital Assets	55,128,388	232,792	119,583	55,241,597
Less: Accumulated depreciation/amortization	(12,010,319)	(1,089,885)	119,583	(12,980,621)
Net Water Plant	\$ 43,118,069			\$ 42,260,976

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Sewer</b>				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 1,198,819	\$ 42,969	\$ -	\$ 1,241,788
Intangible assets	85,550	-	-	85,550
Construction in progress	231,465	-	231,465	-
Total Capital Assets	1,515,834	42,969	231,465	1,327,338
Not Being Depreciated/Amortized	1,515,834	42,969	231,465	1,327,338
Capital assets being depreciated/ amortized				
Collection systems	65,075,501	578,899	214,067	65,440,333
Collection system pumping	4,986,806	353,646	44,547	5,295,905
Treatment and disposal	331,576	-	49,098	282,478
General assets	1,900,964	3,954	53,832	1,851,086
Total Capital Assets	72,294,847	936,499	361,544	72,869,802
Being Depreciated/Amortized	72,294,847	936,499	361,544	72,869,802
Total Capital Assets	73,810,681	979,468	593,009	74,197,140
Less: Accumulated depreciation/amortization	(22,637,398)	(1,361,471)	147,477	(23,851,392)
Net Sewer Plant	\$ 51,173,283			\$ 50,345,748

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Clean Water</u>				
Capital assets not being depreciated/ amortized				
Land	\$ 3,168	\$ -	\$ 3,168	\$ -
Construction in progress	1,339,388	121,835	1,222,792	238,431
Total Capital Assets Not Being Depreciated/Amortized	1,342,556	121,835	1,225,960	238,431
Capital assets being depreciated/ amortized				
Equipment	19,552	-	-	19,552
Intangible assets	8,072	-	-	8,072
Storm sewers	29,428,717	1,214,096	-	30,642,813
Total Capital Assets Being Depreciated/Amortized	29,456,341	1,214,096	-	30,670,437
Total Capital Assets	30,798,897	1,335,931	1,225,960	30,908,868
Less: Accumulated depreciation/amortization	(8,239,744)	(768,878)	-	(9,008,622)
Net Clean Water Capital Assets	\$ 22,559,153			\$ 21,900,246

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

<u>Lakeview Rec Plex</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated/ amortized				
Building	\$ 39,040,185	\$ 37,533	\$ 26,939	\$ 39,050,779
Equipment	3,295,039	42,630	778,337	2,559,332
Infrastructure	198,788	-	-	198,788
Intangible assets	258,855	-	2,791	256,064
Land improvements	2,025,499	-	3,877	2,021,622
Total Capital Assets				
Being Depreciated/Amortized	<u>44,818,366</u>	<u>80,163</u>	<u>811,944</u>	<u>44,086,585</u>
Total Capital Assets	<u>44,818,366</u>	<u>80,163</u>	<u>811,944</u>	<u>44,086,585</u>
Less: Accumulated depreciation/amortization				
Building	(7,423,344)	(742,741)	10,249	(8,155,836)
Equipment	(2,373,777)	(7,748)	555,593	(1,825,932)
Infrastructure	(79,514)	(101,102)	-	(180,616)
Intangible assets	(150,557)	(24,590)	2,791	(172,356)
Land improvements	(693,713)	(183,698)	1,602	(875,809)
Total Accumulated Depreciation/Amortization	<u>(10,720,905)</u>	<u>(1,059,879)</u>	<u>570,235</u>	<u>(11,210,549)</u>
Net Lakeview Rec Plex Capital Assets	<u>\$ 34,097,461</u>			<u>\$ 32,876,036</u>

## VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Waste Collection</u>				
Capital assets not being depreciated/ amortized				
Construction in progress	\$ 3,655	\$ -	\$ 3,655	\$ -
Capital assets being depreciated/ amortized				
Land improvements	16,269	-	-	16,269
Buildings	205,239	66,980	4,470	267,749
Equipment	805,253	-	33,084	772,169
Intangible assets	8,073	-	-	8,073
Total Capital Assets				
Being Depreciated/Amortized	1,034,834	66,980	37,554	1,064,260
Less: Accumulated depreciation/amortization				
Land improvements	(5,513)	(542)	-	(6,055)
Buildings	(73,210)	(10,316)	1,267	(82,259)
Equipment	(463,770)	(78,603)	25,913	(516,460)
Intangible assets	(6,379)	(1,560)	-	(7,939)
Total Accumulated Depreciation/Amortization	(548,872)	(91,021)	27,180	(612,713)
Net Waste Collection Capital Assets	\$ 489,617			\$ 451,547
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 151,437,583			\$ 147,834,553

