

VILLAGE OF PLEASANT PRAIRIE

Pleasant Prairie, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

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, 2015, 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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the Village of Pleasant Prairie adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

As discussed in Note IV. I. to the financial statements, net position as of December 31, 2014 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Baker Tilly Vinchow Krause, LLP

Madison, Wisconsin
August 12, 2016

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, 2015. Please read it in conjunction with the Village’s financial statements following this section.

FINANCIAL HIGHLIGHTS

The total net position of the Village increased by \$12.9 million to \$155.7 million. Events that had major impacts on the Village’s 2015 financials were:

- The Village’s debt increased by \$2.6 million ending the year with \$95.4 million in general obligation bonds outstanding. The Village borrowed \$13.4 million for TID No. 2 projects. The Village refinanced \$9.4 million and paid \$20.2 million of principal in 2015.
- Capital grants and contributions rebounded \$1 million to \$1.8 million, because of an increase of \$1.2 million in government type activities contributions minus a reduction of \$.2 million in business type activities contributions.
- TID No. 2, in its 16th year of construction, has completed \$96.1 million or 78% of its 2015 amended plan of \$122.6 million planned expenditures. Seventy-seven percent, \$74.4 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts:

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

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Village's *overall* financial status. The remaining statements are *fund financial statements* that focus on *individual parts* of Village government and report the Village's operations in *more detail* than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more 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, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

The Village has three kinds of funds:

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

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

STATEMENT OF NET POSITION

The Village's combined net position increased by \$12.9 million to \$155.7 million. The majority of the net position, \$131.5 million, belongs to business-type activities of the Village, primarily the sewer (\$50.3 million) and water utilities (\$47 million).

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

	Governmental		Business-type		Total		Total Change	
	Activities		Activities				Dollars	%
	2014*	2015	2014*	2015	2014*	2015	2014*-2015	
Current and other assets	48.5	57.1	14.9	17.8	63.4	74.9	11.6	18.1%
Capital assets	63.1	70.0	144.4	147.1	207.6	217.1	9.5	4.6%
Total assets	111.6	127.1	159.3	164.9	270.9	292.0	21.1	7.8%
Deferred outflows of resources	-	1.7	-	0.6	-	2.3	2.3	N/A
Long-term debt outstanding	69.0	74.6	34.1	31.7	103.1	106.2	3.2	3.0%
Other liabilities	8.5	9.6	2.3	2.3	10.9	11.9	1.0	9.2%
Total liabilities	77.5	84.2	36.4	33.9	114.0	118.2	4.2	3.7%
Deferred inflows of resources		1.1						
	18.6	20.5	-	0.0	18.6	20.5	1.9	10.2%
Net Position								
Net investment in								
capital assets	41.6	43.8	111.7	116.8	135.9	143.0	7.1	5.2%
Restricted	5.0	10.2	1.2	1.8	6.3	12.0	5.7	90.5%
Unrestricted (deficit)	(31.1)	(29.8)	10.0	12.9	(3.8)	0.7	4.5	-118.4%
Total net position - end of year	15.5	24.2	122.9	131.5	138.4	155.7	17.3	12.5%

Figures may not total due to rounding.

* The 2014 columns have not been restated for the implementation of GASB Statement No. 68.

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 \$29.8 million deficit at the end of this year. This deficit does not mean the Village does not have resources available to pay its bills next year; rather, it is the result of the TID No. 2 expense for non-capitalized costs of \$74.4 million. These non-capitalized costs represent:

- \$16.5 million - Transferred to the Community Development Authority to purchase land along I-94 for redevelopment
- \$ 32 million - TID No. 2 contribution of infrastructure to the sanitary sewer, water and storm utilities (business-type activities)
- \$ 12.2 million – Site improvements to promote development
- \$ 4.9 million – Grading on private property for storm water management
- \$ 3.0 million - Development loan fund for Kenosha Area Business Alliance
- \$ 5.6 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* increase of \$8.6 million can mainly be attributed to an increase in cash of \$4.5 million relating to bond proceeds remaining for TID No. 2 projects. Additions of \$11.4 million of capital assets expenditures outpaced disposals (\$.4 million) and depreciation (\$4 million) accounting for a \$7 million increase in the Village's governmental activities *Capital Assets*. *Other Liabilities increased* by \$1.1 million mainly because of an increase in accounts payable and other liabilities of \$.8 million. More information concerning the increase in capital assets and long-term debt is explained starting on page ix.

The *net position* of the Village's business-type activities increased by \$7.6 million to \$131.5 million. Accounting for the majority of the increase is the water utility (\$2.6 million) and the sewer utility (\$2 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 2015 revenues total \$54.8 million and expenses total \$43.8 million resulting in an increase in net position of \$11 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	
	2014*	2015	2014*	2015	2014*	2015	Dollar	%
Revenues								
Program revenues								
Charges for services	3.8	3.4	22.5	24.0	26.3	27.5	1.2	4.6%
Operating grants and contributions	1.0	1.0	0.1	0.1	1.1	1.1	0.0	0.0%
General revenues								
Property taxes	17.4	18.5	0.0	0.0	17.4	18.5	1.1	6.3%
Other taxes	0.3	0.1	0.0	0.0	0.3	0.1	-0.1	-66.7%
Intergovernmental (not restricted)	2.2	2.7	0.0	0.0	2.2	2.7	0.4	22.7%
Investment income	0.2	0.1	0.1	0.2	0.3	0.3	0.0	0.0%
Others	0.2	4.7	0.0	0.0	0.2	4.7	4.4	2250.0%
Total revenues	25.0	30.5	22.7	24.3	47.8	54.8	7.0	14.6%
Expenses								
General government	3.4	3.5	0.0	0.0	3.4	3.5	0.1	2.9%
Public safety	9.0	8.7	0.0	0.0	9.0	8.7	-0.3	-3.3%
Public works	5.3	5.9	0.0	0.0	5.3	5.9	0.6	11.3%
Parks	0.4	0.5	0.0	0.0	0.4	0.5	0.1	25.0%
Community development	1.0	0.9	0.0	0.0	1.0	0.9	-0.1	-10.0%
Interest and fiscal charges	2.2	2.1	0.0	0.0	2.2	2.1	-0.1	-4.5%
Water	0.0	0.0	3.3	4.1	3.3	4.1	0.8	24.2%
Sewer	0.0	0.0	4.6	4.8	4.6	4.8	0.2	4.3%
Clean Water	0.0	0.0	1.2	1.4	1.2	1.4	0.1	16.7%
LakeView RecPlex	0.0	0.0	10.4	10.2	10.4	10.2	-0.3	-1.9%
Waste collection	0.0	0.0	1.6	1.6	1.6	1.6	-0.1	0.0%
Total expenses	21.4	21.7	21.2	22.0	42.6	43.8	1.2	2.8%
Increase (deficiency) before contributions & transfers	3.7	8.8	1.5	2.3	5.2	11.1	5.9	113.5%
Capital contributions	0.4	1.6	0.4	0.2	0.8	1.8	1.0	125.0%
Transfers	0.5	-5.1	-0.5	5.1	0.0	0.0	0.0	0.0%
CHANGE IN NET POSITION	4.6	5.3	1.4	7.6	6.0	12.9		
ENDING NET POSITION	15.5	24.2	122.9	131.5	138.4	155.7		

Figures may not total due to rounding.

* The 2014 columns have not been restated for the implementation of GASB Statement No. 68.

Governmental Activities

Revenues for the Village’s governmental activities total \$30.5 million, with property taxes accounting for over half followed by charges for services. Building permits account for the majority of the user charges, followed by engineering services fees, municipal court fees, franchisee fees, and rescue billing.

Governmental activities expenses total \$21.7 million, \$.3 million more than 2014 expenses, with general government, public works, and parks increasing by \$.8 million, offset by decreases in public safety, community development and interest charges (\$.5 million). Capital contributions increased from \$.4 million in 2014 to \$1.6 million in 2015. The water utility (business activity) transferred \$.8 million to the general government for payment in lieu of taxes, offset by a transfer out of business-type capital of \$5.9 million

Table A-3 presents the total cost of each of the Village’s activities (\$21.7 million) as well as each activity’s net cost (\$15.7 million). Activity’s net cost is total cost minus fees generated by the activities and direct intergovernmental aid. The net cost shows the financial burden placed on Village taxpayers or indirect revenue sources by each of these activities.

The net cost of services decreased from 2014 to 2015. Public works net cost was down \$1 million because of an increase in capital grants and contributions, offset by all other departments for a net decrease of \$.4 million.

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

- Village property taxes (\$18.6 million)
- State of Wisconsin shared revenue (\$2.7 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	
	2014	2015	Dollar	%		2014	2015	Dollar	%
			2014-2015				2014-2015		
General government	3.4	3.5	0.1	2.6%	3.0	3.1	0.1	3.8%	
Public safety	9.0	8.7	(0.3)	-3.2%	7.3	7.5	0.2	2.9%	
Public works	5.3	5.9	0.6	11.7%	3.8	2.9	(1.0)	-24.9%	
Parks	0.4	0.5	0.1	21.4%	0.4	0.5	0.1	21.4%	
Community development	1.0	0.9	(0.1)	-6.6%	(0.5)	(0.4)	0.1	-20.3%	
Other	2.2	2.1	(0.1)	-2.9%	2.1	2.1	(0.0)	0.0%	
Grand Total	21.4	21.7	0.4	1.8%	16.1	15.7	(0.4)	-2.7%	

Figures may not total due to rounding.

Business-type Activities

Revenue from the Village's business-type activities total \$24.3 million with user fees accounting for 99%. The RecPlex celebrated its 15th year anniversary in 2015. In 2015, 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 decrease in memberships (169 memberships or 3.4% decrease), ending the year at 4,849 memberships. However, membership rates increased, with a result of total membership revenue increasing \$316,187 or 7.9%. Memberships are a major revenue source (\$4.3 million) accounting for 40% of actual operating revenues.

Business-type expenses total \$22.1 million, up \$.9 from 2014. The RecPlex is the largest business type fund, accounting for 46% of all business-type expense activity. The sewer utility is a distant second at 22% of the business-type expenses. No property tax revenue was used to support business-type activities.

