

Village of Pleasant Prairie

Financial Statements and
Supplementary Information

December 31, 2022

Village of Pleasant Prairie

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Independent Auditors' Report

To the Village Board of
Village of Pleasant Prairie

Report on the Audit of the Financial Statements

Opinions

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 (the Village), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, as of December 31, 2022 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin
July 6, 2023

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, 2022. 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 \$18.4 million to \$294 million. Events that had major impacts on the Village's 2022 financials were:

- Governmental activities net position increased \$3.3 million with revenue of \$47.2 million, exceeding expenses of \$35.6 million, and a transfer of \$8.3 million of assets to business-type activities. Revenue was down \$4.9 million (mainly capital contribution) and expenses were up \$4.4 million, with Community development expenses increase of \$7.2 million offset by Public Works decrease of \$4.6 million. See government activity section for more details.
- Business-type activities net position increased \$15.1 million, with revenue of \$32.7 million exceeding expenses of \$25.9 million, adding \$6.8 million. Another \$8.5 million was a transfer of sewer, water, and clean water infrastructure from government activities, TID #5 Prairie Highlands.
- The Village's debt decreased by \$20.9 million ending the year with \$40.9 million in general obligation bonds outstanding. The Village didn't borrow in 2022, and paid \$20.9 million of principal in 2022, \$12.97 million of that amount was TID #2 debt.
- The Village had investments of \$278.5 million at the end of 2022 in capital assets, a net increase of \$3.3 million. (See table A5). Additions of \$23.3 million minus \$9.6 million net decrease in work in progress exceeded depreciation additions of \$10.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of four parts:

- *Management's discussion and analysis (required supplementary information)*
- *Basic financial statements*
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
- *Required supplementary information.*
- *Supplementary information*

The basic financial statements include two kinds of statements that present different views of the Village. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status. The remaining statements are fund financial statements that focus on individual parts of Village government and report the Village's operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a supplementary information section with combining statements that provide details about our nonmajor governmental funds. The nonmajor 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 nonfinancial 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 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 \$18.4 million to \$294 million. The majority of the net position, \$189.8 million, belongs to business-type activities of the Village, primarily the sewer (\$75.2 million) and water utilities (\$69.4 million).

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

	Governmental		Business-type				Total Change	
	Activities		Activities		Total		Dollars	%
	2021	2022	2021	2022	2021	2022	2022-2021	
Current and other assets	94.3	76.6	29.3	32.1	123.6	108.7	(14.9)	-12.1%
Capital assets	102.0	95.5	173.2	183.0	275.2	278.5	3.3	1.2%
Total assets	196.3	172.1	202.5	215.1	398.8	387.2	(11.6)	-2.9%
Deferred outflows of resources	10.5	17.2	3.2	4.8	13.7	22.0	8.3	26.8%
Long-term debt outstanding	50.6	34.2	21.4	19.2	71.9	53.4	(18.5)	-25.7%
Other liabilities	8.0	8.1	5.5	4.7	13.5	12.8	(0.7)	-5.2%
Total liabilities	58.6	42.3	26.8	23.9	85.4	66.2	(19.2)	-22.5%
Deferred inflows of resources	47.3	42.8	4.2	6.2	51.6	49.0	(2.6)	-5.0%
Net Position								
Net investment in								
capital assets	70.6	72.7	153.2	165.5	219.7	238.2	18.5	8.4%
Restricted	12.4	10.0	2.8	3.2	15.2	13.3	(1.9)	-12.5%
Unrestricted (deficit)	17.9	21.4	18.6	21.1	40.7	42.5	1.8	4.4%
Total net position - end of year	100.9	104.2	174.7	189.8	275.5	294.0	18.4	6.7%

Figures may not total due to rounding.

Governmental activities *current and other assets* decreased by \$17.7 million because of a reduction in cash of \$9.8 million and tax receivable of \$9.6 million, offset by an increase in net pension asset of \$1.7 million and new lease receivable of \$9.9 million.

Additions of \$7.8 million of capital assets was outpaced by disposals including a net decrease in construction in progress and depreciation of \$14.2 million accounting for a \$6.5 million decrease in the Village's governmental activities *Capital Assets*. *Deferred outflow of resources* is pension and OPEB related with an increase of \$6.7 million. Village employees are covered under the State of Wisconsin pension plan. More information concerning the increase in capital assets and long-term debt is explained starting on page x.

Other Liabilities remained stable at \$8 million. *Deferred inflows of resources* are property tax (\$23.7 million) and pension (\$16.1 million), with property tax decreasing \$9.6 million due to the closing of TID #2 and pension increasing \$4.7 million. The *net position* of the Village's governmental activities increased \$3.3 million to \$104.2 million.

The *net position* of the Village's business-type activities increased by \$15.1 million to \$189.8 million. Accounting for most of the increase is the sewer utility (\$6.7 million), water utility (\$5.3 million) and clean water utility (\$1.8 million) with smaller increases in RecPlex of \$1.3 million and Waste Collection of \$2.2 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 2022 revenues total \$74.2 million and expenses total \$61.5 million resulting in an increase in net position of \$12.7 million prior to capital contributions and transfers. Table A-2 and the narrative that follow consider the operations of governmental and business-type activities separately.

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

	Governmental		Business-type		Total		Total Change	
	Activities		Activities				Dollar	%
	2021	2022	2021	2022	2021	2022	2021-2022	
Revenues								
Program revenues								
Charges for services	5.6	4.0	27.3	28.6	32.9	32.6	-0.3	-0.9%
Operating grants and contributions	1.5	1.7	0.1	0.4	1.5	2.1	0.5	40.0%
General revenues								
Property taxes	31.4	33.2	0.5	0.5	31.9	33.7	1.8	5.6%
Other taxes	0.5	0.4	0.0	0.0	0.5	0.4	-0.1	-20.0%
Intergovernmental (not restricted)	3.7	4.1	0.0	0.0	3.7	4.1	0.4	10.8%
Investment income	0.1	0.8	0.1	0.5	0.2	1.2	1.0	0.0%
Others	2.9	0.0	0.0	0.0	2.9	0.0	-2.9	-100.0%
Total revenues	45.7	44.3	28.0	29.9	73.7	74.2	0.5	0.7%
Expenses								
General government	3.2	4.1	0.0	0.0	3.2	4.1	1.0	28.1%
Public safety	10.8	11.4	0.0	0.0	10.8	11.4	0.6	5.6%
Public works	10.4	5.8	0.0	0.0	10.4	5.8	-4.6	-44.2%
Parks	0.2	1.1	0.0	0.0	0.2	1.1	1.0	450.0%
Community development	5.0	12.2	0.0	0.0	5.0	12.2	7.2	144.0%
Interest and fiscal charges	1.6	1.0	0.0	0.0	1.6	1.0	-0.6	-37.5%
Water	0.0	0.0	6.0	5.8	6.0	5.8	-0.2	-3.3%
Sewer	0.0	0.0	5.2	5.1	5.2	5.1	-0.1	-1.9%
Clean Water	0.0	0.0	1.9	2.1	1.9	2.1	0.1	10.5%
LakeView RecPlex	0.0	0.0	10.2	10.9	10.2	10.9	0.6	6.9%
Waste collection	0.0	0.0	1.8	2.1	1.8	2.1	0.3	16.7%
Total expenses	31.2	35.6	25.2	25.9	56.3	61.5	5.2	9.2%
Increase (deficiency) before contributions & transfers	14.5	8.7	2.8	4.0	17.3	12.7	-4.7	-26.6%
Capital contributions	6.4	2.9	6.4	2.8	12.8	5.7	-7.1	-55.5%
Transfers	-1.3	-8.3	1.3	8.3	0.0	0.0	0.0	0.0%
CHANGE IN NET POSITION	19.6	3.3	10.5	15.1	30.1	18.4		
ENDING NET POSITION	100.9	104.2	174.7	189.8	275.6	294.0		

Figures may not total due to rounding.

Governmental Activities

Revenues for the Village's governmental activities total \$44.3 million, with property taxes accounting for \$33.6 million. Other revenues of \$10.7 million includes \$4.9 million intergovernmental revenue including shared aid \$2.1 million. Charges for services includes Engineering Fees (\$1,060,000), building permits (\$702,000), rescue billings (\$674,000), municipal court fees (\$306,000), and franchisee fees (\$239,000).

Governmental activities expenses total \$35.6 million, \$4.4 million more than 2021 expenses. The largest increase was Community Development (CD) (\$7.2 million). TID #2 closed in 2022, and the payout to the other taxing entities of \$7.5 million is reflected as an increase in CD's expenses. Public Works decreased by \$4.6 million from 2021 to be more in line with 2020 expenses.

Capital contributions decreased in 2022 from \$6.4 million to \$2.9 million. In both years, Community Development contribution included the CDBG grant for \$2.4 million (2021) and \$3 million (2022) respectively reimbursing the Village of Pleasant Prairie's \$5.4 grant award to help Kenosha Area Business Alliance de-federalize their loans.

Table A-3 presents the total cost of each of the Village's activities (\$35.6 million) as well as each activity's net cost (\$27 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.