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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	\$ 1,009,674
Sewer	1,319,988
Clean Water	768,878
Lakeview Rec Plex	1,059,879
Waste Collection	<u>91,021</u>
 Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 4,249,440</u>

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

**E. INTERFUND RECEIVABLES/PAYABLES, 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>\$ 541,440</u>
Total Internal Balances - Government-wide Statement of Net Position		<u>\$ 541,440</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, 2013

**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	\$ 245,000	\$ 180,000
Water Utility	Sewer Utility	<u>245,000</u>	180,000
Total – Fund Financial Statements		490,000	
Less: Fund eliminations		<u>(245,000)</u>	
Total Advances – Government-wide Statement of Net Position		<u><u>\$ 245,000</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 December 31	Principal	Interest	Total
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>\$ 490,000</u></u>	<u><u>\$ 5,376</u></u>	<u><u>\$ 495,376</u></u>

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 939,177	Payment in lieu of taxes
Lakeview Rec Plex	Water Utility	116,884	Tower lease payments
General Capital Projects	Sewer Utility	12,794	Munis system costs
General Capital Projects	Water Utility	7,196	Munis system costs
General Capital Projects	Waste Collection	2,399	Munis system costs
General Capital Projects	Lakeview Rec Plex	15,992	Munis system costs
General Capital Projects	Clean Water Utility	1,599	Munis system costs
Fleet Internal Services	Lakeview Rec Plex	<u>133,599</u>	Transfer of capital assets
Total – Fund Financial Statements		1,229,640	
Less: Fund eliminations		(116,884)	
Less: Transfer to business-type activities for capital assets funded by the governmental activities		<u>(100,000)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ 1,012,756</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 1,112,756	
Business-type Activities	Governmental Activities	<u>(100,000)</u>	
Total Government-wide Statement of Activities		<u>\$ 1,012,756</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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 58,796,868	\$ -	\$ 7,319,127	\$ 51,477,741	\$ 7,193,189
Premium	1,529,962	-	387,190	1,142,772	-
Sub-totals	60,326,830	-	7,706,317	52,620,513	7,193,189
Other Liabilities					
Vested compensated absences	461,703	500,604	461,703	500,604	500,604
Other post-employment benefits					
General	1,969,470	-	40,095	1,929,375	-
Internal Service	24,007	453	-	24,460	-
Total Other Liabilities	2,455,180	501,057	501,798	2,454,439	500,604
Total Governmental Activities Long-Term Liabilities	\$ 62,782,010	\$ 501,057	\$ 8,208,115	\$ 55,074,952	\$ 7,693,793
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 37,773,131	\$ 7,305,000	\$ 10,155,873	\$ 34,922,258	\$ 2,456,810
Premium	1,292,998	665,932	307,129	1,651,801	-
Sub-totals	39,066,129	7,970,932	10,463,002	36,574,059	2,456,810
Other Liabilities*					
Customer advances	1,843,288	-	1,050,600	792,688	-
Other post-employment benefits	495,012	-	11,318	483,694	-
Total Other Liabilities	2,338,300	-	1,061,918	1,276,382	-
Total Business-type Activities Long-Term Liabilities	\$ 41,404,429	\$ 7,970,932	\$ 11,524,920	\$ 37,850,441	\$ 2,456,810

\*Other liabilities do not include advances from other funds. See Note IV.E. for advance detail.

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, 2013, was \$123,465,405 Total general obligation debt outstanding at year end was \$86,399,999.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### General Obligation Debt