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

	Water Utility		Sewer Utility		Clean Water		LakeView RecPlex		Waste Collection		Total		Change	
	2014*	2015	2014*	2015	2014*	2015	2014*	2015	2014*	2015	2014*	2015	Dollar	%
Revenues														
Program revenues														
Charge for services	4.3	5.1	5.0	5.4	1.1	1.2	10.6	10.8	1.5	1.5	22.6	24.0	1.4	6.2%
Intergovernmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA
General Revenues														
Investment Income	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.0	0.0%
Total revenue	4.4	5.1	5.1	5.5	1.2	1.3	10.6	10.8	1.6	1.6	22.8	24.3	1.4	6.6%
Expenses	3.3	4.1	4.7	4.8	1.2	1.4	10.4	10.1	1.6	1.6	21.2	22.1	0.9	4.2%
Excess (deficiency) before contributions & transfers	1.1	1.0	0.4	0.7	-0.1	-0.1	0.2	0.6	0.0	0.0	1.6	2.2	0.5	37.5%
Capital contribution	0.1	2.6	0.3	1.4	0.1	2.1	0.0	0.0	0.0	0.0	0.5	6.1	5.6	1120.0%
Transfers	-1.0	-1.0	0.0	0.0	0.0	0.0	0.3	0.1	0.0	0.0	(0.7)	(0.8)	-0.2	14.3%
Internal service fund charge	0.0	0.0	0.0	0.0	0.0	0.0 #	0.0	0.0	0.0	0.0	(0.1)	0.2	0.3	-300.0%
CHANGE IN NET POSITION	0.2	2.6	0.7	2.1	0.0	2.0	0.5	0.7	(0.0)	(0.0)	1.4	7.6	6.3	442.9%
ENDING NET POSITION	44.4	47.0	48.2	50.3	24.3	26.3	5.1	6.6	0.7	0.7	122.6	131.2	8.5	7.0%

* The 2014 columns have not been restated for the implementation of GASB Statement No. 68.

Figures may not total due to rounding.

All the Village's business-type funds experienced an increase in net position during 2015 except for our waste collection fund, with a slight decrease in net position (\$21,350).

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds closed the year at a fund balance of \$25.8 million, up from \$21.7 million at the end of 2014. The increases are primarily in the TID No. 2 capital project fund (\$7 million) and TID No. 2 debt service fund (\$2.5 million) offset by a decrease of \$5.1 million in the general capital project fund. The increase in the TID No. 2 capital project funds is mainly attributed to unspent bond proceeds.

The general fund balance increased slightly by \$288,068 to \$4.84 million, which represents 34% of the expenditures for year-end December 31, 2015. The 2016 general fund budget uses \$226,546 fund balance reserves to complete some additional road maintenance in 2016. Unassigned general fund balance was \$4.6 million or 95%. The non-spendable balance \$244,060 is delinquent taxes and prepaid items.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgets are adopted at the department level of expenditures. Budget amendments were made through the year within each department between expenses or sometimes against the department's revenues. The 2015 general government operating net budget came in under budget by \$288,068.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village had investments of \$217.1 million at the end of 2015 in capital assets, a net increase of \$9.5 million. (See table A5). Additions of \$18.5 million offset depreciation of \$8.6 million, and disposals of \$.4 million causing this increase in capital assets.

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

	Governmental Activities		Business-type Activities		Total		Total Change	
	2014	2015	2014	2015	2014	2015	Dollar	Percent
Land	18.3	18.3	2.0	2.1	20.2	20.3	0.1	1%
Buildings and improvements	6.8	13.5	50.9	49.5	57.8	63.0	5.2	9%
Equipment / Intangible Assets	6.1	6.6	4.3	4.1	10.4	10.8	0.3	3%
Infrastructure	24.4	27.2	86.8	91.0	111.2	118.2	7.0	6%
Construction in progress	7.5	4.5	0.5	0.4	8.0	4.9	(3.1)	-39%
Total	63.1	70.0	144.4	147.1	207.6	217.1	9.5	5%

Figures may not total due to rounding.

In 2015 \$11.4 million was spent for government-type capital expenditures with Fire Station #1 (\$5.5 million) and 39th Avenue Site work (\$3.1 million) being the largest expenditures. The business-type activities additions totaled \$7.2 million, with the water utility (\$2.7 million) and Clean Water (\$2.4 million) topping the list of additions.

Listed below are major additions for 2015.

Project Description	Type	Source	Millions	Fund Totals
Village Green Storm	Clean Water	TID	\$0.2	
Various Small Projects	Clean Water	Operating	\$0.3	
39th Avenue Storm	Clean Water	TID	\$1.9	\$2.4
39th Avenue Roadway and Site	Governmental	TID	\$3.1	
Park and Ride	Governmental	TID	\$1.1	
Paving Program	Governmental	Levy	\$1.1	
Fire Station #1	Governmental	Borrowed	\$5.5	
Other	Governmental	Levy/ TID / Impact Fees etc.	\$1.5	
Various Roads	Governmental	Developer / TID	\$1.0	
Village Green Heights Roads	Governmental	TID	\$1.1	\$14.4
Various Small Projects	RecPlex	Operating	\$0.0	
Heat Harvester	RecPlex	Operating	\$0.2	\$0.2
39th Avenue Sanitary	Sewer	TID	\$0.4	
CHT H Sanitary	Sewer	TID	\$0.8	
Various Small Projects	Sewer	Operating	\$0.5	\$1.8
39th Avenue Water	Water	TID	\$0.4	
Prairiewood Water Main	Water	TID	\$1.7	
Various Small Projects	Water	Operating	\$0.6	\$2.7
		Total	\$21.5	\$21.5

Long-term Debt

At year-end the Village had \$95.4 million in general obligation bonds, an increase of \$2.6 million (See table A-6). Borrowed \$13.4 million, refinancing of \$9.4 million, and principal payments of \$20.2 million.

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

	Governmental Activities		Business-type Activities		Total		Total Change	
	2014	2015	2014	2015	2014	2015	2014 -2015	%
General obligation bonds (backed by the Village)	61.5	66.4	31.4	29.1	92.8	95.4	2.6	2.8%
Total	61.5	66.4	31.4	29.1	92.8	95.4	2.6	2.8%

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 \$143.8 million, so the Village is currently at 66% of capacity. We have additional borrowing capacity of \$48.4 million.

The majority of the governmental activities' outstanding debt, \$56.8 million or 86%, 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 2021. The general government has \$9.5 million of outstanding debt that will be paid by tax levy. The business-type activities' debt is supported by user fees from the Village's Sewer Utility (\$4.4 million) and RecPlex (\$24.7 million). General obligation bonds are issued for our business-type activities to obtain a lower interest rate.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village's strategic location between Milwaukee and Chicago is home to one of the largest and most successful corporate parks in Wisconsin. The Village's two largest employers are Uline and Pleasant Prairie Premium Outlets. Uline employs 1,100 corporate office and warehouse employees and Premium Outlets employs approximately 1,000 in all their various shops located in the center.

The Village's tax base, currently \$2.9 billion, up \$300 million from 2014. Our population has also grown at a steady rate to 20,370 (2015 Estimate) versus 12,604 in 1993.

The 2016 general fund-operating budget was approved to use \$226,546 of Village's surpluses because our surplus level was at 34%, above our fund balance policy of 15%. Revenues were budgeted at \$15.3 million (3.6% increase) and expenditures of \$15.5 million (5.2% increase). Total general government property tax contribution increased from \$10.1 to \$11 million.

Implemented in 2016 was a \$1 per month fee increase for the Waste Collection Utility. The Clean Water Utility eliminated their base charge of \$.25 per month, and increased their equivalent runoff unit (ERU) by \$0.33/ month per unit in 2016. RecPlex did not increase their membership rates in 2016. Our sewer and water utilities did not increase rates in 2016.