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

- Village property taxes (\$ 33.6 million)
- State of Wisconsin shared revenue (\$4.1 million)
- Miscellaneous (\$798,000)

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	
	2021	2022	Dollar	%		2021	2022	Dollar	%
	2021	2022	2021-2022			2021	2022	2021-2022	
General government	3.2	4.1	1.0	30.2%		2.4	3.5	1.1	43.7%
Public safety	10.8	11.4	0.6	5.1%		8.5	9.7	1.2	14.2%
Public works	10.4	5.8	(4.6)	-44.5%		4.4	3.0	(1.4)	-32.2%
Culture, education and recreation	0.2	1.1	1.0	523.5%		0.2	1.1	1.0	523.5%
Community development	5.0	12.2	7.2	144.9%		0.6	8.7	8.1	1342.2%
Other	1.6	1.0	(0.6)	-37.6%		1.6	1.0	(0.6)	-37.6%
Grand Total	31.2	35.6	4.4	14.2%		17.7	27.0	9.3	52.2%

Figures may not total due to rounding.

Business-type Activities

Revenue from the Village's business-type activities increased by \$1.9 million to \$29.9 million. Charges for service accounting for 96% of business-type activity revenue. In 2022, revenue increased across all enterprise fund, except waste collection, the greatest increase from RecPlex \$1.4 million. RecPlex offers a family-oriented recreation destination with five main activity areas: an aquatics center, fitness center, athletic field house, two ice rinks and a 50-meter competitive indoor swimming pool. The

Business-type expenses total \$26 million, up half million from 2021. The RecPlex is the largest business type fund, accounting for 43% of all business-type expense activity. The water utility is a distant second at 22% of the business-type expenses. Property tax revenue of a half million was used to support RecPlex in 2022 to help after the pandemic and slow economic recovery.

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

	Water Utility		Sewer Utility		Clean Water		RecPlex		Waste Collection		Total		Change	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	Dollar	%
Revenues														
Program revenues														
Charge for services	7.8	7.9	5.6	5.6	2.1	2.1	9.7	10.7	2.2	2.2	27.3	28.6	1.3	4.8%
Intergovernmental	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	-	-0.1	-100.0%
Property Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.5	0.0	0.0	0.5	0.5	0.0	NA
General Revenues														
Investment Income	0.0	0.2	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.5	0.3	400.0%
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.6	0.0	0.0	0.3	0.6	0.4	100.0%
Total revenue	7.8	8.1	5.6	5.8	2.1	2.2	10.5	11.9	2.3	2.2	28.3	30.2	1.9	6.7%
Expenses	6.0	5.8	5.2	5.0	1.9	2.0	10.5	11.1	1.9	2.1	25.6	26.0	0.5	1.6%
Excess (deficiency) before contributions & transfers	1.8	2.3	0.4	0.7	0.2	0.2	0.0	0.8	0.4	0.2	2.7	4.2	1.5	55.6%
Capital contribution	2.0	3.8	2.7	5.9	3.9	1.6	0.0	0.4	0.0	0.1	8.6	11.8	3.2	37.2%
Transfers	-1.0	-0.9	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	(0.9)	(0.7)	0.1	-22.2%
Internal service fund charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.5	0.0	NA
CHANGE IN NET POSITION	2.8	5.3	3.1	6.7	4.1	1.8	0.1	1.3	0.4	0.2	10.9	15.7	4.9	44.0%
ENDING NET POSITION	64.1	69.4	68.5	75.17	35.1	36.9	6.1	7.4	0.4	0.6	174.6	189.9	15.3	8.8%

Figures may not total due to rounding.

Overall, the Village's business-type funds experienced an increase of \$15.1 million in net position during 2022. Net position increases in sewer (\$6.7 million), water (\$5.3 million), and clean water (\$1.8 million) follow by RecPlex increase (\$1.3 million) and waste collection (\$0.2 million).

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds closed the year at a fund balance of \$21.3 million, down from \$31.8 million at the end of 2021. The decrease is primarily in TID No. 2 which closed all its funds totaling \$8.3 million, and TID #5 paid down debt and spent bond money on capital projects bringing its fund balance down by \$3 million. Offset by Community Development Block Grant (CDBG) (\$3 million). The new CDBG fund was created in 2021 when the Village partnered with Kenosha Area Business Alliance (KABA) to close out their federal loan program. The Village wired \$5.4 million to the State of Wisconsin in 2021, and through completing our projects in 2022, got our money back, bringing fund balance up \$3 million.

The 2022 general fund balance increased by \$1.5 million to \$9.7 million, which represents 51% of the expenditures for year-end December 31, 2022. The 2023 general fund budget uses \$160,864 fund balance reserves for one-time expenditures. Unassigned general fund balance was \$9.3 million, for which \$2 million TID #2 payout is being held until Premium Outlets lawsuit is settled. The nonspendable balance \$297,757 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. The 2022 net general government operating budget came in better by \$2 million, because of the TID #2 transfer of \$2.2 million wasn't budgeted, offset by revenue down half million, along with expense down \$363,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village had investments of \$278.5 million at the end of 2022 in capital assets, a net increase of

\$3.3 million. (See table A5). Additions of \$23.3 million minus \$9.6 million net decrease in work in progress exceeded depreciation additions of \$10.6 million, and insignificant disposals.

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

	Governmental Activities		Business-type Activities		Total		Total Change Dollar Percent	
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>	
Land	13.7	13.7	2.0	1.8	15.7	15.5	(0.2)	-1%
Buildings & improvements	14.6	13.9	35.9	39.9	50.5	53.8	3.3	6%
Equipment	6.5	9.1	2.7	3.6	9.3	12.7	3.5	37%
Infrastructure	37.9	37.8	130.3	136.6	168.2	174.3	6.1	4%
Right of Way	15.4	15.5	-	-	15.4	15.5	0.1	1%
Construction in progress	13.9	5.5	2.3	1.1	16.2	6.6	(9.6)	-59%
Total	101.95	95.50	173.3	183.0	275.2	278.5	3.3	1%

In 2022 \$7.8 million of government-type capital expenditures were capitalized, with the largest amounts including:

- Paving program - \$2,197,276
- Fire Vehicles - \$2,016,158
- Communication Stability Project \$794,721
- Fleet vehicles \$1,243,914
- Prairie Highlands Road/ Shared Use Path - \$902,443

The business-type activities additions totaled \$15.6 million, with the Sewer Utility (\$8.9 million) topping the list, followed by the Water Utility (\$4.6 million), Clean Water Utility (\$1.3 million) and RecPlex (\$760,425).

Listed below are major additions for 2022.

Project Description	Type	Fund	Source	Millions
STH 165 Lift Station & Pumping Equipment	Business	Sewer	TID	\$5.40
Chateau Water Relay	Business	Water	TID	\$2.02
Sewer Main Relining	Business	Sewer	Operating	\$2.00
Bristol Highlands Business Park	Business	Water	Developer	\$1.02
Paving Program	Governmental	Governmental	Levy/Road Grant	\$2.20
Fire Vehicles & Equipment	Governmental	Governmental	Levy/ Borrowing	\$2.04
Fleet Vehicle and Equipment	Governmental	Fleet	Operating	\$1.24
Machinery & Equipment	Governmental	Governmental	Levy	\$1.06
Prairie Highlands Roads/Shared Use Path	Governmental	Governmental	TID	\$0.90

Long-term Debt

At year-end the Village had \$40.9 million in general obligation bonds, an decrease of \$20.9 million (See table A-6). The Village didn't borrow in 2022. Principal of \$20.9 million was paid, majority TID #2 debt (\$13 million).

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

	Governmental Activities		Business-type Activities		Total		Total Change Dollar %	
	2021	2022	2021	2022	2021	2022	2021	-2022
General obligation bonds (backed by the Village)	43.1	24.4	18.8	16.5	61.8	40.9	(20.9)	-33.8%
Total	43.1	24.4	18.8	16.5	61.8	40.9	(20.9)	-33.8%

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 \$268 million, so the Village is at 15% of capacity at 2022 year-end. We have additional borrowing capacity of \$227 million. In 2023, the Village is borrowing \$43 million August 1, 2023, for a new police and fire stations. 2023 principal payments are \$6.4 million. Up to an additional \$2.5 million in 2023 for TID #8 is anticipated.

The majority of the governmental activities' outstanding debt, \$17.2 million or 42%, is fully supported by TID's. The general government has \$7.2 million of outstanding debt that will be paid by tax levy. The business-type activities' debt, RecPlex (\$14.5 million) and Clean Water Utility (\$2.1 million) are mainly covered by user fees.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village's strategic location between Milwaukee and Chicago is home to one of the largest and most successful corporate parks in Wisconsin. The Village's two largest employers are Uline and Froedtert South. Uline employs 1,982 corporate office and warehouse employees in 7 locations throughout the Village and Froedtert South employs 1,184 at 3 locations.

The Village's tax base, currently \$5.4 billion, up \$515 million from 2021. Our population has slowed in growth in recent years, to 21,250 (2020 census) versus 19,719 (2010 census) due to lack of new housing.

The 2023 general fund-operating budget was approved to use \$160,864 of Village's surpluses for one-time expenditures. Per our fund balance policy surplus level above 25% should be used for one-time expenses. Revenues were budgeted at \$21.4 million (16.9% increase) and expenditures of \$22.5 million (15.8% increase). Total general government property tax contribution increased from \$14.3 to \$17.9 million due to a \$1.6 million public safety referendum being passed, and TID #2 closing adding additional \$1.5 million to our levy.