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

Governmental Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
Refunding bonds	05/03/04	09/01/17	5.00%	\$ 13,865,000	\$ 13,865,000
Refunding bonds	03/23/05	03/01/15	3.25 – 5.00%	1,875,000	400,000
Refunding bonds	02/19/08	09/01/15	3.25 – 4.96%	10,355,000	7,755,000
Promissory notes	02/19/08	02/01/18	3.00 – 4.00%	2,235,000	1,210,000
Refunding bonds	06/16/08	09/01/15	4.00%	2,405,500	752,741
Promissory note	01/21/09	09/01/15	3.25 – 2.50%	6,000,000	4,500,000
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	1,125,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,025,000	1,700,000
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
Total Governmental Activities – General Obligation Debt					<u>\$ 51,477,741</u>
Business-type Activities					
General Obligation Debt					
Promissory notes	11/18/03	12/01/15	2.00 – 3.80%	\$ 1,684,452	\$ 353,664
Refunding notes	11/18/03	04/01/15	2.00 – 3.80%	2,003,232	466,274
Promissory notes	03/23/05	03/01/15	3.25 – 5.00%	1,500,000	1,200,000
Refunding notes	09/29/05	10/01/15	3.40 – 3.625%	331,824	50,000
Promissory notes	06/01/06	12/01/16	4.15 – 4.38%	425,000	225,000
Refunding notes	02/19/08	09/01/18	3.00 – 4.39%	3,765,000	3,065,000
Refunding notes	06/16/08	12/01/19	4.00 – 4.25%	950,000	950,000
Refunding notes	06/16/08	09/01/15	4.00%	534,500	167,320
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	1,170,000
Promissory notes	02/19/09	09/01/18	3.85 – 5.00%	8,000,000	6,900,000
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	5,900,000
Refunding notes	02/01/12	12/01/23	2.00 – 3.00%	2,605,000	2,405,000
Refunding notes	02/21/13	05/01/24	3.00 – 3.25%	7,305,000	7,305,000
Total Business-type Activities General Obligation Debt					<u>\$ 34,922,258</u>

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

**VILLAGE OF PLEASANT PRAIRIE**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 7,193,189	\$ 2,135,096	\$ 2,456,810	\$ 1,354,578
2015	11,964,552	1,890,275	3,380,448	1,247,838
2016	8,425,000	1,341,955	2,100,000	1,148,265
2017	11,940,000	961,568	2,350,000	1,073,546
2018	10,920,000	368,003	11,135,000	975,421
2019 – 2023	1,035,000	29,400	10,530,000	1,402,106
2024 – 2027	-	-	2,970,000	246,128
Totals	<u>\$ 51,477,741</u>	<u>\$ 6,726,297</u>	<u>\$ 34,922,258</u>	<u>\$ 7,447,882</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.

**Current Refunding**

On February 21, 2013, the Lakeview Rec Plex issued \$7,305,000 in general obligation refunding notes, series 2013 with an average interest rate of 3% to refund \$7,805,000 of outstanding general obligation promissory notes, series 2004A with an average interest rate of 5%. The net proceeds were used to prepay the outstanding debt service requirements on the debt.

The cash flow requirements on the notes prior to the current refunding was \$8,744,375 from 2013 through 2014. The cash flow requirements on the new bonds are \$8,993,474 from 2013 through 2024. The current refunding resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$249,099.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Governmental activities net position reported on the government wide statement of net position at December 31, 2013 includes the following:

#### **Governmental Activities**

Net investment in capital assets	
Land	\$ 5,221,414
Right of way	12,739,790
Construction in progress	1,176,720
Intangible assets, net of amortization	440,365
Other capital assets, net of accumulated depreciation	36,217,104
Less: unamortized debt premium	(1,142,772)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(15,706,461)</u>
Total Net Investment in Capital Assets	<u>38,946,160</u>
Restricted	
Debt service	1,947,190
Impact fees	1,249,145
Federally forfeited property recoveries	<u>1,622</u>
Total Restricted	<u>3,197,957</u>
Unrestricted (deficit)	<u>(31,244,110)</u>
Total Governmental Activities Net Position	<u>\$ 10,900,007</u>

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

### 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, 2013 include the following:

Fund Balances	General Fund	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Govern- mental Funds	Totals
<b>Nonspendable:</b>							
Delinquent taxes/specials	\$ 24,246	\$ 236,239	\$ -	\$ -	\$ -	\$ -	\$ 260,485
Prepaid items	195,679	-	-	-	-	-	195,679
Advances	245,000	-	-	-	-	-	245,000
<b>Restricted for:</b>							
Debt service	-	564,981	1,522,413	-	-	-	2,087,394
TID purposes	-	-	-	-	261,623	-	261,623
Impact fees	-	-	-	1,249,145	-	-	1,249,145
Federally forfeited property	-	-	-	-	-	1,622	1,622
<b>Committed to:</b>							
Fire and rescue	-	-	-	-	-	40,556	40,556
Police canine unit	-	-	-	-	-	655	655
<b>Assigned to:</b>							
Capital projects	-	-	-	1,641,931	-	-	1,641,931
<b>Unassigned:</b>							
	<u>4,159,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,159,092</u>
Total Fund Balances	<u>\$ 4,624,017</u>	<u>\$ 801,220</u>	<u>\$ 1,522,413</u>	<u>\$ 2,891,076</u>	<u>\$ 261,623</u>	<u>\$ 42,833</u>	<u>\$ 10,143,182</u>

##### Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,788,006
Construction in progress	253,762
Intangible assets, net of amortization	268,800
Other capital assets, net of accumulated depreciation	145,523,985
Less: Long-term debt outstanding	(34,922,258)
Less: Unamortized debt premium	(1,651,801)
Total Net Investment in Capital Assets	<u>111,260,494</u>
Restricted	
Equipment replacement	<u>1,087,070</u>
Unrestricted	
	<u>9,146,335</u>
Total Business-type Activities Net Position	<u>\$ 121,493,899</u>

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

#### H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

	Governmental Activities	Water Utility	Sewer Utility	Lakeview Recplex	Waste Collection Fund	Business Activities
Net Position – December 31, 2012 (as reported)	\$ 4,625,182	\$ 44,869,396	\$ 46,004,345	\$ 5,394,516	\$ 602,560	\$121,641,110
Less: Unamortized debt issuance costs	(691,124)	(11,605)	(83,796)	(482,141)	(5,236)	(582,778)
Net Position – December 31, 2012 (as restated)	\$ 3,934,058	\$ 44,857,791	\$ 45,920,549	\$ 4,912,375	\$ 597,324	\$121,058,332

#### I. 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, 2013, the CDA held no cash or investments.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land*	\$ 11,320,595	\$ -	\$ 188,994	\$ 11,131,601
Buildings	342,867	-	-	342,867
Less: Accumulated depreciation	(34,938)	(11,730)	-	(46,668)
Totals	\$ 11,628,524	\$ (11,730)	\$ 188,994	\$ 11,427,800

\*The land is held for resale.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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### NOTE V – OTHER INFORMATION

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#### **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. 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, and expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for village employees covered by WRS for the year ended December 31, 2013 was \$10,686,480; the employer's total payroll was \$12,770,558. The total required contribution for the year ended December 31, 2013 was \$1,628,962 or 15.2 percent of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$1,388,096 and \$1,295,175, 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. A 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 WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS 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.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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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***

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.

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

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

The village has active construction projects as of December 31, 2013. 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:

TID No. 2 Capital Projects Fund	\$65,073
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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, 2013

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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 2013 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, 2013

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

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

##### **Plan Contribution Information** (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 2013, the village contributed \$721,691 to the plan. There were no member contributions for 2013. 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	\$	709,566
Interest on net OPEB obligation		99,540
Adjustment to annual required contribution		(138,375)
Annual OPEB cost		670,731
Contributions made		(721,691)
Decrease in net OPEB obligation		(50,960)
Net OPEB Obligation – Beginning of Year		2,488,489
Net OPEB Obligation – End of Year	\$	2,437,529

The village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/13	\$ 670,731	107.6%	\$ 2,437,529
12/31/12	637,849	11.4%	2,488,489
12/31/11	655,641	43%	1,923,464

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

The funded status of the plan as of January 1, 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, 2013, was 29 years.

# VILLAGE OF PLEASANT PRAIRIE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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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 20% of operating revenues in 2013.

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

On July 21, 2014 the Village passed a resolution authorizing the issuance and sale of \$20,970,000 general obligation promissory notes, series 2014A, with a net interest cost of 2.45%. \$10,665,000 of this borrowing will be used to refund existing debt.