CONTACTING THE VILLAGE'S FINANCIAL MANGEMENT

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

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION
As of December 31, 2015

	Primary Government			Component Unit - Community Development Authority
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 32,487,720	\$ 12,076,570	\$ 44,564,290	\$ -
Receivables (net)				
Taxes	20,376,253	367,171	20,743,424	-
Delinquent taxes	50,632	-	50,632	-
Accounts	1,148,011	1,435,954	2,583,965	-
Special assessments	423,609	1,186,704	1,610,313	-
Delinquent special assessments	265,562	-	265,562	-
Accrued interest	16,987	2,598	19,585	-
Other	-	217,998	217,998	-
Internal balances	(573,105)	573,105	-	-
Prepaid items	193,428	14,341	207,769	-
Inventories	-	154,178	154,178	-
Restricted assets				
Cash and investments	1,019,417	1,245,034	2,264,451	-
Net pension asset	1,691,427	553,067	2,244,494	-
Capital assets				
Land	5,339,388	1,788,006	7,127,394	7,653,088
Right of way	12,921,838	-	12,921,838	-
Construction in progress	4,480,023	401,463	4,881,486	-
Intangible assets, net of amortization	423,716	156,621	580,337	-
Other capital assets, net of depreciation	46,877,192	144,732,405	191,609,597	-
Total Assets	<u>127,142,098</u>	<u>164,905,215</u>	<u>292,047,313</u>	<u>7,653,088</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related amounts	<u>1,744,542</u>	<u>585,068</u>	<u>2,329,610</u>	-
LIABILITIES				
Accounts payable and accrued liabilities	5,985,777	2,284,308	8,270,085	-
Unearned revenue	3,657,975	3,012	3,660,987	-
Noncurrent liabilities				
Due within one year	10,596,760	2,321,436	12,918,196	-
Due in more than one year	63,983,142	29,338,601	93,321,743	-
Total Liabilities	<u>84,223,654</u>	<u>33,947,357</u>	<u>118,171,011</u>	-
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues	20,452,134	-	20,452,134	-
Pension-related amounts	49,200	16,088	65,288	-
Total Deferred Inflows of Resources	<u>20,501,334</u>	<u>16,088</u>	<u>20,517,422</u>	-
NET POSITION				
Net investment in capital assets	43,754,931	116,843,266	143,024,689	7,653,088
Restricted				
Debt service	6,211,577	-	6,211,577	-
Impact fees	1,019,417	-	1,019,417	-
TIF District	1,207,791	-	1,207,791	-
Federally forfeited property recoveries	31,165	-	31,165	-
Equipment replacement	-	1,245,034	1,245,034	-
Pension	1,691,427	553,067	2,244,494	-
Unrestricted (deficit)	<u>(29,754,656)</u>	<u>12,885,471</u>	<u>704,323</u>	-
TOTAL NET POSITION	<u>\$ 24,161,652</u>	<u>\$ 131,526,838</u>	<u>\$ 155,688,490</u>	<u>\$ 7,653,088</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit - Community Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities								
General government	\$ 3,538,541	\$ 414,415	\$ 1,474	\$ -	\$ (3,122,652)	\$ -	\$ (3,122,652)	\$ -
Public safety	8,673,481	1,030,384	164,876	-	(7,478,221)	-	(7,478,221)	-
Public works	5,938,944	633,483	814,148	1,617,412	(2,873,901)	-	(2,873,901)	-
Parks	512,424	-	-	-	(512,424)	-	(512,424)	-
Community development	933,328	1,361,483	-	-	428,155	-	428,155	-
Interest and fiscal charges	2,142,513	-	-	-	(2,142,513)	-	(2,142,513)	-
Total Governmental Activities	<u>21,739,231</u>	<u>3,439,765</u>	<u>980,498</u>	<u>1,617,412</u>	<u>(15,701,556)</u>	<u>-</u>	<u>(15,701,556)</u>	<u>-</u>
Business-type Activities								
Water Utility	4,126,360	5,089,778	-	32,412	-	995,830	995,830	-
Sewer Utility	4,768,838	5,421,468	-	158,871	-	811,501	811,501	-
Clean Water Utility	1,372,714	1,247,547	-	-	-	(125,167)	(125,167)	-
Lakeview Rec Plex	10,186,455	10,760,202	59,603	-	-	633,350	633,350	-
Waste Collection	1,567,462	1,524,113	54,803	-	-	11,454	11,454	-
Total Business-type Activities	<u>22,021,829</u>	<u>24,043,108</u>	<u>114,406</u>	<u>191,283</u>	<u>-</u>	<u>2,326,968</u>	<u>2,326,968</u>	<u>-</u>
Total Primary Government	<u>\$ 43,761,060</u>	<u>\$ 27,482,873</u>	<u>\$ 1,094,904</u>	<u>\$ 1,808,695</u>	<u>(15,701,556)</u>	<u>2,326,968</u>	<u>(13,374,588)</u>	<u>-</u>
Component Unit								
Community Development Authority	<u>\$ 3,089,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,089,894)</u>
General Revenues								
Taxes								
Property taxes, levied for general purposes					8,753,527	-	8,753,527	-
Property taxes, levied for debt service					1,327,559	-	1,327,559	-
Property taxes, levied for TIF districts					8,392,641	-	8,392,641	-
Other taxes					125,338	-	125,338	-
Intergovernmental revenues not restricted to specific programs					2,692,231	-	2,692,231	-
Investment income					133,445	161,059	294,504	-
Gain on sale of assets					1,282,621	-	1,282,621	-
Miscellaneous					3,374,613	-	3,374,613	-
Total General Revenues					<u>26,081,975</u>	<u>161,059</u>	<u>26,243,034</u>	<u>-</u>
Transfers					<u>(5,070,406)</u>	<u>5,070,406</u>	<u>-</u>	<u>-</u>
Change in Net Position					<u>5,310,013</u>	<u>7,558,433</u>	<u>12,868,446</u>	<u>(3,089,894)</u>
NET POSITION - Beginning of Year (as restated)					<u>18,851,639</u>	<u>123,968,405</u>	<u>142,820,044</u>	<u>10,742,982</u>
NET POSITION - END OF YEAR					<u>\$ 24,161,652</u>	<u>\$ 131,526,838</u>	<u>\$ 155,688,490</u>	<u>\$ 7,653,088</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS							
Cash and investments	\$ 7,729,153	\$ 2,179,382	\$ 6,075,735	\$ 3,677,751	\$ 12,189,143	\$ 56,449	\$ 31,907,613
Receivables (net)							
Taxes	8,232,113	1,523,864	9,318,142	1,299,898	-	2,236	20,376,253
Delinquent taxes	50,632	-	-	-	-	-	50,632
Accounts	684,744	-	-	299,862	163,405	-	1,148,011
Special assessments	-	362,813	60,796	-	-	-	423,609
Delinquent special assessments	-	265,562	-	-	-	-	265,562
Accrued interest	16,987	-	-	-	-	-	16,987
Prepaid items	193,428	-	-	-	-	-	193,428
Restricted assets	-	-	-	1,019,417	-	-	1,019,417
TOTAL ASSETS	<u>\$ 16,907,057</u>	<u>\$ 4,331,621</u>	<u>\$ 15,454,673</u>	<u>\$ 6,296,928</u>	<u>\$ 12,352,548</u>	<u>\$ 58,685</u>	<u>\$ 55,401,512</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 558,000	\$ 107,152	\$ -	\$ 1,538,027	\$ 826,948	\$ 1,412	\$ 3,031,539
Accrued liabilities	412,964	-	-	-	19,629	-	432,593
Unearned revenue	1,046,009	1,602,092	-	1,009,874	-	-	3,657,975
Other liabilities	1,450,381	-	-	-	-	-	1,450,381
Total Liabilities	<u>3,467,354</u>	<u>1,709,244</u>	<u>-</u>	<u>2,547,901</u>	<u>846,577</u>	<u>1,412</u>	<u>8,572,488</u>
Deferred Inflows of Resources							
Unearned revenue	8,322,915	1,520,952	9,306,133	1,299,898	-	2,236	20,452,134
Unavailable revenue	274,552	259,111	69,595	-	-	-	603,258
Total Deferred Inflows of Resources	<u>8,597,467</u>	<u>1,780,063</u>	<u>9,375,728</u>	<u>1,299,898</u>	<u>-</u>	<u>2,236</u>	<u>21,055,392</u>
Fund Balances							
Nonspendable	244,060	265,562	-	-	-	-	509,622
Restricted	-	576,752	6,078,945	1,019,417	11,505,971	31,165	19,212,250
Committed	-	-	-	-	-	23,872	23,872
Assigned	-	-	-	1,429,712	-	-	1,429,712
Unassigned	4,598,176	-	-	-	-	-	4,598,176
Total Fund Balances	<u>4,842,236</u>	<u>842,314</u>	<u>6,078,945</u>	<u>2,449,129</u>	<u>11,505,971</u>	<u>55,037</u>	<u>25,773,632</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 16,907,057</u>	<u>\$ 4,331,621</u>	<u>\$ 15,454,673</u>	<u>\$ 6,296,928</u>	<u>\$ 12,352,548</u>	<u>\$ 58,685</u>	
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.							66,871,880
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.							603,258
Internal service fund is reported in the statement of net position in the governmental activities column.							3,175,244
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.							(75,583,937)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.							1,658,030
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							1,711,774
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.							<u>(48,229)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES							<u>\$ 24,161,652</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES							
Taxes	\$ 8,081,640	\$ 1,327,559	\$ 8,390,342	\$ 797,343	\$ -	\$ 2,181	\$ 18,599,065
Intergovernmental	2,194,042	-	526,471	900,307	-	32,610	3,653,430
Regulation and compliance	1,644,158	-	-	-	-	-	1,644,158
Public charges for services	1,424,421	-	-	219,807	-	-	1,644,228
Intergovernmental charges for services	255,037	-	-	-	-	-	255,037
Special assessments	-	14,688	193,170	-	-	-	207,858
Investment income	30,190	19,561	31,100	17,458	33,764	158	132,231
Miscellaneous	254,898	-	-	314,716	163,645	4,945	738,204
Total Revenues	<u>13,884,386</u>	<u>1,361,808</u>	<u>9,141,083</u>	<u>2,249,631</u>	<u>197,409</u>	<u>39,894</u>	<u>26,874,211</u>
EXPENDITURES							
Current							
General government	3,248,420	-	-	-	-	-	3,248,420
Public safety	8,165,615	-	-	-	-	9,387	8,175,002
Public works	1,798,517	-	-	-	-	-	1,798,517
Parks	417,126	-	-	-	-	-	417,126
Community development	798,811	-	-	-	-	-	798,811
Capital Outlay	-	-	-	7,404,727	9,346,060	2,181	16,752,968
Debt Service							
Principal retirement	-	1,284,552	16,615,000	-	-	-	17,899,552
Interest and fiscal charges	-	344,637	2,641,977	-	37,800	-	3,024,414
Total Expenditures	<u>14,428,489</u>	<u>1,629,189</u>	<u>19,256,977</u>	<u>7,404,727</u>	<u>9,383,860</u>	<u>11,568</u>	<u>52,114,810</u>

	<u>General</u>	<u>General Debt Service</u>	<u>TID No. 2 Debt Service Fund</u>	<u>General Capital Projects</u>	<u>TID No. 2 Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Excess (deficiency) of revenues over expenditures	\$ (544,103)	\$ (267,381)	\$ (10,115,894)	\$ (5,155,096)	\$ (9,186,451)	\$ 28,326	\$ (25,240,599)
OTHER FINANCING SOURCES							
Debt issued	-	-	9,355,000	-	13,450,000	-	22,805,000
Premium on debt issued	-	-	1,313,515	-	-	-	1,313,515
Sale of property	-	-	1,972,515	13,981	2,400,000	-	4,386,496
Transfers in	832,171	-	-	4,207	-	-	836,378
Total Other Financing Sources	832,171	-	12,641,030	18,188	15,850,000	-	29,341,389
Net Change in Fund Balance	288,068	(267,381)	2,525,136	(5,136,908)	6,663,549	28,326	4,100,790
FUND BALANCES - Beginning of Year	4,554,168	1,109,695	3,553,809	7,586,037	4,842,422	26,711	21,672,842
FUND BALANCES - END OF YEAR	\$ 4,842,236	\$ 842,314	\$ 6,078,945	\$ 2,449,129	\$ 11,505,971	\$ 55,037	\$ 25,773,632

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, 2015

Net change in fund balances - total governmental funds	\$ 4,100,790
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	16,752,968
Some items reported as capital outlay were not capitalized	(1,415,843)
Depreciation is reported in the government-wide statements	(3,454,655)
Improvements transferred as assets to utility funds	(5,906,784)
Net book value of assets retired	(340,463)
Contributed capital assets are reported as revenues in the government-wide statements.	1,080,847
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.	101,926
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(22,805,000)
Principal repaid	17,899,552
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Net pension asset	(931,105)
Deferred outflows of resources related to pensions	1,040,617
Deferred inflows of resources related to pensions	(48,229)
Compensated absences	(29,296)
Accrued interest on debt	(174,480)
Other post-employment benefits	(402,599)
Governmental funds report debt premiums and discounts, as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt premium	(257,139)
Internal service fund is used by management to charge the costs of the fleet internal services to individual funds. The increase in net position of the internal service fund is reported with governmental activities.	<u>98,906</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 5,310,013</u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2015