For our business-type funds, we implemented rate changes for sewer in 2019 and a purchase water adjustment for water in 2022. In 2023 we implemented a \$2 increase in Solid waste. No rate increases budgeted for the clean water utility. RecPlex increased membership rates for new members only and adjusted program pricing per the market, and due to pressure to increase wages to attract employees.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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
December 31, 2022

	Primary Government			Component
	Business-			Unit - Community
	Governmental	Type	Total	Development
	Activities	Activities		Authority
Assets				
Cash and investments	\$ 27,140,598	\$ 23,828,245	\$ 50,968,843	\$ -
Receivables, net:				
Taxes	23,630,886	795,333	24,426,219	-
Delinquent taxes	34,629	-	34,629	-
Accounts	1,036,781	1,890,495	2,927,276	-
Leases	932,216	259,585	1,191,801	-
Special assessments	235,231	1,327,072	1,562,303	-
Delinquent special assessments	245,291	-	245,291	-
Other	222,956	56,652	279,608	-
Due from other governments	57,966	-	57,966	-
Internal balances	(405,521)	405,521	-	-
Inventories and prepaid items	263,128	326,023	589,151	-
Land held for resale	14,500,819	-	14,500,819	232,716
Restricted assets:				
Cash and investments	1,721,005	1,249,387	2,970,392	-
Net pension asset	6,969,864	1,993,707	8,963,571	-
Capital assets:				
Land	13,688,873	1,786,252	15,475,125	-
Right of way	15,525,604	-	15,525,604	-
Construction in progress	5,520,872	1,072,844	6,593,716	-
Other capital assets, net of depreciation/amortization	60,766,844	180,130,980	240,897,824	-
Total assets	172,088,042	215,122,096	387,210,138	232,716
Deferred Outflows of Resources				
Pension related amounts	13,444,427	4,080,125	17,524,552	-
OPEB related amounts	3,762,775	698,291	4,461,066	-
Total deferred inflows of resources	17,207,202	4,778,416	21,985,618	-
Liabilities				
Accounts payable and accrued liabilities	4,220,643	2,674,402	6,895,045	-
Unearned revenue	3,832,839	2,046,513	5,879,352	-
Noncurrent liabilities:				
Due within one year	5,881,526	2,039,992	7,921,518	-
Due in more than one year	20,288,262	15,480,298	35,768,560	-
Net OPEB liabilities	8,072,260	1,678,975	9,751,235	-
Total liabilities	42,295,530	23,920,180	66,215,710	-
Deferred Inflows of Resources				
Unearned revenues	23,758,241	500,000	24,258,241	-
Lease related amounts	909,404	257,090	1,166,494	-
Pension related amounts	16,118,096	5,002,313	21,120,409	-
OPEB related amounts	2,003,525	445,327	2,448,852	-
Total deferred inflows of resources	42,789,266	6,204,730	48,993,996	-
Net Position				
Net investment in capital assets	72,714,427	165,469,786	238,184,213	-
Restricted:				
Debt service	1,355,215	-	1,355,215	-
Impact fees	1,721,005	-	1,721,005	-
TIF District	-	-	-	-
Federally forfeited property recoveries	942	-	942	-
Equipment replacement	-	1,249,387	1,249,387	-
Pension	6,969,864	1,993,707	8,963,571	-
Unrestricted	21,448,995	21,062,722	42,511,717	232,716
Total net position	\$ 104,210,448	\$ 189,775,602	\$ 293,986,050	\$ 232,716

See notes to financial statements

Village of Pleasant Prairie

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit - Community Development Authority
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 4,101,510	\$ 589,854	\$ 3,958	\$ -	\$ (3,507,698)	\$ -	\$ (3,507,698)	\$ -
Public safety	11,371,899	1,336,817	341,841	-	(9,693,241)	-	(9,693,241)	-
Public works	5,817,234	1,235,530	1,349,949	223,582	(3,008,173)	-	(3,008,173)	-
Culture, education and recreation	1,141,231	-	-	-	(1,141,231)	-	(1,141,231)	-
Community development	12,170,328	846,804	-	2,670,155	(8,653,369)	-	(8,653,369)	-
Interest and fiscal charges	994,512	-	-	-	(994,512)	-	(994,512)	-
Total governmental activities	35,596,714	4,009,005	1,695,748	2,893,737	(26,998,224)	-	(26,998,224)	-
Business-Type activities:								
Water utility	5,786,874	7,861,523	-	1,081,412	-	3,156,061	3,156,061	-
Sewer utility	5,064,084	5,642,042	-	508,372	-	1,086,330	1,086,330	-
Clean water utility	2,050,878	2,124,380	-	1,138,528	-	1,212,030	1,212,030	-
Rec Plex	10,886,752	10,748,460	384,834	-	-	246,542	246,542	-
Waste collection	2,125,376	2,205,330	-	55,861	-	135,815	135,815	-
Total business-type activities	25,913,964	28,581,735	384,834	2,784,173	-	5,836,778	5,836,778	-
Total primary government	\$ 61,510,678	\$ 32,590,740	\$ 2,080,582	\$ 5,677,910	(26,998,224)	5,836,778	(21,161,446)	-
Component Unit								
Community Development Authority	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General Revenues								
Taxes:								
Property taxes, levied for general purposes					12,001,168	500,000	12,501,168	-
Property taxes, levied for debt service					1,751,775	-	1,751,775	-
Property taxes, levied for TIF districts					19,493,900	-	19,493,900	-
Other taxes					396,474	-	396,474	-
Intergovernmental revenues not restricted to specific programs					4,141,676	-	4,141,676	-
Investment income					794,833	454,331	1,249,164	-
Miscellaneous					2,806	-	2,806	-
Total general revenues					38,582,632	954,331	39,536,963	-
Transfers					(8,268,446)	8,268,446	-	-
Change in net position					3,315,962	15,059,555	18,375,517	-
Net Position, Beginning					100,894,486	174,716,047	275,610,533	232,716
Net Position, Ending					\$ 104,210,448	\$ 189,775,602	\$ 293,986,050	\$ 232,716

See notes to financial statements

Village of Pleasant Prairie

Balance Sheet
Governmental Funds
December 31, 2022

	General	General Debt Service	TID No. 2 Debt Service Fund
Assets			
Cash and investments, unrestricted	\$ 11,179,775	\$ 1,154,376	\$ -
Receivables (net):			
Taxes	13,947,247	1,527,113	-
Delinquent taxes	34,629	-	-
Accounts	965,501	-	-
Special assessments	-	235,231	-
Delinquent special assessments	-	245,291	-
Accrued interest	222,956	-	-
Due from other governments	-	-	-
Lease receivable	932,216	-	-
Due from other funds	333,463	-	-
Land held for resale	-	-	-
Prepaid items	263,128	-	-
Cash and investments, restricted	-	-	-
Total assets	\$ 27,878,915	\$ 3,162,011	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)			
Liabilities			
Accounts payable	\$ 1,205,835	\$ 1,067	\$ -
Accrued liabilities	348,157	-	-
Unearned revenue	991,758	202,092	-
Due to other funds	-	-	-
Other liabilities	220,893	-	-
Total liabilities	2,766,643	203,159	-
Deferred Inflows of Resources			
Unearned revenue	14,008,334	1,527,113	-
Lease related amount	909,404	-	-
Unavailable revenue	474,034	235,231	-
Total deferred inflows of resources	15,391,772	1,762,344	-
Fund Balances (Deficit)			
Nonspendable	297,757	-	-
Restricted	-	1,196,508	-
Committed	-	-	-
Assigned	160,864	-	-
Unassigned (deficit)	9,261,879	-	-
Total fund balances	9,720,500	1,196,508	-
Total liabilities, deferred inflows of resources and fund balances	\$ 27,878,915	\$ 3,162,011	\$ -

See notes to financial statements

TID No. 5 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 4,459,095	\$ -	\$ 5,545,622	\$ 22,338,868
4,387,794	1,974,812	-	1,793,920	23,630,886
-	-	-	-	34,629
-	-	-	71,280	1,036,781
-	-	-	-	235,231
-	-	-	-	245,291
-	-	-	-	222,956
-	-	-	57,966	57,966
-	-	-	-	932,216
-	-	-	-	333,463
-	3,787,164	-	-	3,787,164
-	-	-	-	263,128
-	1,721,005	-	-	1,721,005
<u>\$ 4,387,794</u>	<u>\$ 11,942,076</u>	<u>\$ -</u>	<u>\$ 7,468,788</u>	<u>\$ 54,839,584</u>
\$ -	\$ 527,413	\$ -	\$ 1,716,629	\$ 3,450,944
-	-	-	-	348,157
-	1,165,241	-	1,473,748	3,832,839
275,497	-	-	57,966	333,463
-	-	-	-	220,893
<u>275,497</u>	<u>1,692,654</u>	<u>-</u>	<u>3,248,343</u>	<u>8,186,296</u>
4,387,794	2,041,080	-	1,793,920	23,758,241
-	-	-	-	909,404
-	-	-	-	709,265
<u>4,387,794</u>	<u>2,041,080</u>	<u>-</u>	<u>1,793,920</u>	<u>25,376,910</u>
-	-	-	-	297,757
-	1,721,005	-	2,328,878	5,246,391
-	-	-	97,647	97,647
-	6,487,337	-	-	6,648,201
(275,497)	-	-	-	8,986,382
<u>(275,497)</u>	<u>8,208,342</u>	<u>-</u>	<u>2,426,525</u>	<u>21,276,378</u>
<u>\$ 4,387,794</u>	<u>\$ 11,942,076</u>	<u>\$ -</u>	<u>\$ 7,468,788</u>	<u>\$ 54,839,584</u>