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

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

- > GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

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

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF PLEASANT PRAIRIE

### DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
<b>TAXES</b>				
General property tax for local purposes	\$ 7,224,400	\$ 7,224,400	\$ 7,224,389	\$ (11)
Taxes - penalties and interest	46,000	46,000	46,902	902
Mobile home taxes	144,000	144,000	145,481	1,481
Hotel/motel room tax	48,300	48,300	58,101	9,801
Other taxes	17,000	17,000	17,030	30
Total Taxes	<u>7,479,700</u>	<u>7,479,700</u>	<u>7,491,903</u>	<u>12,203</u>
<b>INTERGOVERNMENTAL</b>				
Shared taxes from state	1,887,930	1,887,930	1,902,452	14,522
Fire insurance tax from state	79,302	79,302	77,758	(1,544)
Law enforcement grants	60,000	60,000	46,320	(13,680)
Ambulance service grant	5,600	5,600	-	(5,600)
Exempt computer aid	25,339	25,339	25,409	70
State payment for municipal service	1,360	1,360	1,427	67
Total Intergovernmental	<u>2,059,531</u>	<u>2,059,531</u>	<u>2,053,366</u>	<u>(6,165)</u>
<b>REGULATION AND COMPLIANCE</b>				
Liquor and malt beverage licenses	12,000	12,000	22,860	10,860
Cigarette licenses	1,200	1,200	1,100	(100)
Bartender licenses	6,500	6,500	7,217	717
Theater licenses	300	300	300	-
Other miscellaneous licenses	2,940	2,940	3,735	795
Fire department permits	48,085	103,085	188,804	85,719
Dog licenses	6,600	6,600	7,430	830
Residential building permits	165,570	174,495	230,590	56,095
Commercial building permits	318,250	318,250	491,297	173,047
Application and zoning fees	83,455	83,455	119,416	35,961
Miscellaneous permits and fees	78,200	78,200	67,012	(11,188)
Court penalties and costs	270,000	276,436	323,090	46,654
Parking tickets	40,000	40,000	15,158	(24,842)
Total Regulation and Compliance	<u>1,033,100</u>	<u>1,103,461</u>	<u>1,478,009</u>	<u>374,548</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>PUBLIC CHARGES FOR SERVICES</b>				
Publication fees	\$ 350	\$ 350	\$ 569	219
Administrative fees	4,800	4,800	5,741	941
Prequalification fees	2,000	2,000	1,215	(785)
Police department fees	15,000	15,000	11,826	(3,174)
Fire department fees	21,200	21,200	34,774	13,574
Rescue squad fees	375,195	375,195	438,557	63,362
Highway department fees	3,000	3,000	(7,727)	(10,727)
Engineering department fees	160,500	160,500	169,733	9,233
Street lighting	144,450	144,450	137,763	(6,687)
Special assessment letters	5,500	5,500	9,106	3,606
Weed control	10,000	10,000	3,365	(6,635)
Franchise fees	285,200	285,200	281,990	(3,210)
IT department services	3,372	3,372	3,372	-
Other	12,386	12,386	13,853	1,467
Total Public Charges for Services	<u>1,042,953</u>	<u>1,042,953</u>	<u>1,104,137</u>	<u>61,184</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Assessing contracts	309,900	309,900	305,745	(4,155)
School liaison officer	64,790	64,790	50,159	(14,631)
Total Intergovernmental Charges for Services	<u>374,690</u>	<u>374,690</u>	<u>355,904</u>	<u>(18,786)</u>
<b>INVESTMENT INCOME</b>				
Investment income (loss)	62,300	62,300	(114,532)	(176,832)
<b>MISCELLANEOUS</b>				
Miscellaneous	59,650	59,650	91,381	31,731
Tower leases	76,601	76,601	88,437	11,836
Village hall rent from utility	59,976	59,976	59,468	(508)
Total Miscellaneous	<u>196,227</u>	<u>196,227</u>	<u>239,286</u>	<u>43,059</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	843,323	843,323	939,177	95,854
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>13,091,824</u>	<u>13,162,185</u>	<u>13,547,250</u>	<u>385,065</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
Village board	\$ 94,266	\$ 94,266	\$ 95,729	\$ (1,463)
Information technology	765,384	765,384	613,941	151,443
Administration, finance and human resources	887,578	887,578	853,316	34,262
Assessing	632,283	632,283	529,623	102,660
Municipal buildings	330,463	330,463	348,024	(17,561)
Total General Government	<u>2,709,974</u>	<u>2,709,974</u>	<u>2,440,633</u>	<u>269,341</u>
<b>PUBLIC SAFETY</b>				
Police	3,583,643	3,583,643	3,652,521	(68,878)
Municipal court	153,526	159,962	157,242	2,720
Fire and rescue	3,321,486	3,376,486	3,197,248	179,238
Engineering department	278,070	278,070	326,402	(48,332)
Public safety communications	460,338	460,338	422,027	38,311
Total Public Safety	<u>7,797,063</u>	<u>7,858,499</u>	<u>7,755,440</u>	<u>103,059</u>
<b>PUBLIC WORKS</b>				
Public works	1,334,695	1,334,695	1,315,670	19,025
Street lighting	255,199	255,199	228,351	26,848
Total Public Works	<u>1,589,894</u>	<u>1,589,894</u>	<u>1,544,021</u>	<u>45,873</u>
<b>PARKS</b>				
	<u>373,190</u>	<u>373,190</u>	<u>449,452</u>	<u>(76,262)</u>
<b>COMMUNITY DEVELOPMENT</b>				
Community development	374,893	374,893	387,668	(12,775)
Inspection	246,810	255,735	278,949	(23,214)
Total Community Development	<u>621,703</u>	<u>630,628</u>	<u>666,617</u>	<u>(35,989)</u>
<b>TOTAL EXPENDITURES</b>	<u>13,091,824</u>	<u>13,162,185</u>	<u>12,856,163</u>	<u>306,022</u>
Net Change in Fund Balance	-	-	691,087	691,087
FUND BALANCE - Beginning of Year	<u>3,932,930</u>	<u>3,932,930</u>	<u>3,932,930</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 3,932,930</u>	<u>\$ 3,932,930</u>	<u>\$ 4,624,017</u>	<u>\$ 691,087</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, 2013