	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
ASSETS							
Current Assets							
Cash and investments	\$ 2,970,074	\$ 3,413,476	\$ 3,132,038	\$ 2,408,709	\$ 152,273	\$ 12,076,570	\$ 580,107
Receivables							
Taxes	89,584	152,061	58,874	-	66,652	367,171	-
Accounts	423,128	470,779	161,776	220,139	160,132	1,435,954	-
Accrued interest	-	2,598	-	-	-	2,598	-
Other	27,921	174,900	-	15,177	-	217,998	-
Prepaid items	-	-	-	14,341	-	14,341	-
Current portion of special assessments	17,894	3,026	8,307	-	-	29,227	-
Inventories	51,347	8,511	-	94,320	-	154,178	-
Total Current Assets	<u>3,579,948</u>	<u>4,225,351</u>	<u>3,360,995</u>	<u>2,752,686</u>	<u>379,057</u>	<u>14,298,037</u>	<u>580,107</u>
Noncurrent Assets							
Restricted assets							
Replacement account	-	1,245,034	-	-	-	1,245,034	-
Net pension asset	39,929	49,969	19,496	380,455	63,218	553,067	33,397
Other assets							
Special assessments receivable	650,306	469,831	37,340	-	-	1,157,477	-
Capital assets							
Plant in service	58,365,366	76,167,107	33,153,980	44,537,523	1,099,628	213,323,604	8,414,479
Accumulated depreciation/amortization	(14,988,979)	(26,595,080)	(10,554,631)	(13,745,101)	(762,781)	(66,646,572)	(5,244,202)
Construction work in progress	15,331	42,914	294,925	-	48,293	401,463	-
Total Noncurrent Assets	<u>44,081,953</u>	<u>51,379,775</u>	<u>22,951,110</u>	<u>31,172,877</u>	<u>448,358</u>	<u>150,034,073</u>	<u>3,203,674</u>
Total Assets	<u>47,661,901</u>	<u>55,605,126</u>	<u>26,312,105</u>	<u>33,925,563</u>	<u>827,415</u>	<u>164,332,110</u>	<u>3,783,781</u>
DEFERRED OUTFLOWS OF RESOURCES							
Pension-related amounts	43,266	52,257	22,885	400,984	65,676	585,068	32,768
LIABILITIES							
Current Liabilities							
Accounts payable	319,444	309,216	10,956	220,297	37,427	897,340	16,975
Accrued liabilities	28,529	36,233	14,657	227,021	36,977	343,417	15,900
Accrued interest	-	44,480	-	263,057	-	307,537	-
Other current liabilities	-	-	-	736,014	-	736,014	-
Current portion of customer advances for construction	212,884	8,552	-	-	-	221,436	-
Current portion of long-term debt	-	500,000	-	1,600,000	-	2,100,000	-
Total Current Liabilities	<u>560,857</u>	<u>898,481</u>	<u>25,613</u>	<u>3,046,389</u>	<u>74,404</u>	<u>4,605,744</u>	<u>32,875</u>
Noncurrent Liabilities							
Long-term debt	-	3,845,000	-	23,140,000	-	26,985,000	-
Other post-employment benefits	31,666	78,572	30,799	458,766	89,554	689,357	34,354
Unamortized debt premium	-	90,428	-	1,059,801	-	1,150,229	-
Unearned revenue	3,012	-	-	-	-	3,012	-
Customer advances for construction	60,191	453,824	-	-	-	514,015	-
Total Noncurrent Liabilities	<u>94,869</u>	<u>4,467,824</u>	<u>30,799</u>	<u>24,658,567</u>	<u>89,554</u>	<u>29,341,613</u>	<u>34,354</u>
Total Liabilities	<u>655,726</u>	<u>5,366,305</u>	<u>56,412</u>	<u>27,704,956</u>	<u>163,958</u>	<u>33,947,357</u>	<u>67,229</u>
DEFERRED INFLOWS OF RESOURCES							
Pension-related amounts	1,161	1,454	567	11,067	1,839	16,088	971
NET POSITION							
Net investment in capital assets	43,391,718	45,179,513	22,894,274	4,992,621	385,140	116,843,266	3,170,277
Restricted for equipment replacement	-	1,245,034	-	-	-	1,245,034	-
Restricted for pension	39,929	49,969	19,496	380,455	63,218	553,067	-
Unrestricted	3,616,633	3,815,108	3,364,241	1,237,448	278,936	12,312,366	578,072
TOTAL NET POSITION	<u>\$ 47,048,280</u>	<u>\$ 50,289,624</u>	<u>\$ 26,278,011</u>	<u>\$ 6,610,524</u>	<u>\$ 727,294</u>	<u>130,953,733</u>	<u>\$ 3,748,349</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						573,105	
NET POSITION OF BUSINESS-TYPE ACTIVITIES						<u>\$131,526,838</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, 2015

	Business-type Activities					Governmental	
	Major				Nonmajor	Internal	
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund	Service Fund Fleet Internal Services	
					Totals		
OPERATING REVENUES	\$ 5,089,778	\$ 5,421,468	\$ 1,247,547	\$ 10,760,202	\$ 1,524,113	\$24,043,108	\$ 1,628,935
OPERATING EXPENSES							
Operation and maintenance	3,126,434	3,182,782	622,900	8,126,001	1,556,399	16,614,516	813,508
Depreciation/amortization	1,010,267	1,426,186	776,272	1,259,405	61,767	4,533,897	615,660
Total Operating Expenses	4,136,701	4,608,968	1,399,172	9,385,406	1,618,166	21,148,413	1,429,168
Operating Income (Loss)	953,077	812,500	(151,625)	1,374,796	(94,053)	2,894,695	199,767
NONOPERATING REVENUES (EXPENSES)							
Investment income	41,811	68,888	24,478	7,730	18,152	161,059	1,215
Intergovernmental grant	-	-	-	-	54,803	54,803	-
Interest expense	(1,917)	(200,428)	-	(996,104)	-	(1,198,449)	-
Gain (loss) on disposal of assets	-	(4,778)	-	(15,153)	-	(19,931)	14,455
Interest subsidy	-	-	-	59,603	-	59,603	-
Insurance recoveries	-	-	-	-	-	-	968
Amortization of premium	744	28,487	-	198,234	-	227,465	-
Total Nonoperating Revenues (Expenses)	40,638	(107,831)	24,478	(745,690)	72,955	(715,450)	16,638
Income (Loss) Before Contributions and Transfers	993,715	704,669	(127,147)	629,106	(21,098)	2,179,245	216,405
CONTRIBUTIONS AND TRANSFERS							
Capital contributions	32,412	158,871	-	-	-	191,283	-
Capital contributions - governmental activities	2,558,017	1,227,408	2,121,359	-	-	5,906,784	-
Transfers in	-	-	-	120,091	-	120,091	-
Transfers - tax equivalent	(832,171)	-	-	-	-	(832,171)	-
Transfers out	(120,848)	(1,347)	(168)	(1,683)	(252)	(124,298)	-
Total Contributions and Transfers	1,637,410	1,384,932	2,121,191	118,408	(252)	5,261,689	-
CHANGE IN NET POSITION	2,631,125	2,089,601	1,994,044	747,514	(21,350)	7,440,934	216,405
NET POSITION – Beginning of Year (as restated)	44,417,155	48,200,023	24,283,967	5,863,010	748,644		3,531,944
NET POSITION – END OF YEAR	\$ 47,048,280	\$ 50,289,624	\$ 26,278,011	\$ 6,610,524	\$ 727,294		\$ 3,748,349
Internal service fund change in net position allocated to the business-type activities						117,499	
CHANGE IN NET POSITION BUSINESS-TYPE ACTIVITIES						\$ 7,558,433	

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	Business-type Activities						Governmental Activities
	Major				Nonmajor	Totals	Internal Service Fund
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund		Fleet Internal Services
CASH FLOWS FROM OPERATING ACTIVITIES							
Received from customers	\$ 5,269,480	\$ 5,430,028	\$ 1,246,510	\$ 10,871,981	\$ 1,576,764	\$ 24,394,763	\$ 1,629,903
Paid to suppliers for goods and services	(2,543,266)	(2,588,224)	(345,791)	(4,538,582)	(903,724)	(10,919,587)	(581,305)
Paid to employees for services	(475,038)	(706,268)	(263,952)	(3,539,739)	(627,714)	(5,612,711)	(249,874)
Net Cash Flows From Operating Activities	<u>2,251,176</u>	<u>2,135,536</u>	<u>636,767</u>	<u>2,793,660</u>	<u>45,326</u>	<u>7,862,465</u>	<u>798,724</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Repayment of advances from other funds	-	(360,000)	-	-	-	(360,000)	-
Paid to municipality for tax equivalent	(832,171)	-	-	-	-	(832,171)	-
Transfers from (to) other funds	(120,848)	(1,347)	(168)	118,408	(252)	(4,207)	-
Net Cash Flows From Noncapital Financing Activities	<u>(953,019)</u>	<u>(361,347)</u>	<u>(168)</u>	<u>118,408</u>	<u>(252)</u>	<u>(1,196,378)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Marketable securities purchased	-	(839,000)	-	-	-	(839,000)	-
Marketable securities sold	-	823,024	-	-	-	823,024	-
Investment income	41,546	67,918	24,478	8,836	18,152	160,930	1,215
Net Cash Flows From Investing Activities	<u>41,546</u>	<u>51,942</u>	<u>24,478</u>	<u>8,836</u>	<u>18,152</u>	<u>144,954</u>	<u>1,215</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt retired	(188,635)	(541,812)	-	(1,550,000)	-	(2,280,447)	-
Interest paid	(3,762)	(206,380)	-	(1,010,197)	-	(1,220,339)	-
Capital contributions received	3,422	87,273	-	-	-	90,695	-
Acquisition and construction of capital assets	(290,121)	(440,674)	(306,927)	(179,889)	(76,357)	(1,293,968)	(797,207)
Special assessments received	19,285	20,556	14,062	-	-	53,903	-
Interest subsidy	-	-	-	59,603	-	59,603	-
Net Cash Flows From Capital and Related Financing Activities	<u>(459,811)</u>	<u>(1,081,037)</u>	<u>(292,865)</u>	<u>(2,680,483)</u>	<u>(76,357)</u>	<u>(4,590,553)</u>	<u>(797,207)</u>
Net Change in Cash and Cash Equivalents	879,892	745,094	368,212	240,421	(13,131)	2,220,488	2,732
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,090,182</u>	<u>2,679,039</u>	<u>2,763,826</u>	<u>2,168,288</u>	<u>165,404</u>	<u>9,866,739</u>	<u>577,375</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,970,074</u>	<u>\$ 3,424,133</u>	<u>\$ 3,132,038</u>	<u>\$ 2,408,709</u>	<u>\$ 152,273</u>	<u>\$ 12,087,227</u>	<u>\$ 580,107</u>