See notes to financial statements

Village of Pleasant Prairie

Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
Year Ended December 31, 2022

Total Fund Balances, Governmental Funds	\$ 21,276,378
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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 2.	92,115,356
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 4.	709,265
Internal service fund is reported in the statement of net position in the governmental activities column.	7,352,574
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 2.	(33,915,030)
Land held for resale in TID governmental funds are not financial resources according to the TID project plans and, therefore, are not reported in the funds.	10,713,655
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	6,838,580
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	13,189,216
Deferred outflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	3,708,298
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(15,809,105)
Deferred inflows of resources related to OPEBs do not relate to current financial resources and are not reported in the governmental funds.	<u>(1,968,739)</u>

Net Position of Governmental Activities	<u>\$ 104,210,448</u>
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Village of Pleasant Prairie

Statement of Revenues, Expenditures and Changes in Fund Balances -

Governmental Funds

Year Ended December 31, 2022

	General	General Debt Service	TID No. 2 Debt Service Fund
Revenues			
Taxes	\$ 11,435,281	\$ 1,751,775	\$ 15,732,386
Intergovernmental	2,975,014	-	913,170
Regulation and compliance	1,082,035	-	-
Public charges for services	2,357,491	-	-
Intergovernmental charges for services	289,073	-	-
Special assessments	-	-	3,449
Investment income (loss)	(560,934)	30,817	227,976
Miscellaneous	357,596	-	-
Total revenues	17,935,556	1,782,592	16,876,981
Expenditures			
Current:			
General government	3,897,174	-	-
Public safety	10,549,030	-	-
Public works	2,851,611	-	-
Culture, recreation, and education	625,586	-	-
Community development	1,122,222	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	1,550,000	12,970,000
Interest and fiscal charges	-	216,040	493,500
Total expenditures	19,045,623	1,766,040	13,463,500
Excess (deficiency) of revenues over (under) expenditures	(1,110,067)	16,552	3,413,481
Other Financing Sources (Uses)			
Sale of property	-	-	-
Transfers in	2,953,896	-	-
Transfers out	(300,395)	-	(9,568,452)
Total other financing sources (uses)	2,653,501	-	(9,568,452)
Net change in fund balance	1,543,434	16,552	(6,154,971)
Fund Balances, Beginning	8,177,066	1,179,956	6,154,971
Fund Balances, Ending	\$ 9,720,500	\$ 1,196,508	\$ -

See notes to financial statements

TID No. 5 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects	Nonmajor Governmental Funds	Total
\$ 2,834,994	\$ 964,272	\$ -	\$ 924,609	\$ 33,643,317
-	1,416,052	-	3,945,306	9,249,542
-	-	-	-	1,082,035
-	95,649	-	-	2,453,140
-	-	-	-	289,073
-	451,103	-	-	454,552
295	147,980	2,333	105,200	(46,333)
-	-	-	63,823	421,419
<u>2,835,289</u>	<u>3,075,056</u>	<u>2,333</u>	<u>5,038,938</u>	<u>47,546,745</u>
-	-	-	-	3,897,174
-	-	-	42,735	10,591,765
-	-	-	-	2,851,611
-	-	-	689,775	1,315,361
-	-	8,815,779	508,466	10,446,467
-	4,689,879	-	4,309,952	8,999,831
4,000,000	-	-	130,000	18,650,000
378,272	-	-	975,576	2,063,388
<u>4,378,272</u>	<u>4,689,879</u>	<u>8,815,779</u>	<u>6,656,504</u>	<u>58,815,597</u>
<u>(1,542,983)</u>	<u>(1,614,823)</u>	<u>(8,813,446)</u>	<u>(1,617,566)</u>	<u>(11,268,852)</u>
-	34,500	-	-	34,500
-	300,395	9,568,452	264,600	13,087,343
(227,200)	-	(2,204,007)	(37,482)	(12,337,536)
<u>(227,200)</u>	<u>334,895</u>	<u>7,364,445</u>	<u>227,118</u>	<u>784,307</u>
(1,770,183)	(1,279,928)	(1,449,001)	(1,390,448)	(10,484,545)
1,494,686	9,488,270	1,449,001	3,816,973	31,760,923
<u>\$ (275,497)</u>	<u>\$ 8,208,342</u>	<u>\$ -</u>	<u>\$ 2,426,525</u>	<u>\$ 21,276,378</u>

See 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
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds \$ (10,484,545)

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.

8,999,831

Some items reported as capital outlay were not capitalized

(1,643,519)

Depreciation is reported in the government-wide statements

(4,877,745)

Improvements transferred as assets to utility funds

(9,018,253)

Net book value of assets retired

(103,056)

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.

(582,410)

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.

Principal repaid

18,650,000

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

Net pension liability/asset

1,631,869

Deferred outflows of resources related to pensions

4,677,203

Deferred inflows of resources related to pensions

(4,624,205)

Deferred outflows of resources related to OPEBs

1,934,422

Deferred inflows of resources related to OPEBs

592,333

Compensated absences

(55,628)

Accrued interest on debt

194,349

Other post-employment benefits

(2,775,832)

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

874,527

Internal service fund is used by management to charge the costs of the fleet and insurance internal services to individual funds. The increase in net position of the internal service funds is reported with governmental activities.

(73,379)

Change in Net Position of Governmental Activities

\$ 3,315,962

Village of Pleasant Prairie

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-Type Activities			
	Major			
	Water Utility	Sewer Utility	Clean Water Utility	Rec Plex Fund
Assets				
Current assets:				
Cash and investments	\$ 10,280,072	\$ 9,758,336	\$ 3,425,565	\$ 22,624
Receivables:				
Taxes	60,870	90,874	91,298	500,000
Accounts (net)	602,631	535,620	231,659	275,265
Other	45,120	11,532	-	-
Leases, current portion	116,445	-	-	-
Special assessments, current portion	7,934	880	-	-
Prepaid items	180	-	4,455	75,908
Inventories	178,963	19,766	-	46,751
Total current assets	11,292,215	10,417,008	3,752,977	920,548
Noncurrent assets:				
Restricted assets:				
Replacement account	-	1,249,387	-	-
Net pension asset	175,136	179,029	132,930	1,279,108
Other assets:				
Advances to other funds	-	1,200,000	-	-
Special assessments receivable	539,365	413,709	365,184	-
Lease receivable, non-current portion	143,140	-	-	-
Capital assets:				
Land	549,833	1,236,419	-	-
Intangibles	131,725	85,550	45,600	85,140
Plant in service	78,885,330	96,607,548	51,716,500	46,898,407
Machinery and equipment	-	-	-	-
Accumulated depreciation/amortization	(21,585,539)	(35,346,898)	(17,081,273)	(20,426,998)
Construction work in progress	178,186	448,025	438,473	8,160
Total noncurrent assets	59,017,176	66,072,769	35,617,414	27,843,817
Total assets	70,309,391	76,489,777	39,370,391	28,764,365
Deferred Outflows of Resources				
Pension related amounts	360,200	335,247	270,216	2,643,763
OPEB related amounts	67,764	60,099	49,450	423,271
Total deferred outflows of resources	427,964	395,346	319,666	3,067,034

See notes to financial statements

Business-Type Activities		Governmental Activities
Nonmajor		
Waste Collection Fund	Total	Internal Service Funds
\$ 341,648	\$ 23,828,245	\$ 4,801,730
52,291	795,333	-
245,320	1,890,495	-
-	56,652	-
-	116,445	-
-	8,814	-
-	80,543	-
-	245,480	-
639,259	27,022,007	4,801,730
-	1,249,387	-
227,504	1,993,707	131,284
-	1,200,000	-
-	1,318,258	-
-	143,140	-
-	1,786,252	-
-	348,015	16,699
1,091,545	275,199,330	-
-	-	10,210,563
(975,657)	(95,416,365)	(6,840,425)
-	1,072,844	-
343,392	188,894,568	3,518,121
982,651	215,916,575	8,319,851
470,699	4,080,125	255,211
97,707	698,291	54,477
568,406	4,778,416	309,688

See notes to financial statements

Village of Pleasant Prairie

Statement of Net Position

Proprietary Funds

December 31, 2022

	Business-Type Activities			
	Major			
	Water Utility	Sewer Utility	Clean Water Utility	Rec Plex Fund
Liabilities				
Current liabilities:				
Accounts payable	\$ 439,215	\$ 1,077,463	\$ 113,608	\$ 246,654
Accrued liabilities	51,585	62,423	41,785	350,986
Accrued interest	-	-	-	180,865
Current portion of lease payable	-	-	-	14,992
Current portion of long-term debt	-	-	245,000	1,780,000
Total current liabilities	490,800	1,139,886	400,393	2,573,497
Noncurrent liabilities:				
Long-term debt	-	-	1,815,000	12,670,000
Lease payable	-	-	-	-
Advance from other funds	-	-	-	1,200,000
Other post-employment benefits	132,095	154,134	114,660	1,066,051
Unamortized debt premium	-	-	73,222	922,076
Unearned revenue	5,026	-	-	2,041,487
Total noncurrent liabilities	137,121	154,134	2,002,882	17,899,614
Total liabilities	627,921	1,294,020	2,403,275	20,473,111
Deferred Inflows of Resources				
Property taxes levied for subsequent period	-	-	-	500,000
Lease related amounts	257,090	-	-	-
Pension related amounts	458,268	385,125	364,956	3,220,323
OPEB related amounts	38,586	29,938	39,391	272,939
Total deferred inflows of resources	753,944	415,063	404,347	3,993,262
Net Position				
Net investment in capital assets	58,159,535	63,030,644	32,986,078	11,177,641
Restricted for equipment replacement	-	1,249,387	-	-
Restricted for pension	175,136	179,029	132,930	1,279,108
Unrestricted (deficit)	11,020,819	10,716,980	3,763,427	(5,091,723)
Total net position	\$ 69,355,490	\$ 75,176,040	\$ 36,882,435	\$ 7,365,026