<u>Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>		
12/31/2013	\$ 721,691	\$ 709,566	102%	\$ 2,437,529		
12/31/2012	72,824	667,865	11%	2,488,489		
12/31/2011	281,950	679,828	42%	1,923,464		

  

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2012	\$ 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, 2013

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#### ***BUDGETARY INFORMATION***

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

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

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

**SUPPLEMENTARY INFORMATION**

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2013

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
<b>ASSETS</b>					
Cash and investments	\$ 43,456	\$ 655	\$ 1,622	\$ -	\$ 45,733
Taxes receivable	-	-	-	2,148	2,148
<b>TOTAL ASSETS</b>	<b>\$ 43,456</b>	<b>\$ 655</b>	<b>\$ 1,622</b>	<b>\$ 2,148</b>	<b>\$ 47,881</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,900	-	-	-	\$ 2,900
Deferred Inflows of Resources					
Unearned revenue	-	-	-	2,148	2,148
Fund Balances					
Restricted	-	-	1,622	-	1,622
Committed	40,556	655	-	-	41,211
Total Fund Balances	40,556	655	1,622	-	42,833
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 43,456</b>	<b>\$ 655</b>	<b>\$ 1,622</b>	<b>\$ 2,148</b>	<b>\$ 47,881</b>

**VILLAGE OF PLEASANT PRAIRIE**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 2,252	\$ 2,252
Investment income	94	1	4	-	99
Miscellaneous	28,114	840	-	-	28,954
Total Revenues	<u>28,208</u>	<u>841</u>	<u>4</u>	<u>2,252</u>	<u>31,305</u>
<b>EXPENDITURES</b>					
Current					
Public safety	21,064	2,205	-	-	23,269
Capital Outlay	6,034	-	-	2,252	8,286
Total Expenditures	<u>27,098</u>	<u>2,205</u>	<u>-</u>	<u>2,252</u>	<u>31,555</u>
Net Change in Fund Balance	1,110	(1,364)	4	-	(250)
FUND BALANCE - Beginning of Year	<u>39,446</u>	<u>2,019</u>	<u>1,618</u>	<u>-</u>	<u>43,083</u>
FUND BALANCE - END OF YEAR	<u>\$ 40,556</u>	<u>\$ 655</u>	<u>\$ 1,622</u>	<u>\$ -</u>	<u>\$ 42,833</u>

# VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS -  
COMPONENT UNIT  
For the Year Ended December 31, 2013

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	Community Development 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 LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating loss	\$ (11,730)
Noncash items included in loss	
Depreciation	<u>11,730</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ -</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Land parcel written off	<u><u>\$ 188,994</u></u>

# VILLAGE OF PLEASANT PRAIRIE

## COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2013

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	Agency Funds		
	Tax Collection Fund	Mobile Home Fees	Totals
<b>ASSETS</b>			
Cash and investments	\$ 17,187,924	\$ 63,681	\$ 17,251,605
Receivables			
Taxes	24,355,555	-	24,355,555
Accounts	-	37,442	37,442
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 41,543,479</u>	<u>\$ 101,123</u>	<u>\$ 41,644,602</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 964	\$ -	\$ 964
Due to other taxing units	41,542,515	101,123	41,643,638
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>\$ 41,543,479</u>	<u>\$ 101,123</u>	<u>\$ 41,644,602</u>