	Business-type Activities						Governmental
	Major					Nonmajor	Internal
	Water Utility	Sewer Utility	Clean Water Utility	Lakeview Rec Plex Fund	Waste Collection Fund	Totals	Fleet Internal Services
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 953,077	\$ 812,500	\$ (151,625)	\$ 1,374,796	\$ (94,053)	\$ 2,894,695	\$ 199,767
Miscellaneous non-operating revenue	-	-	-	-	54,803	54,803	968
Noncash items included in income (loss)							
Depreciation/amortization	1,010,267	1,426,186	776,272	1,259,405	61,767	4,533,897	615,660
Depreciation charged to other funds	36,125	(36,125)	-	-	-	-	-
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources							
Taxes receivable	-	-	-	-	(6,682)	(6,682)	-
Accounts receivable	(14,535)	(1,630)	3,694	111,780	4,530	103,839	-
Other accounts receivable	(21,269)	47,796	(4,731)	-	-	21,796	-
Prepaid items	-	-	-	(1,572)	-	(1,572)	-
Inventories	3,371	1,111	-	5,819	-	10,301	-
Accounts payable	98,621	(122,216)	9,762	(39,315)	12,724	(40,424)	(22,835)
Due from other funds	176,369	(1,477)	-	-	-	174,892	-
Other current and accrued liabilities	(4,087)	(5,888)	2,323	32,491	1,807	26,646	(382)
Unearned revenues	3,012	-	-	-	-	3,012	-
Pension-related amounts	(3,519)	(2,514)	(3,477)	(22,259)	(2,746)	(34,515)	478
Other post employment benefits	13,744	17,793	4,549	72,515	13,176	121,777	5,068
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 2,251,176	\$ 2,135,536	\$ 636,767	\$ 2,793,660	\$ 45,326	\$ 7,862,465	\$ 798,724
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION							
Cash and investments	\$ 2,970,074	\$ 3,413,476	\$ 3,132,038	\$ 2,408,709	\$ 152,273	\$ 12,076,570	\$ 580,107
Restricted cash and investments	-	1,245,034	-	-	-	1,245,034	-
Less: Noncash equivalents	-	(1,234,377)	-	-	-	(1,234,377)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,970,074	\$ 3,424,133	\$ 3,132,038	\$ 2,408,709	\$ 152,273	\$ 12,087,227	\$ 580,107
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital costs special assessed to customers	\$ 1,571	\$ 53,594	\$ -	\$ -	\$ -	\$ 55,165	\$ -
Capital additions contributed to the utility by the municipality, customers, and TID districts	\$ 2,558,017	\$ 1,227,408	\$ 2,121,359	\$ -	\$ -	\$ 5,906,784	\$ -
Deferred special assessments	\$ 3,423	\$ 3,039	\$ -	\$ -	\$ -	\$ 6,462	\$ -
New right of recovery agreements	\$ 27,420	\$ 21,686	\$ -	\$ -	\$ -	\$ 49,106	\$ -
Interest subsidy receivable	\$ -	\$ -	\$ -	\$ 15,177	\$ -	\$ 15,177	\$ -
Capital accounts payable	\$ 1,275	\$ 77,800	\$ -	\$ 8,588	\$ -	\$ 87,663	\$ -

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF NET POSITION FIDUCIARY FUNDS As of December 31, 2015

	Retired Employees Healthcare Plan Trust	Agency Funds
ASSETS		
Cash and investments	\$ 913,345	\$ 16,855,376
Receivables		
Taxes	-	25,512,379
Accounts	-	7,670
Total Assets	<u>913,345</u>	<u>42,375,425</u>
LIABILITIES		
Accounts payable	-	1,810
Due to other taxing units	-	42,373,615
Total Liabilities	<u>-</u>	<u>42,375,425</u>
NET POSITION		
Held in trust	<u>913,345</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 913,345</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, 2015

	Retired Employees Healthcare Plan Trust
ADDITIONS	
Investment earnings (loss)	\$ <u>(3,416)</u>
DEDUCTIONS	
	<u>-</u>
Change in Net Position	(3,416)
NET POSITION - Beginning	<u>916,761</u>
NET POSITION - ENDING	<u><u>\$ 913,345</u></u>

See accompanying notes to financial statements.

VILLAGE OF PLEASANT PRAIRIE

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VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Unit

Community Development Authority

The government-wide financial statements include the Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the village board. Wisconsin Statutes provide for circumstances whereby the village can impose its will on the CDA, and also create a potential financial benefit to or burden on the village. See Note IV. I. As a component unit, the CDA's financial statements have been presented as a discrete column in the financial statements. The information presented is for the year ended December 31, 2015. 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, 2015

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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

The village reports the following major governmental funds:

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

The village reports the following major enterprise funds:

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

The village reports the following nonmajor governmental and enterprise funds:

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

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

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

- Tax Incremental District (TID) No. 4

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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

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

Waste Collection Fund

In addition, the village reports the following fund types:

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

Fleet Internal Services

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

Retired Employees Healthcare Plan Trust

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

Tax Collection Fund
Mobile Home Fees

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the village's water and sewer utility and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Certain revenues are to be considered available, such as intergovernmental grants, when collected within 180 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable fund balance in the general debt service fund. At December 31, 2015, there were \$3,424,901 of unrecorded deferred assessments which are not recorded as receivables because collection is subject to certain events occurring in the future. No formal repayment schedule has been established.

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

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

The proprietary funds distinguish *operating* revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and clean water utilities, as well as the rec plex and waste collection funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

1. Deposits and Investments

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

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

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

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

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

No policy exists for the following risk:

Concentration of credit risk

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk

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

Credit Risk

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

Interest Rate Risk

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on 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, 2015, the fair value of the village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

Property tax calendar – 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	April 30, 2016
Third installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and clean water utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances” and/or “advances.”

3. Inventories and Prepaid Items

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation/amortization.

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

Land Improvements	30 Years
Buildings	30 Years
Intangible Assets	2-50 Years
Machinery and Equipment	2-15 Years
Infrastructure	20-30 Years
Utility Systems	3-100 Years

Fund Financial Statements

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

6. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

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

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

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

The village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$102,009,772, made up of eight issues.

9. Deferred Inflows of Resources

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 43,754,931	\$ 116,843,266	\$ (17,573,508)	\$ 143,024,689
Unrestricted (deficit)	(29,754,656)	12,885,471	17,573,508	704,323

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

Fund Statements

Governmental fund balances are displayed as follows:

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the village that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The village board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a minimum fund balance policy. That policy is to maintain a working capital fund of 15% of the subsequent years' general fund expenditures. The balance at year end was \$4,598,176 or 30%, and is shown as unassigned general fund balance.

See Note IV.G. for further information.

11. Basis for Existing Rates

Water Utility

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

Sewer Utility

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

11. Basis for Existing Rates (cont.)

Clean Water Utility

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

Lakeview Rec Plex Fund

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

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

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

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

Capital assets per statement of net position	
Land	\$ 5,339,388
Right of way	12,921,838
Construction in progress	4,480,023
Intangible assets, net of amortization	423,716
Other capital assets, net of depreciation	<u>46,877,192</u>
Sub-total	70,042,157
Less: Internal service capital assets, net of depreciation	<u>(3,170,277)</u>
 Net Adjustment for Capital Assets	 <u>\$ 66,871,880</u>

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

Bonds and notes payable	\$ 66,360,000
Compensated absences	571,760
Accrued interest	1,038,389
Unamortized debt premium	4,885,962
Other post-employment benefits	<u>2,727,826</u>
 Combined Adjustment for Long-Term Liabilities	 <u>\$ 75,583,937</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
TID No. 2 Debt Service	\$ 9,075,479	\$ 19,256,977	\$ 10,181,498
General Capital Projects	6,658,966	7,404,727	745,761
Federally Forfeited Property	-	4,721	4,721
Police Canine Unit	2,000	4,193	2,193

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, 2015, 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, 2015

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	\$ 8,821,599	\$ 11,241,230	Custodial credit risk
U.S. agencies (implicitly guaranteed)	2,069,373	2,069,373	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk
U.S. agencies (explicitly guaranteed)	502,104	502,104	Custodial credit risk, interest rate risk
Mutual funds – bonds	913,345	913,345	Credit risk, interest rate risk
LGIP	52,278,516	52,278,516	Credit risk
Petty cash	12,525	-	N/A
Total Cash and Investments	<u>\$ 64,597,462</u>	<u>\$ 67,004,568</u>	

Reconciliation to financial statements:

Per statement of net position	
Unrestricted cash and investments	\$ 44,564,290
Restricted cash and investments	2,264,451
Per statement of net position – Fiduciary Funds	
Retired employees healthcare plan trust	913,345
Agency	<u>16,855,376</u>
Total Deposits and Investments	<u>\$ 64,597,462</u>

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

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

The village maintains collateral agreements with its banks. At December 31, 2015, the banks had pledged various government securities in the amount of \$12,711,658 to secure the village's deposits.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015, the village's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service	Morningstar
U.S. agencies (implicitly guaranteed)	AA+	Aaa	
Mutual funds – bonds			
Dreyfus cash management	AAAm	Aaa-mf	
Vantagepoint funds			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, 2015, the village does not have any investment portfolios exposed to concentration of credit risk.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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, 2015, 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)	\$ 2,069,373	\$ -	\$ -	\$ 2,069,373
U.S. agencies (explicitly guaranteed)	502,104	-	-	502,104
Mutual funds – bonds	<u>913,345</u>	<u>-</u>	<u>913,345</u>	<u>-</u>
Totals	<u>\$ 3,484,822</u>	<u>\$ -</u>	<u>\$ 913,345</u>	<u>\$ 2,571,477</u>

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

B. RECEIVABLES

All receivable balances are expected to be collected within one year with the exception of \$50,632 in delinquent taxes, \$412,390 in special assessments, and \$265,562 in delinquent special assessments.