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

Net position of business-type activities

See notes to financial statements

Business-Type Activities		Governmental Activities
Nonmajor		
Waste Collection Fund	Total	Internal Service Funds
\$ 59,194	\$ 1,936,134	\$ 54,052
50,624	557,403	23,915
-	180,865	-
-	14,992	104,712
-	2,025,000	-
109,818	4,714,394	182,679
-	14,485,000	-
-	-	213,480
-	1,200,000	-
212,035	1,678,975	131,508
-	995,298	-
-	2,046,513	-
212,035	20,405,786	344,988
321,853	25,120,180	527,667
-	500,000	-
-	257,090	-
573,641	5,002,313	308,991
64,473	445,327	34,786
638,114	6,204,730	343,777
115,888	165,469,786	3,068,645
-	1,249,387	-
227,504	1,993,707	131,284
247,698	20,657,201	4,558,166
<u>\$ 591,090</u>	<u>\$ 189,370,081</u>	<u>\$ 7,758,095</u>
	<u>\$ 405,521</u>	
	<u>\$ 189,775,602</u>	

See notes to financial statements

Village of Pleasant Prairie

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities			
	Major			
	Water Utility	Sewer Utility	Clean Water Utility	Rec Plex Fund
Operating Revenues	\$ 7,861,523	\$ 5,642,042	\$ 2,124,380	\$ 10,748,460
Operating Expenses				
Operation and maintenance	4,434,816	3,916,987	731,185	9,058,754
Depreciation/amortization	1,323,023	1,121,842	1,270,638	1,372,003
Total operating expenses	5,757,839	5,038,829	2,001,823	10,430,757
Operating income (loss)	2,103,684	603,213	122,557	317,703
Nonoperating Revenues (Expenses)				
General property taxes	-	-	-	500,000
Investment income (loss)	215,875	136,744	83,393	(3,649)
Interest expense	-	-	(37,602)	(576,568)
Gain (loss) on disposal of assets	-	-	-	(111,237)
Miscellaneous revenue	-	-	-	384,834
Amortization of premium	-	-	10,124	238,858
Total nonoperating revenues (expenses)	215,875	136,744	55,915	432,238
Income (loss) before contributions and transfers	2,319,559	739,957	178,472	749,941
Contributions and Transfers				
Capital contributions	1,081,412	508,372	1,138,528	-
Capital contributions, governmental activities	2,723,761	5,407,823	487,739	398,930
Transfers in	-	-	-	119,370
Transfers out, tax equivalent	(749,807)	-	-	-
Transfers out	(119,370)	-	-	-
Total contributions and transfers	2,935,996	5,916,195	1,626,267	518,300
Change in net position	5,255,555	6,656,152	1,804,739	1,268,241
Net Position, Beginning	64,099,935	68,519,888	35,077,696	6,096,785
Net Position, Ending	\$ 69,355,490	\$ 75,176,040	\$ 36,882,435	\$ 7,365,026
Internal service fund change in net position allocated to the business-type activities				
Change in net position business-type activities				

See notes to financial statements

Business-Type Activities		Governmental Activities
Nonmajor		
Waste Collection Fund	Total	Internal Service Funds
<u>\$ 2,205,330</u>	<u>\$ 28,581,735</u>	<u>\$ 5,203,551</u>
2,033,751	20,175,493	4,890,994
20,983	5,108,489	624,598
<u>2,054,734</u>	<u>25,283,982</u>	<u>5,515,592</u>
<u>150,596</u>	<u>3,297,753</u>	<u>(312,041)</u>
-	500,000	-
21,968	454,331	88,972
-	(614,170)	(1,821)
-	(111,237)	(2,046)
-	384,834	-
<u>-</u>	<u>248,982</u>	<u>-</u>
<u>21,968</u>	<u>862,740</u>	<u>85,105</u>
<u>172,564</u>	<u>4,160,493</u>	<u>(226,936)</u>
55,861	2,784,173	-
-	9,018,253	-
-	119,370	-
-	(749,807)	-
<u>-</u>	<u>(119,370)</u>	<u>-</u>
<u>55,861</u>	<u>11,052,619</u>	<u>-</u>
228,425	15,213,112	(226,936)
<u>362,665</u>		<u>7,985,031</u>
<u>\$ 591,090</u>		<u>\$ 7,758,095</u>
	<u>(153,557)</u>	
	<u>\$ 15,059,555</u>	

See notes to financial statements

Village of Pleasant Prairie

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities			
	Major			
	Water Utility	Sewer Utility	Clean Water Utility	Rec Plex Fund
Cash Flows From Operating Activities				
Received from customers	\$ 7,830,403	\$ 5,463,959	\$ 1,844,252	\$ 11,011,946
Paid to suppliers for goods and services	(3,635,156)	(3,313,813)	(676,371)	(5,422,995)
Paid to employees for services	(790,237)	(772,986)	(365,022)	(3,923,904)
Net cash flows from operating activities	3,405,010	1,377,160	802,859	1,665,047
Cash Flows From Noncapital Financing Activities				
Paid to municipality for tax equivalent	(749,807)	-	-	-
Transfers from (to) other funds	(119,370)	-	-	119,370
Net cash flows from noncapital financing activities	(869,177)	-	-	119,370
Cash Flows From Investing Activities				
Marketable securities purchased	-	(490,000)	-	-
Marketable securities sold	-	536,554	-	-
Investment income	215,295	134,954	83,393	(3,649)
Net cash flows from investing activities	215,295	181,508	83,393	(3,649)
Cash Flows From Capital and Related Financing Activities				
Debt retired	-	-	(245,000)	(2,030,000)
Interest paid	-	-	(37,602)	(589,081)
Capital contributions received	-	375,869	1,596,435	-
Acquisition and construction of capital assets	(3,281,397)	(1,081,703)	(1,427,406)	(688,937)
Cost of removal of capital assets	-	-	-	398,930
Special assessments received	1,697,618	(368,826)	(352,728)	-
General property taxes for interest subsidy	-	-	-	500,000
Net cash flows from capital and related financing activities	(1,583,779)	(1,074,660)	(436,470)	(2,409,088)
Net change in cash and cash equivalents	1,167,349	484,008	449,782	(628,320)
Cash and Cash Equivalents, Beginning	9,112,723	9,274,328	2,975,783	650,944
Cash and Cash Equivalents, Ending	<u>\$ 10,280,072</u>	<u>\$ 9,758,336</u>	<u>\$ 3,425,565</u>	<u>\$ 22,624</u>

See notes to financial statements

Business-Type Activities		Governmental Activities
Nonmajor		
Waste Collection Fund	Total	Internal Service Funds
\$ 2,264,364	\$ 28,414,924	\$ 5,201,550
(1,227,230)	(14,275,565)	(4,519,709)
(826,424)	(6,678,573)	(357,809)
210,710	7,460,786	324,032
-	(749,807)	-
-	-	-
-	(749,807)	-
-	(490,000)	-
-	536,554	-
21,968	451,961	88,972
21,968	498,515	88,972
-	(2,275,000)	(26,802)
-	(626,683)	(1,821)
-	1,972,304	-
-	(6,479,443)	(470,275)
-	398,930	-
-	976,064	-
-	500,000	-
-	(5,503,997)	(498,898)
232,678	1,705,497	(85,894)
108,970	22,122,748	4,887,624
\$ 341,648	\$ 23,828,245	\$ 4,801,730

See notes to financial statements

Village of Pleasant Prairie

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities			
	Major			
	Water Utility	Sewer Utility	Clean Water Utility	Rec Plex Fund
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities				
Operating income (loss)	\$ 2,103,684	\$ 603,213	\$ 122,557	\$ 317,703
Miscellaneous nonoperating revenue (expense)	-	-	-	384,834
Noncash items included in income (loss):				
Depreciation/amortization	1,323,023	1,121,842	1,270,638	1,372,003
Depreciation charged to other funds	63,026	(63,026)	-	-
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Accounts receivable	(29,505)	(96,228)	(231,365)	(87,755)
Other accounts receivable	(301,051)	(322)	-	-
Prepaid items	(3,317)	(11,471)	(4,455)	-
Inventories	(2,868)	(14,493)	-	14,488
Accounts payable	33,079	(122,910)	(294,466)	(18,120)
Due from other funds	-	-	(48,762)	-
Other current and accrued liabilities	2,066	1,592	116	(67,758)
Lease-related amounts	257,090	-	-	-
Unearned revenues	(6,525)	-	-	-
OPEB-related amounts	3,364	12,611	(38)	54,739
Pension-related amounts	(37,056)	(53,648)	(11,366)	(305,087)
Net cash flows from operating activities	<u>\$ 3,405,010</u>	<u>\$ 1,377,160</u>	<u>\$ 802,859</u>	<u>\$ 1,665,047</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and investments	\$ 10,280,072	\$ 9,758,336	\$ 3,425,565	\$ 22,624
Restricted cash and investments	-	1,249,387	-	-
Less noncash equivalents	-	(1,249,387)	-	-
Cash and cash equivalents, ending	<u>\$ 10,280,072</u>	<u>\$ 9,758,336</u>	<u>\$ 3,425,565</u>	<u>\$ 22,624</u>
Noncash Capital and Related Financing Activities				
Capital costs special assessed to customers	\$ 35,396	\$ -	\$ -	\$ -
Capital additions contributed to the utility by the municipality, customers and TIDs	\$ 2,723,761	\$ 5,407,823	\$ 487,739	\$ 398,930
Capital accounts payable	\$ -	\$ 603,954	\$ -	\$ -
Amortization of premium on debt	\$ -	\$ -	\$ 10,124	\$ 238,858
Lease issued for equipment	\$ -	\$ -	\$ -	\$ -

See notes to financial statements

Business-Type Activities		Governmental Activities
Nonmajor		
Waste Collection Fund	Total	Internal Service Funds
\$ 150,596	\$ 3,297,753	\$ (312,041)
55,861	440,695	(2,046)
20,983	5,108,489	624,598
-	-	-
-	(444,853)	-
16,972	(284,401)	45
-	(19,243)	-
-	(2,873)	-
(6,055)	(408,472)	29,480
(999)	(49,761)	-
1,087	(62,897)	1,031
-	257,090	-
-	(6,525)	-
(2,432)	68,244	1,135
(25,303)	(432,460)	(18,170)
<u>\$ 210,710</u>	<u>\$ 7,460,786</u>	<u>\$ 324,032</u>
\$ 341,648	\$ 23,828,245	\$ 4,801,730
-	1,249,387	-
-	(1,249,387)	-
<u>\$ 341,648</u>	<u>\$ 23,828,245</u>	<u>\$ 4,801,730</u>
<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>		<u>\$ -</u>
<u>\$ -</u>		<u>\$ 344,994</u>

See notes to financial statements

Village of Pleasant Prairie

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Retired Employees Healthcare Plan Trust	Custodial Funds
Assets		
Cash and investments	\$ 996,857	\$ 19,585,293
Receivables:		
Taxes	-	33,997,523
Accounts	-	36,031
Total assets	996,857	53,618,847
Liabilities		
Accounts payable	-	42,728
Due to other taxing units	-	53,576,119
Total liabilities	-	53,618,847
Net Position		
Restricted for OPEB	996,857	-
Total net position	\$ 996,857	\$ -

See notes to financial statements

Village of Pleasant Prairie

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Retired Employees Healthcare Plan Trust	Custodial Funds
Additions		
Employer contributions	\$ 615,389	\$ -
Contributions	6,334	-
Mobile home taxes collected for school district	-	117,205
Property taxes collected for county	-	33,017,602
Property taxes collected for technical college	-	2,616,219
Property taxes collected for school district	-	28,229,754
Investment income	(73,699)	-
	<u>548,024</u>	<u>63,980,780</u>
Total additions		
	<u>548,024</u>	<u>63,980,780</u>
Deductions		
Service benefits	615,389	-
Mobile home taxes collected for school district	-	117,205
Property taxes collected for county	-	33,017,602
Property taxes collected for technical college	-	2,616,219
Property taxes collected for school district	-	28,229,754
	<u>615,389</u>	<u>63,980,780</u>
Total deletions		
	<u>615,389</u>	<u>63,980,780</u>
Net increase in net position	(67,365)	-
Net Position, Beginning	<u>1,064,222</u>	<u>-</u>
Net Position, Ending	<u>\$ 996,857</u>	<u>\$ -</u>

See notes to financial statements

Village of Pleasant Prairie

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December 31, 2022

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Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

1. Summary of Significant Accounting Policies

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

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 three methods, discrete presentation, blended or fiduciary. 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 4. 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, 2022. Separately issued financial statements for the CDA are not prepared.

Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

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

December 31, 2022

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

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

General Debt Service Fund is 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) Debt Service Funds

Tax Incremental District (TID) No. 2 Debt Service Fund is 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.

Tax Incremental District (TID) No. 5 Debt Service Fund is 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.

Capital Projects Funds

General Capital Projects Fund is 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 is 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
Rec Plex Fund - accounts for operations of the recreational complex

Village of Pleasant Prairie

Notes to Financial Statements
December 31, 2022

The Village reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds

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

Police Canine Unit
Federally Forfeited Property
CDBG
Federal Grants

Debt Service Fund

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.

Tax Incremental District (TID) No. 8

Capital Projects Funds

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

Tax Incremental District (TID) No. 2 Escrow
Tax Incremental District (TID) No. 4
Tax Incremental District (TID) No. 5
Tax Incremental District (TID) No. 6
Tax Incremental District (TID) No. 7
Tax Incremental District (TID) No. 8

Enterprise Fund

Enterprise Fund is used to report any activity for which a fee is charged to external uses for goods or services.

Waste Collection Fund

In addition, the Village reports the following fund types:

Internal Service Funds

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

Fleet
Insurance

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

Retired Employees Healthcare Plan Trust

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund
Mobile Home Fees

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 utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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, 2022, there were \$4,773,835 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

All Financial Statements

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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 or saving and loan association which is authorized to transact business in the state of Wisconsin.
- 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.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

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

No policy exists for the following risk:

Concentration of credit risk

Custodial Credit Risk

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

Credit Risk

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

Interest Rate Risk

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs outlined in Note 4. 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, 2022, 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 4 for further information.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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 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 fiduciary net position.

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	April 30, 2023
Third installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale, 2022 delinquent real estate taxes	October 2025

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."

Inventories and Prepaid Items

Governmental fund inventory items except for land held for resale in non-TID funds are charged to expenditure accounts when purchased. Land held for resale is a type of inventory that is valued at the lower of cost or market. Land held for resale reported in the governmental activities also includes any land held for resale in the TID funds. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. Of the proprietary funds, the Rec Plex inventory is for resale. Inventories are valued at lower of cost or market, and charged to construction, and/or operation and maintenance expense when used.

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

Restricted Assets

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are generally defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. 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:

	<u>Years</u>
Land improvements	30
Buildings	30
Intangible assets	2 - 50
Machinery and equipment	2 - 15
Infrastructure	20 - 30
Utility systems	3 - 100

Lease assets are typically amortized over the lease term.

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.

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.

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.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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, 2022 are determined on the basis of current salary rates and include salary related payments.

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

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$6,250,001 made up of one issue.

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The Village is a lessee because it leases capital assets from other entities. As a lessee, the Village reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the Village recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

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.

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."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the Village. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village board may take official action to assign amounts. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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

The Village has a minimum fund balance policy. That policy is to maintain an unassigned fund balance in the general fund between 25-30% of budgeted general fund expenditures. The unassigned fund balance in the general fund at year-end was \$9,261,879 or 46.9% of budgeted general fund expenditures.

See Note 4 for further information.

Basis for Existing Rates

Water Utility

The water utility was authorized current rates by the Public Service Commission (PSC) effective May 1, 2022 and they are designed to provide a 4.9% return on rate base.

Sewer Utility

Current sewer rates were approved by the Village board to be effective October 1, 2019 for the Pleasant Prairie and Lake Michigan Sewer Districts.

Clean Water Utility

Current clean water rates were approved by the Village board on November, 2 2020, effective January 1, 2021.

Rec Plex Fund

Membership rates effective during the year 2022 were approved by Ordinance No. 19-23 on August 1, 2019, for new members. Membership rates effective for 2023 were approved by Ordinance No. 22-40 on November 28, 2022, for new members.

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.

Postemployment Benefits Other Than Pensions (OPEB)

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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

2. Reconciliation of Government-Wide and Fund Financial Statements

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	\$ 13,688,873
Right of way	15,525,604
Construction in progress	5,520,872
Other capital assets, net of depreciation/amortization	<u>60,766,844</u>
Subtotal	95,502,193
Less internal service capital assets, net of depreciation	<u>(3,386,837)</u>
Net adjustment for capital assets	<u>\$ 92,115,356</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	\$ 24,415,000
Compensated absences	941,814
Accrued interest	122,681
Unamortized debt premium	494,782
Other post-employment benefits	<u>7,940,753</u>
Combined adjustment for long-term liabilities	<u>\$ 33,915,030</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

3. Stewardship, Compliance and Accountability

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 1.

A budget has been adopted for all funds except for CDBG fund and Federal Grants fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Excess Expenditures Over Appropriations

Fund	Budgeted Expenditures and Other Financing Uses	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Sources Over Budget
TID No. 2 Capital Projects	\$ 138,500	\$ 11,019,786	\$ 10,881,286
TID No. 2 Debt Service	13,463,500	23,031,952	9,568,452
TID No. 6 Capital Projects	292,726	626,805	334,079
TID No. 2 Escrow	361,022	684,173	323,151
TID No. 8 Capital Projects	2,273,150	2,350,565	77,145
TID No. 8 Debt Service	145,496	155,746	10,250
Federally Forfeited	15,000	36,128	21,128
Police Canine Unit	4,000	6,607	2,607
General Capital Projects	4,008,468	4,689,879	681,411

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.