Revenues of the Lakeview Rec Plex are reported net of uncollectable amounts. Total uncollectable amounts related to revenues of the current period are \$59,587.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ -	\$ 20,333,302
Rescue accounts receivable	222,450	-
Assessing contracts receivable	-	241,557
Developer fees	-	765,873
Special assessments not yet due	328,706	1,602,092
Street light replacement	-	31,965
Transportation improvement fees receivable	-	787,125
Miscellaneous	52,102	348,195
Total Unavailable/Unearned Revenue for Governmental Funds	\$ 603,258	\$ 24,110,109
Unearned revenue included in liabilities		\$ 3,657,975
Unearned revenue included in deferred inflows		20,452,134
Total Unearned Revenue for Governmental Activities		\$ 24,110,109

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.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. RESTRICTED ASSETS (cont.)

Net Pension Asset

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

Following is a list of restricted assets at December 31, 2015:

	Restricted Assets
Sewer equipment replacement account	\$ 1,245,034
Impact fee account	1,019,417
Net pension asset	2,244,494
Total Restricted Assets	\$ 4,508,945

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/ amortized				
Land	\$ 5,329,014	\$ 239,844	\$ 229,470	\$ 5,339,388
Right of way	12,921,838	-	-	12,921,838
Construction in progress – general	6,530,560	2,407,744	4,959,581	3,978,723
Construction in progress – TID water and sewer	969,315	364,990	833,005	501,300
Total Capital Assets Not Being Depreciated/Amortized	25,750,727	3,012,578	6,022,056	22,741,249
Capital assets being depreciated/ amortized				
Land improvements	4,537,107	1,470,175	-	6,007,282
Buildings	7,728,314	5,646,630	95,670	13,279,274
Intangible assets – computer software	1,024,956	32,806	15,169	1,042,593
Intangible assets – fleet internal services	16,699	-	-	16,699
Machinery and equipment	7,655,226	1,059,382	202,885	8,511,723
Machinery and equipment – fleet internal services	7,824,560	841,118	267,898	8,397,780
Roads	57,065,512	3,419,501	-	60,485,013
Street lighting	1,526,357	1,662,702	130,600	3,058,459
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total Capital Assets Being Depreciated/Amortized	88,964,696	14,132,314	712,222	102,384,788

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Governmental Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Less: Accumulated depreciation/ amortization				
Land improvements	\$ (1,094,069)	\$ (180,643)	\$ -	\$ (1,274,712)
Buildings	(4,321,787)	(270,450)	48,234	(4,544,003)
Intangible assets – computer software	(564,125)	(82,445)	15,169	(631,401)
Intangible assets – fleet internal services	(1,789)	(2,386)	-	(4,175)
Machinery and equipment	(5,000,868)	(635,032)	172,523	(5,463,377)
Machinery and equipment – fleet internal services	(4,865,195)	(613,274)	238,442	(5,240,027)
Roads	(34,300,807)	(2,137,874)	-	(36,438,681)
Street lighting	(603,814)	(85,660)	97,405	(592,069)
Traffic signals	(108,496)	(19,370)	-	(127,866)
Railroad spur	(724,388)	(43,181)	-	(767,569)
Total Accumulated Depreciation/Amortization	(51,585,338)	(4,070,315)	571,773	(55,083,880)
Net Capital Assets	\$ 63,130,085			\$ 70,042,157

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 319,966
Public safety	447,428
Public works, which includes the depreciation of roads, street lighting, traffic signals, and railroad spurs	2,521,786
Parks	163,704
Community development	1,771
Sub-total	3,454,655
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	615,660
Total Governmental Activities Depreciation/Amortization Expense	\$ 4,070,315

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	118,490	-	135,340
Construction in progress	15,331	-	-	15,331
Total Capital Assets Not Being Depreciated/Amortized	578,399	118,490	-	696,889
Capital assets being depreciated/ amortized				
Source of supply	195,690	-	-	195,690
Pumping	3,844,617	-	-	3,844,617
Transmission and distribution	49,817,658	2,719,012	29,928	52,506,742
General assets	1,130,112	6,647	-	1,136,759
Total Capital Assets Being Depreciated/Amortized	54,988,077	2,725,659	29,928	57,683,808
Total Capital Assets	55,566,476	2,844,149	29,928	58,380,697
Less: Accumulated depreciation/amortization	(13,972,515)	(1,046,392)	29,928	(14,988,979)
Net Water Plant	\$ 41,593,961			\$ 43,391,718

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer				
Capital assets not being depreciated/ amortized				
Land and land rights	\$ 1,241,788	\$ -	\$ -	\$ 1,241,788
Intangible assets	85,550	-	-	85,550
Construction in progress	<u>72,121</u>	<u>-</u>	<u>29,207</u>	<u>42,914</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>1,399,459</u>	<u>-</u>	<u>29,207</u>	<u>1,370,252</u>
Capital assets being depreciated/ amortized				
Collection systems	65,489,230	1,608,114	-	67,097,344
Collection system pumping	5,438,589	153,859	23,207	5,569,241
Treatment and disposal	286,169	-	-	286,169
General assets	<u>1,875,419</u>	<u>11,596</u>	<u>-</u>	<u>1,887,015</u>
Total Capital Assets Being Depreciated/Amortized	<u>73,089,407</u>	<u>1,773,569</u>	<u>23,207</u>	<u>74,839,769</u>
Total Capital Assets	<u>74,488,866</u>	<u>1,773,569</u>	<u>52,414</u>	<u>76,210,021</u>
Less: Accumulated depreciation/amortization	<u>(25,223,448)</u>	<u>(1,394,839)</u>	<u>23,207</u>	<u>(26,595,080)</u>
Net Sewer Plant	<u>\$ 49,265,418</u>			<u>\$ 49,614,941</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Clean Water</u>				
Capital assets not being depreciated/ amortized				
Construction in progress	\$ 253,603	\$ 67,661	\$ 26,339	\$ 294,925
Capital assets being depreciated/ amortized				
Equipment	19,552	-	-	19,552
Intangible assets	8,072	-	-	8,072
Land improvements	-	25,108	-	25,108
Storm sewers	30,739,392	2,361,856	-	33,101,248
Total Capital Assets				
Being Depreciated/Amortized	30,767,016	2,386,964	-	33,153,980
Total Capital Assets	31,020,619	2,454,625	26,339	33,448,905
Less: Accumulated depreciation/amortization	(9,778,359)	(776,272)	-	(10,554,631)
Net Clean Water Capital Assets	\$ 21,242,260			\$ 22,894,274

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

D. CAPITAL ASSETS (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Lakeview Rec Plex				
Capital assets not being depreciated/amortized				
Construction in progress	\$ 132,502	\$ -	\$ 132,502	\$ -
 Capital assets being depreciated/ amortized				
Building	39,221,056	217,807	23,768	39,415,095
Equipment	2,585,611	6,174	-	2,591,785
Infrastructure	198,788	-	-	198,788
Intangible assets	256,064	-	-	256,064
Land improvements	2,075,791	-	-	2,075,791
Total Capital Assets				
Being Depreciated/Amortized	44,337,310	223,981	23,768	44,537,523
Total Capital Assets	44,469,812	223,981	156,270	44,537,523
 Less: Accumulated depreciation/amortization				
Building	(9,176,216)	(1,038,841)	8,616	(10,206,441)
Equipment	(2,141,552)	(98,589)	-	(2,240,141)
Infrastructure	(94,424)	(6,626)	-	(101,050)
Intangible assets	(187,348)	(14,495)	-	(201,843)
Land improvements	(894,772)	(100,854)	-	(995,626)
Total Accumulated Depreciation/Amortization	(12,494,312)	(1,259,405)	8,616	(13,745,101)
Net Lakeview Rec Plex Capital Assets	\$ 31,975,500			\$ 30,792,422

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ 7,304	\$ 48,293	\$ 7,304	\$ 48,293
Capital assets being depreciated/ amortized				
Land improvements	16,269	-	-	16,269
Buildings	267,749	35,368	-	303,117
Equipment	772,169	-	-	772,169
Intangible assets	8,073	-	-	8,073
Total Capital Assets				
Being Depreciated/Amortized	1,064,260	35,368	-	1,099,628
Total Capital Assets	1,071,564	83,661	7,304	1,147,921
Less: Accumulated depreciation/amortization				
Land improvements	(6,597)	(542)	-	(7,139)
Buildings	(95,648)	(13,535)	-	(109,183)
Equipment	(590,696)	(47,690)	-	(638,386)
Intangible assets	(8,073)	-	-	(8,073)
Total Accumulated Depreciation/Amortization	(701,014)	(61,767)	-	(762,781)
Net Waste Collection Capital Assets	\$ 370,550			\$ 385,140
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 144,447,689			\$ 147,078,495

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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	\$ 1,010,267
Sewer	1,426,186
Clean Water	776,272
Lakeview Rec Plex	1,259,405
Waste Collection	<u>61,767</u>
 Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 4,533,897</u>

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

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Business-type Activities – internal service allocations	Governmental Activities – internal service allocations	<u>\$ 573,105</u>
Total Internal Balances - Government-wide Statement of Net Position		<u>\$ 573,105</u>

All amounts are due within one year.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 832,171	Payment in lieu of taxes
General Capital Projects	Sewer Utility	1,347	Munis system costs
General Capital Projects	Water Utility	757	Munis system costs
General Capital Projects	Waste Collection	252	Munis system costs
General Capital Projects	Lakeview Rec Plex	1,683	Munis system costs
General Capital Projects	Clean Water Utility	168	Munis system costs
Lakeview Rec Plex	Water Utility	<u>120,091</u>	Tower lease payments
Total – Fund Financial Statements		956,469	
Less: Fund eliminations		(120,091)	
Less: Transfer to business-type activities for capital assets funded by the governmental activities		<u>(5,906,784)</u>	
Total Transfers – Government-Wide Statement of Activities		<u>\$ (5,070,406)</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activities	Business-type Activities	\$ 836,378	
Business-type Activities	Governmental Activities	<u>(5,906,784)</u>	
Total Government-wide Statement of Activities		<u>\$ (5,070,406)</u>	

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 61,454,552	\$ 22,805,000	\$ 17,899,552	\$ 66,360,000	\$ 10,025,000
Premium	4,628,823	1,313,515	1,056,376	4,885,962	-
Sub-totals	66,083,375	24,118,515	18,955,928	71,245,962	10,025,000
Other Liabilities					
Vested compensated absences	542,464	571,760	542,464	571,760	571,760
Other post-employment benefits					
General	2,325,227	402,599	-	2,727,826	-
Internal Service	29,286	5,068	-	34,354	-
Total Other Liabilities	2,896,977	979,427	542,464	3,333,940	571,760
Total Governmental Activities Long-Term Liabilities	\$ 68,980,352	\$ 25,097,942	\$ 19,498,392	\$ 74,579,902	\$ 10,596,760
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 31,365,447	\$ -	\$ 2,280,447	\$ 29,085,000	\$ 2,100,000-
Premium	1,377,694	-	227,465	1,150,229	-
Sub-totals	32,743,141	-	2,507,912	30,235,229	2,100,000
Other Liabilities					
Customer advances	780,874	-	45,423	735,451	221,436
Other post-employment benefits	567,580	121,777	-	689,357	-
Total Other Liabilities	1,348,454	121,777	45,423	1,424,808	221,436
Total Business-type Activities Long-Term Liabilities	\$ 34,091,595	\$ 121,777	\$ 2,553,335	\$ 31,660,037	\$ 2,321,436

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, 2015, was \$143,761,990. Total general obligation debt outstanding at year end was \$95,445,000.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 12-31-15
Promissory notes	02/19/08	02/01/18	3.00 – 4.00%	\$ 2,235,000	\$ 735,000
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	700,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,025,000	1,250,000
Refunding bonds	10/25/12	06/01/19	2.00 – 3.00%	2,635,000	2,235,000
Promissory notes	11/03/14	05/01/24	2.00 – 4.00%	6,865,000	6,865,000
Promissory notes	08/20/14	09/01/23	4.50 – 5.00%	20,970,000	20,970,000
Refunding bonds	06/04/15	09/01/17	5.00%	9,355,000	9,355,000
Promissory notes	06/04/15	09/01/20	2.00 – 3.00%	13,450,000	13,450,000
Total Governmental Activities – General Obligation Debt					<u>\$ 66,360,000</u>
Business-type Activities General Obligation Debt					
Promissory notes	06/01/06	12/01/16	4.15 – 4.38%	\$ 425,000	\$ 75,000
Refunding notes	02/19/08	09/01/18	3.00 – 4.39%	2,895,000	2,765,000
Refunding notes	06/16/08	12/01/19	4.00 – 4.25%	950,000	950,000
Promissory notes	06/16/08	12/01/18	4.25%	500,000	500,000
Promissory notes	12/04/08	09/01/18	4.00 – 4.75%	1,270,000	970,000
Promissory notes	02/19/09	09/01/18	3.85 – 5.00%	8,000,000	6,500,000
Promissory notes	04/27/10	04/01/20	3.00 – 4.50%	2,375,000	2,350,000
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	4,575,000
Refunding notes	02/01/12	12/01/23	2.00 – 3.00%	2,605,000	1,955,000
Refunding notes	02/21/13	05/01/24	3.00 – 3.25%	7,305,000	6,555,000
Total Business-type Activities General Obligation Debt					<u>\$ 29,085,000</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, 2015

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>
2016	\$ 10,025,000	\$ 2,838,769	\$ 2,100,000	\$ 1,148,265
2017	9,830,000	2,207,713	2,350,000	1,073,546
2018	7,585,000	1,791,325	11,135,000	975,421
2019	7,510,000	1,491,288	2,100,000	467,121
2020	12,475,000	1,273,013	4,025,000	352,184
2021 – 2025	18,935,000	1,426,825	6,085,000	764,631
2026 – 2027	-	-	1,290,000	64,298
Totals	<u>\$ 66,360,000</u>	<u>\$ 11,028,933</u>	<u>\$ 29,085,000</u>	<u>\$ 4,845,466</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 June 4, 2015, the village issued \$9,355,000 in general obligation refunding bonds, series 2015 with an interest rate of 5.0% to refund \$9,865,000 of outstanding general obligation refunding bonds, series 2004 with an interest rate of 5.0%. The net proceeds were used to prepay the outstanding debt service requirements on the debt.

The cash flow requirements on the refunded debt prior to the current refunding was \$10,651,500 from 2016 through 2017. The cash flow requirements on the 2015 refunding bonds are \$10,153,540 from 2016 through 2017. The current refunding resulted in an economic (difference between the present values of the debt service payments on the old and new debt) of \$460,694.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

Governmental Activities

Net investment in capital assets	
Land	\$ 5,339,388
Right of way	12,921,838
Construction in progress	4,480,023
Intangible assets, net of amortization	423,716
Other capital assets, net of accumulated depreciation	46,877,192
Less: unamortized debt premium	(4,885,962)
Less: related long-term debt outstanding (net of unspent proceeds of debt)	<u>(21,401,264)</u>
Total Net Investment in Capital Assets	<u>\$ 43,754,931</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

	General Fund	General Debt Service	TID No. 2 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Govern- mental Funds	Totals
Fund Balances							
Nonspendable:							
Delinquent taxes/ specials	\$ 50,632	\$ 265,562	\$ -	\$ -	\$ -	\$ -	\$ 316,194
Prepaid items	193,428	-	-	-	-	-	193,428
Restricted for:							
Debt service	-	576,752	6,078,945	-	-	-	6,655,697
TID purposes	-	-	-	-	11,505,971	-	11,505,971
Impact fees	-	-	-	1,019,417	-	-	1,019,417
Federally forfeited property	-	-	-	-	-	31,165	31,165
Committed to:							
Fire and rescue	-	-	-	-	-	22,354	22,354
Police canine unit	-	-	-	-	-	1,518	1,518
Assigned to:							
Capital projects	-	-	-	1,429,712	-	-	1,429,712
Unassigned:							
	<u>4,598,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,598,176</u>
Total Fund Balances	<u>\$ 4,842,236</u>	<u>\$ 842,314</u>	<u>\$ 6,078,945</u>	<u>\$ 2,449,129</u>	<u>\$ 11,505,971</u>	<u>\$ 55,037</u>	<u>\$ 25,773,632</u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. NET POSITION/FUND BALANCES (cont.)

Business-type Activities

Net Investment in Capital Assets	
Land	\$ 1,788,006
Construction in progress	401,463
Intangible assets, net of amortization	156,621
Other capital assets, net of accumulated depreciation	144,732,405
Less: Long-term debt outstanding	(29,085,000)
Less: Unamortized debt premium	<u>(1,150,229)</u>
 Total Net Investment in Capital Assets	 <u><u>\$ 116,843,266</u></u>

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Sewer Utility	Clean Water Utility
Net Position – December 31, 2014 (as reported)	\$ 15,525,675	\$ 122,880,873	\$ 44,338,640	\$ 48,101,765	\$ 24,245,630
Add: Net pension asset	2,641,288	863,655	62,352	78,031	30,445
Add: Deferred outflows related to pensions	<u>684,676</u>	<u>223,877</u>	<u>16,163</u>	<u>20,227</u>	<u>7,892</u>
 Net Position – December 31, 2014 (as restated)	 <u><u>\$ 18,851,639</u></u>	 <u><u>\$ 123,968,405</u></u>	 <u><u>\$ 44,417,155</u></u>	 <u><u>\$ 48,200,023</u></u>	 <u><u>\$ 24,283,967</u></u>
	Lakeview Rec Plex Fund	Waste Collection Fund	Fleet Internal Services		
Net Position – December 31, 2014 (as reported)	\$ 5,114,897	\$ 624,335	\$ 3,466,272		
Add: Net pension asset	594,108	98,719	52,153		
Add: Deferred outflows related to pensions	<u>154,005</u>	<u>25,590</u>	<u>13,519</u>		
 Net Position – December 31, 2014 (as restated)	 <u><u>\$ 5,863,010</u></u>	 <u><u>\$ 748,644</u></u>	 <u><u>\$ 3,531,944</u></u>		

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

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

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, 2015, the CDA held no cash or investments.

c. Capital Assets

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
Land*	\$ 10,742,982	\$ -	\$ 3,089,894	\$ 7,653,088

* The land is held for resale.

d. Restatement of Net Position

Net position has been restated to correct an error in the CDA capital asset land value.

CDA Net Position – December 31, 2014 (as reported)	\$ 11,131,601
Less: Land value of property transferred in prior year	(388,619)
CDA Net Position – December 31, 2014 (as restated)	\$ 10,742,982

Net income of the prior year would have decreased by \$388,619.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

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

During the reporting period, the WRS recognized \$910,290 in contributions from the village.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

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

At December 31, 2015, the village reported an asset of \$2,244,494 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The village's proportion of the net pension asset was based on the village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the village's proportion was 0.09137800%, which was an increase of 0.00247640% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the village recognized pension expense of \$813,232.

At December 31, 2015, the village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 325,382	\$ -
Net differences between projected and actual earnings on pension plan investments	1,086,891	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	65,288
Employer contributions subsequent to the measurement date	917,337	-
Totals	\$ 2,329,610	\$ 65,288

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$917,337 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 345,906	\$ 14,885
2017	345,906	14,885
2018	345,906	14,885
2019	345,906	14,885
2020	28,649	5,748

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension asset (liability)	\$(6,332,103)	\$2,244,494	\$9,017,943

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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, 2015. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

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 past practice and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information

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

Retirees	8
Active plan members	161
Number of participating employers	1

Contribution requirements are established through collective bargaining agreements and past practice and may be amended only through negotiations between the village and the union. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The village contributes 97% of the current year premiums for a family or single plan, for eligible retired plan members and their spouses, upon attaining the age 60 for nonrepresented, 55 for police and 53 for fire until they reach Medicare eligible age. For 2015, the village contributed \$98,037 to the plan. There were no member contributions for 2015. 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	\$	659,358
Interest on net OPEB obligation		116,884
Adjustment to annual required contribution		<u>(148,761)</u>
Annual OPEB cost		627,481
Contributions made		<u>(98,037)</u>
Increase in net OPEB obligation		529,444
Net OPEB Obligation – Beginning of Year		<u>2,922,093</u>
Net OPEB Obligation – End of Year	\$	<u><u>3,451,537</u></u>

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information (cont.)