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

Fund	Amount	Reason
TID No. 5 Debt Service Fund	\$ 275,497	Excess of expenditures over revenues

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIDs), increased by the greater of the percentage change in the Village's equalized value due to net 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.

4. Detailed Notes on All Funds

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:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risk</u>
Deposits	\$ 63,042,445	\$ 62,232,953	Custodial credit
US agencies (implicitly guaranteed)	1,624,157	1,624,157	Credit, custodial credit, concentration of credit, interest rate
Certificate of deposit (negotiable)	9,201,806	9,040,868	Credit, custodial credit, concentration of credit, interest rate
Mutual funds, bonds	788,015	788,015	Credit, interest rate
LGIP	11,175	11,175	Credit
Petty cash	14,725	-	N/A
Total cash and investments	<u>\$ 74,521,385</u>	<u>\$ 74,697,168</u>	
Reconciliation to financial statements:			
Per statement of net position:			
Unrestricted cash and investments	\$ 50,968,843		
Restricted cash and investments	2,970,392		
Per statement of fiduciary net position, fiduciary funds:			
Retired employee's healthcare plan trust	996,857		
Custodial funds	<u>19,585,293</u>		
Total deposits and investments	<u>\$ 74,521,385</u>		

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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, 2022, the banks had pledged various government securities in the amount of \$150,000,000 to secure the Village's deposits.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- Quoted market prices for similar assets in active markets

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Certificates of deposit (negotiable)	\$ -	\$ 9,040,868	\$ -	\$ 9,040,868
Mutual funds, bond funds	-	788,015	-	788,015
U.S. agencies, implicitly guaranteed	-	1,624,157	-	1,624,157
Total	\$ -	\$ 11,453,040	\$ -	\$ 11,453,040

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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, 2022, the Village's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. agencies, implicitly guaranteed	AA+	Aaa
Mutual funds, bonds	A+	A1

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.

Issuer	Investment Type	Percentage of Net Position
U.S. agencies	FHLB	8.7%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2022, the Village's investments were as follows:

Investment Type	Fair Value	Maturity		
		Less Than 1 Year	1 – 5 Years	6 - 10 Years
Certificates of deposits (negotiable)	\$ 9,040,868	\$ 975,678	\$ 7,357,785	\$ 707,408
Mutual funds, bonds	788,015	788,015	-	-
U.S. agencies, implicitly guaranteed	1,624,157	-	1,162,988	461,169
Total	\$ 11,453,040	\$ 1,763,693	\$ 8,520,770	\$ 1,169,577

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

Receivables

All receivable balances are expected to be collected within one year with the exception of \$34,629 in delinquent taxes, \$253,231 in special assessments and \$245,291 in delinquent special assessments.

Receivables of the General fund and Rec Plex are reported net of allowances in the amounts of \$196,681 and \$44,373, respectively.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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	\$ -	\$ 23,594,228
Rescue accounts receivable	375,313	-
Assessing contracts receivable	-	209,515
Developer fees	-	725,018
Special assessments not yet due	235,231	202,092
Street light replacement	-	50,611
Transportation improvement fees receivable	-	864,084
Unspent American Rescue Plan funds	-	1,473,748
Miscellaneous	98,721	471,784
	<u>709,265</u>	<u>27,591,080</u>
Total unavailable/unearned revenue for governmental funds	<u>\$ 709,265</u>	<u>\$ 27,591,080</u>
Unearned revenue included in liabilities		\$ 3,832,839
Unearned revenue included in deferred inflows		23,758,241
Total unearned revenue for governmental funds		<u>\$ 27,591,080</u>

Restricted Assets

Equipment Replacement Account

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

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.

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 cash and investments at December 31, 2022:

	Restricted Cash and Cash Investments
Sewer equipment replacement account	\$ 1,249,387
Impact fee account	1,721,005
Total restricted cash and investments	<u>\$ 2,970,392</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 13,688,873	\$ -	\$ -	\$ 13,688,873
Right of way	15,405,083	120,521	-	15,525,604
Construction in progress, general	3,654,784	1,728,449	(2,957,118)	2,426,115
Construction in progress, TID water and sewer	10,050,104	1,176,236	(8,131,583)	3,094,757
Construction in progress, internal services	158,953	-	(158,953)	-
Total capital assets not being depreciated	42,957,797	3,025,206	(11,247,654)	34,735,349
Capital assets being depreciated/amortized:				
Land improvements	6,588,654	-	(146,867)	6,441,787
Buildings	17,978,757	200,525	-	18,179,282
Intangible assets, computer software	829,401	-	-	829,401
Intangible assets, fleet internal services	16,699	-	-	16,699
Machinery and equipment	9,940,603	3,101,310	(143,164)	12,898,749
Machinery and equipment, fleet internal services	9,913,122	1,243,914	(946,473)	10,210,563
Roads	74,082,396	3,099,719	-	77,182,115
Street lighting	3,304,252	-	-	3,304,252
Traffic signals	290,544	-	-	290,544
Railroad spur	1,295,421	-	-	1,295,421
Total capital assets being depreciated/amortized	124,239,849	7,645,468	(1,236,504)	130,648,813

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Less accumulated depreciation/ amortization for:				
Land improvements	\$ (2,270,805)	\$ (198,497)	\$ 48,760	\$ (2,420,542)
Buildings	(7,685,955)	(594,693)	-	(8,280,648)
Intangible assets, computer software	(804,364)	(7,376)	-	(811,740)
Intangible assets, fleet internal services	(16,699)	-	-	(16,699)
Machinery and equipment	(6,479,155)	(889,782)	138,214	(7,230,723)
Machinery and equipment, fleet internal services	(6,875,909)	(624,598)	676,781	(6,823,726)
Roads	(38,312,776)	(2,967,692)	-	(41,280,468)
Street lighting	(1,526,981)	(157,153)	-	(1,684,134)
Traffic signals	(244,085)	(19,370)	-	(263,455)
Railroad spur	(1,026,653)	(43,181)	-	(1,069,834)
Total accumulated depreciation/ amortization	<u>(65,243,382)</u>	<u>(5,502,342)</u>	<u>863,755</u>	<u>(69,881,969)</u>
Net capital assets being depreciated/amortized	<u>58,996,467</u>	<u>2,143,126</u>	<u>(372,749)</u>	<u>60,766,844</u>
Net capital assets	<u>\$ 101,954,264</u>			<u>\$ 95,502,193</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 181,644
Public safety	1,003,175
Public works, which includes the depreciation of roads, street lighting, traffic signals and railroad spurs	3,574,692
Culture, education and recreation	<u>118,233</u>
Subtotal	4,877,744
Capital assets held by internal service fund charged to the various functions based on their usage of the assets	<u>624,598</u>
Total governmental activities depreciation/amortization expenses	<u>\$ 5,502,342</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Water				
Capital assets not being depreciated/amortized:				
Land and land rights	\$ 549,833	\$ -	\$ -	\$ 549,833
Intangible assets	131,725	-	-	131,725
Construction in progress	-	178,186	-	178,186
Total capital assets not being depreciated/ amortized	<u>681,558</u>	<u>178,186</u>	<u>-</u>	<u>859,744</u>
Capital assets being depreciated/amortized:				
Source of supply	195,690	-	-	195,690
Pumping	3,844,617	-	-	3,844,617
Transmission and distribution	69,729,072	4,595,257	(658,887)	73,665,442
General assets	<u>1,179,581</u>	<u>-</u>	<u>-</u>	<u>1,179,581</u>
Total capital assets being depreciated/ amortized	<u>74,948,960</u>	<u>4,595,257</u>	<u>(658,887)</u>	<u>78,885,330</u>
Total capital assets	<u>75,630,518</u>	<u>4,773,443</u>	<u>(658,887)</u>	<u>79,745,074</u>
Less accumulated depreciation/amortization	<u>(21,397,822)</u>	<u>(1,386,048)</u>	<u>1,198,331</u>	<u>(21,585,539)</u>
Net water plant	<u>\$ 54,232,696</u>			<u>\$ 58,159,535</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets not being depreciated/amortized:				
Land and land rights	\$ 1,236,419	\$ -	\$ -	\$ 1,236,419
Intangible assets	85,550	-	-	85,550
Construction in progress	1,945,856	529,888	(2,027,719)	448,025
Total capital assets not being depreciated/ amortized	3,267,825	529,888	(2,027,719)	1,769,994
Capital assets being depreciated/amortized:				
Collection systems	79,866,804	8,075,943	297,529	87,645,218
Collection system pumping	6,026,520	836,102	-	6,862,622
Treatment and disposal	228,042	-	-	228,042
General assets	1,854,900	16,766	-	1,871,666
Total capital assets being depreciated/ amortized	87,976,266	8,928,811	297,529	96,607,548
Total capital assets	91,244,091	9,458,699	2,325,248	98,377,542
Less accumulated depreciation/amortization	(34,670,091)	(1,058,817)	382,010	(35,346,898)
Net sewer plant	<u>\$ 56,574,000</u>			<u>\$ 63,030,644</u>
Clean Water				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ 307,778	\$ 139,790	\$ 9,095	\$ 438,473
Capital assets being depreciated/amortized:				
Equipment	19,552	-	-	19,552
Intangible assets	45,600	-	-	45,600
Land improvements	603,662	-	-	603,662
Storm sewers	49,796,575	1,296,711	-	51,093,286
Total capital assets being depreciated/ amortized	50,465,389	1,296,711	-	51,762,100
Total capital assets	50,773,167	1,436,501	9,095	52,200,573
Less accumulated depreciation/amortization	(15,810,636)	(1,270,638)	1	(17,081,273)
Net clean water capital assets	<u>\$ 34,962,531</u>			<u>\$ 35,119,300</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