The village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 627,481	15.6%	\$ 3,451,537
12/31/14	586,771	17.4%	2,922,093
12/31/13	670,731	107.6%	2,437,529

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

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

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

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Contribution Information (cont.)

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

In the January 1, 2014 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 5.9% initially, reduced by decrements to an ultimate rate of 4.3% after 70 years. Both rates include an inflationary assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized in level dollar payments. The amortization period at December 31, 2015, was 28 years.

E. SIGNIFICANT CUSTOMERS

Water Utility

The utility has one significant customer who was responsible for 23% of operating revenues in 2015.

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

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

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*

VILLAGE OF PLEASANT PRAIRIE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE V – OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS (cont.)

- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- > Statement No. 79, *Certain External Investment Pools and Pool Participants*
- > Statement No. 80, *Blending Requirements for Certain Component Units*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements 67, 68, and 73*

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PLEASANT PRAIRIE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
TAXES				
General property tax for local purposes	\$ 7,956,179	\$ 7,956,179	\$ 7,956,184	\$ 5
Taxes - penalties and interest	45,000	45,000	(78,883)	(123,883)
Mobile home taxes	146,000	146,000	124,106	(21,894)
Hotel/motel room tax	55,000	55,000	62,122	7,122
Other taxes	17,000	17,000	18,111	1,111
Total Taxes	<u>8,219,179</u>	<u>8,219,179</u>	<u>8,081,640</u>	<u>(137,539)</u>
INTERGOVERNMENTAL				
Shared taxes from state	2,039,576	2,039,576	2,041,619	2,043
Fire insurance tax from state	88,751	88,751	89,999	1,248
Law enforcement grants	20,000	20,000	33,629	13,629
Ambulance service grant	-	-	4,193	4,193
Exempt computer aid	23,075	23,075	23,128	53
State payment for municipal service	1,518	1,518	1,474	(44)
Total Intergovernmental	<u>2,172,920</u>	<u>2,172,920</u>	<u>2,194,042</u>	<u>21,122</u>
REGULATION AND COMPLIANCE				
Liquor and malt beverage licenses	12,000	12,000	12,471	471
Cigarette licenses	1,100	1,100	1,100	-
Bartender licenses	7,000	7,000	10,365	3,365
Other miscellaneous licenses	3,500	3,500	2,725	(775)
Fire department permits	50,000	73,000	170,954	97,954
Dog licenses	8,000	8,000	7,433	(567)
Residential building permits	199,000	199,000	193,555	(5,445)
Commercial building permits	500,000	500,000	555,596	55,596
Application and zoning fees	147,112	147,112	153,084	5,972
Miscellaneous permits and fees	94,615	94,615	156,715	62,100
Court penalties and costs	348,000	348,000	359,540	11,540
Parking tickets	40,000	40,000	20,620	(19,380)
Total Regulation and Compliance	<u>1,410,327</u>	<u>1,433,327</u>	<u>1,644,158</u>	<u>210,831</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
PUBLIC CHARGES FOR SERVICES				
Publication fees	\$ 3,372	\$ 3,372	\$ 768	(2,604)
Administrative fees	5,000	5,000	10,573	5,573
Prequalification fees	1,500	1,500	2,385	885
Police department fees	20,000	20,000	12,953	(7,047)
Fire department fees	40,000	40,000	64,896	24,896
Rescue squad fees	463,882	463,882	418,747	(45,135)
Highway department fees	277,560	277,560	254,994	(22,566)
Engineering department fees	197,600	197,600	197,556	(44)
Street lighting	146,000	146,000	142,803	(3,197)
Special assessment letters	9,000	9,000	12,196	3,196
Weed control	12,000	12,000	6,022	(5,978)
Franchise fees	285,200	285,200	289,512	4,312
IT department services	3,508	3,508	3,578	70
Other	16,300	16,300	7,438	(8,862)
Total Public Charges for Services	<u>1,480,922</u>	<u>1,480,922</u>	<u>1,424,421</u>	<u>(56,501)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
Assessing contracts	207,801	207,801	231,276	23,475
School liaison officer	33,690	33,690	23,761	(9,929)
Total Intergovernmental Charges for Services	<u>241,491</u>	<u>241,491</u>	<u>255,037</u>	<u>13,546</u>
INVESTMENT INCOME				
Investment income	59,900	59,900	30,190	(29,710)
MISCELLANEOUS				
Miscellaneous	53,000	53,000	72,307	19,307
Tower leases	83,414	83,414	123,123	39,709
Village hall rent from utility	59,468	59,468	59,468	-
Total Miscellaneous	<u>195,882</u>	<u>195,882</u>	<u>254,898</u>	<u>59,016</u>
OTHER FINANCING SOURCES				
Transfers in	939,177	939,177	832,171	(107,006)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>14,719,798</u>	<u>14,742,798</u>	<u>14,716,557</u>	<u>(26,241)</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, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES				
GENERAL GOVERNMENT				
Village board	\$ 93,189	\$ 93,189	\$ 90,375	\$ 2,814
Information technology	1,056,549	1,056,549	927,725	128,824
Administration, finance and human resources	955,918	955,918	922,973	32,945
Assessing	579,005	579,005	509,500	69,505
Municipal buildings	394,784	394,784	316,946	77,838
Contingency	12,456	12,456	480,901	(468,445)
Total General Government	3,091,901	3,091,901	3,248,420	(156,519)
PUBLIC SAFETY				
Police	3,892,855	3,892,855	3,958,906	(66,051)
Municipal court	158,826	158,826	164,410	(5,584)
Fire and rescue	3,564,440	3,587,440	3,286,063	301,377
Engineering department	325,171	325,171	281,504	43,667
Public safety communications	503,740	503,740	474,732	29,008
Total Public Safety	8,445,032	8,468,032	8,165,615	302,417
PUBLIC WORKS				
Public works	1,594,842	1,594,842	1,509,172	85,670
Street lighting	279,388	279,388	289,345	(9,957)
Total Public Works	1,874,230	1,874,230	1,798,517	75,713
PARKS				
	463,467	463,467	417,126	46,341
COMMUNITY DEVELOPMENT				
Community development	446,005	446,005	416,026	29,979
Inspection	399,163	399,163	382,785	16,378
Total Community Development	845,168	845,168	798,811	46,357
TOTAL EXPENDITURES	14,719,798	14,742,798	14,428,489	314,309
Net Change in Fund Balance	-	-	288,068	288,068
FUND BALANCE - Beginning of Year	4,554,168	4,554,168	4,554,168	-
FUND BALANCE - END OF YEAR	\$ 4,554,168	\$ 4,554,168	\$ 4,842,236	\$ 288,068

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

VILLAGE OF PLEASANT PRAIRIE

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

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

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

See independent auditors' report.

VILLAGE OF PLEASANT PRAIRIE

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.09137800%	\$ 2,244,494	\$ 11,218,417	20.01%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2015

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 917,337	\$ 917,337	\$ -	\$ 11,800,265	7.77%

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

VILLAGE OF PLEASANT PRAIRIE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2015

BUDGETARY INFORMATION

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

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

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

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

VILLAGE OF PLEASANT PRAIRIE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
ASSETS					
Cash and investments	\$ 22,354	\$ 2,930	\$ 31,165	\$ -	\$ 56,449
Taxes receivable	-	-	-	2,236	2,236
TOTAL ASSETS	\$ 22,354	\$ 2,930	\$ 31,165	\$ 2,236	\$ 58,685
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	-	1,412	-	-	1,412
Deferred Inflows of Resources					
Unearned revenue	-	-	-	2,236	2,236
Fund Balances					
Restricted	-	-	31,165	-	31,165
Committed	22,354	1,518	-	-	23,872
Total Fund Balances	22,354	1,518	31,165	-	55,037
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,354	\$ 2,930	\$ 31,165	\$ 2,236	\$ 58,685

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Funds
	Fire and Rescue Fund	Police Canine Unit	Federally Forfeited Property Fund	TID No. 4	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 2,181	\$ 2,181
Intergovernmental	-	-	32,610	-	32,610
Investment income	63	8	87	-	158
Miscellaneous	1,115	3,830	-	-	4,945
Total Revenues	<u>1,178</u>	<u>3,838</u>	<u>32,697</u>	<u>2,181</u>	<u>39,894</u>
EXPENDITURES					
Current					
Public safety	473	4,193	4,721	-	9,387
Capital Outlay	-	-	-	2,181	2,181
Total Expenditures	<u>473</u>	<u>4,193</u>	<u>4,721</u>	<u>2,181</u>	<u>11,568</u>
Net Change in Fund Balance	705	(355)	27,976	-	28,326
FUND BALANCE - Beginning of Year	<u>21,649</u>	<u>1,873</u>	<u>3,189</u>	<u>-</u>	<u>26,711</u>
FUND BALANCE - END OF YEAR	<u>\$ 22,354</u>	<u>\$ 1,518</u>	<u>\$ 31,165</u>	<u>\$ -</u>	<u>\$ 55,037</u>

VILLAGE OF PLEASANT PRAIRIE

STATEMENT OF CASH FLOWS -
COMPONENT UNIT
For the Year Ended December 31, 2015

	Community Development Authority
CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>
Net Change Cash and Cash Equivalents	-
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfer of land to the TID	<u><u>\$ 3,089,894</u></u>

VILLAGE OF PLEASANT PRAIRIE

COMBINING STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2015

	Agency Funds		
	Tax Collection Fund	Mobile Home Fees	Totals
ASSETS			
Cash and investments	\$ 16,784,002	\$ 71,374	\$ 16,855,376
Receivables			
Taxes	25,512,379	-	25,512,379
Accounts	-	7,670	7,670
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 42,296,381</u>	<u>\$ 79,044</u>	<u>\$ 42,375,425</u>
LIABILITIES			
Accounts payable	\$ 1,810	\$ -	\$ 1,810
Due to other taxing units	42,294,571	79,044	42,373,615
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 42,296,381</u>	<u>\$ 79,044</u>	<u>\$ 42,375,425</u>