	Beginning Balance	Additions	Deletions	Ending Balance
Rec Plex				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ 58,996	\$ 173,860	\$ 224,696	\$ 8,160
Capital assets being depreciated/amortized:				
Building	42,331,198	495,330	232,547	42,593,981
Equipment	2,117,703	265,095	74,500	2,308,298
Intangible assets	85,140	-	-	85,140
Land improvements	1,996,128	-	-	1,996,128
Total capital assets being depreciated/ amortized	46,530,169	760,425	307,047	46,983,547
Total capital assets	46,589,165	934,285	531,743	46,991,707
Less accumulated depreciation/amortization for:				
Building	(15,821,305)	(1,216,479)	115,651	(16,922,133)
Equipment	(1,844,303)	(90,755)	74,500	(1,860,558)
Intangible assets	(74,926)	(2,357)	-	(77,283)
Land improvements	(1,504,612)	(62,412)	-	(1,567,024)
Total accumulated depreciation/ amortization	(19,245,146)	(1,372,003)	190,151	(20,426,998)
Net Rec Plex capital assets	<u>\$ 27,344,019</u>			<u>\$ 26,564,709</u>
Waste Collection				
Capital assets being depreciated/amortized:				
Land improvements	\$ 100,343	\$ -	\$ -	\$ 100,343
Buildings	200,769	-	-	200,769
Equipment	790,433	-	-	790,433
Total capital assets being depreciated/ amortized	1,091,545	-	-	1,091,545
Total capital assets	1,091,545	-	-	1,091,545
Less accumulated depreciation/amortization for:				
Land improvements	(17,002)	(7,600)	-	(24,602)
Buildings	(162,288)	(10,038)	-	(172,326)
Equipment	(775,384)	(3,345)	-	(778,729)
Total accumulated depreciation/ amortization	(954,674)	(20,983)	-	(975,657)
Net waste collection capital assets	<u>\$ 136,871</u>			<u>\$ 115,888</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Depreciation/amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$ 1,323,023
Sewer	1,121,842
Clean water	1,270,638
Rec Plex	1,372,003
Waste collection	<u>20,983</u>

Total business-type activities depreciation/amortization expense	<u>\$ 5,108,489</u>
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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.

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	CDBG	\$ 57,966	\$ -
General	TID No. 5 Debt Service Fund	<u>275,497</u>	
Subtotal, fund financial statements		333,463	
Less fund eliminations		(333,463)	
Less interfund receivable created with internal service fund elimination		<u>(405,521)</u>	
Total, government-wide statement of net position		<u>\$ (405,521)</u>	
Receivable Fund	Payable Fund	Amount	
Business-Type activities, internal service allocations	Governmental activities, internal service allocations	<u>\$ (405,521)</u>	
Total internal balances, government-wide statement of net position		<u>\$ (405,521)</u>	

All amounts are due within one year.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Advances

The sewer utility is advancing funds to the Rec Plex fund. The amount advanced is determined by the decrease in operations and loss of revenues since the pandemic. In 2020, \$1,200,000 was advanced to the Rec Plex fund, with interest being charged at variable rates based on average monthly interest earnings. A repayment schedule has not been established for this advance.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Sewer utility	Rec Plex	\$ 1,200,000	\$ 1,200,000
Total, fund financial statements		1,200,000	
		(1,200,000)	
Less fund eliminations			
Total, interfund advances		\$ -	

Transfers

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Water utility	General	\$ 749,807	Payment in lieu of taxes
CDBG	General	82	CDBG Funds after closing grant
General	General Capital Projects	300,395	Transfer of reserves for capital
TID No. 5 Debt Service	TID No. 5 Capital Projects	227,200	Increment transfer to cover TID No. 5 administrative expenses
TID No. 8 Debt Service	TID No. 8 Capital Projects	37,400	TID No. 8 administrative expenses
TID No. 2 Debt Service	TID No. 2 Capital Projects	9,568,452	TID No. 2 debt service closeout.
Water utility	Rec Plex	119,370	Tower lease payments
TID No. 2 Capital Projects	General	2,204,007	TID Closeout refund
Total, fund financial statements		13,206,713	
Less fund eliminations		(12,456,906)	
Less transfer to business-type activities for capital assets funded by the governmental activities		(9,018,253)	
Total transfers. government-wide statement of activities		\$ (8,268,446)	

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
Governmental activities	Business-Type activities	\$ (9,018,253)
Business-Type activities	Governmental activities	749,807
Total government-wide statement of activities		<u>\$ (8,268,446)</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.

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 43,065,000	\$ -	\$ 18,650,000	\$ 24,415,000	\$ 4,835,000
Premium	1,369,309	-	874,527	494,782	-
Subtotal	44,434,309	-	19,524,527	24,909,782	4,835,000
Other liabilities:					
Vested compensated absences	886,186	941,814	886,186	941,814	941,814
Lease payable	-	344,994	26,802	318,192	104,712
Subtotal	886,186	1,286,808	912,988	1,260,006	1,046,526
Total governmental activities long-term liabilities	<u>\$ 45,320,495</u>	<u>\$ 1,286,808</u>	<u>\$ 20,437,515</u>	<u>\$ 26,169,788</u>	<u>\$ 5,881,526</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 18,785,000	\$ -	\$ 2,275,000	\$ 16,510,000	\$ 2,025,000
Premium	1,244,281	-	248,983	995,298	-
Subtotal	20,029,281	-	2,523,983	17,505,298	2,025,000
Other liabilities:					
Customer advances	-	14,992	-	14,992	14,992
Total business-type activities long-term liabilities	<u>\$ 20,029,281</u>	<u>\$ 14,992</u>	<u>\$ 2,523,983</u>	<u>\$ 17,520,290</u>	<u>\$ 2,039,992</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022 was \$268,493,185. Total general obligation debt outstanding at year-end was \$40,925,000.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/22</u>
Governmental Activities					
General obligation debt:					
Promissory notes	11/03/14	05/01/24	2.00 - 4.00%	\$ 6,865,000	\$ 1,965,000
Promissory notes	11/01/16	11/01/26	2.00 - 3.00	3,245,000	2,545,000
Promissory notes	04/18/19	04/01/25	3.00	3,660,000	3,660,000
Promissory notes	04/18/19	04/01/24	2.60 - 2.75	7,900,000	3,900,000
Promissory notes	04/18/19	04/01/29	3.00	2,155,000	1,790,000
Promissory notes	10/21/20	04/01/30	1.00 - 2.00	1,625,000	1,480,000
Promissory notes	11/17/21	11/01/31	1.00 - 2.00	9,195,000	9,075,000
Total governmental activities, general obligation debt					<u>\$ 24,415,000</u>
Business-Type Activities					
General obligation debt:					
Refunding notes	02/01/12	12/01/23	2.00 - 3.00%	\$ 2,605,000	\$ 280,000
Refunding notes	02/21/13	05/01/24	3.00 - 3.25	7,305,000	2,080,000
Refunding notes	08/24/17	08/01/28	3.00 - 5.00	7,700,000	7,200,000
Promissory notes	04/18/19	04/01/29	2.60 - 2.75	3,275,000	2,945,000
Promissory notes	10/21/20	04/01/30	1.00 - 2.00	4,490,000	4,005,000
Total business-type activities, general obligation debt					<u>\$ 16,510,000</u>

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Years ending December 31:				
2023	\$ 4,835,000	\$ 512,505	\$ 2,025,000	\$ 543,380
2024	4,995,000	374,280	2,140,000	484,580
2025	3,375,000	281,405	1,600,000	430,880
2026	2,810,000	214,905	1,695,000	360,105
2027	1,935,000	161,580	1,720,000	284,955
2028-2031	6,465,000	372,650	7,330,000	286,000
Total	<u>\$ 24,415,000</u>	<u>\$ 1,917,325</u>	<u>\$ 16,510,000</u>	<u>\$ 2,389,900</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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.

Lease Disclosures

Lessee – Lease Liabilities

The governmental activities have 12 leases payable related to vehicles totaling \$318,192 that were recorded in the Village's internal service fund beginning January 1, 2022. Interest rates on the leases range from less than 1% to 2.5% and final maturity ranges from 2025 to 2027.

Lessor – Lease Receivables

The governmental activities have 8 leases receivable related to cell towers totaling \$932,216 that were recorded beginning January 1, 2022. Interest rates on the leases are less than 1% and final maturity ranges from 2024 to 2031.

The business-type activities have 5 leases receivable related to cell towers totaling \$259,585 that were recorded beginning January 1, 2022. Interest rates on the leases are less than 1% and final maturity ranges from 2023 to 2026.

The Village recognized \$330,611 of lease revenue and \$9,485 of interest revenue related to leases during the fiscal year.

Net Position/Fund Balances

Governmental activities net position reported on the government wide statement of net position at December 31, 2022 includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 13,688,873
Right of way	15,525,604
Construction in progress	5,520,872
Other capital assets, net of accumulated depreciation/amortization	60,766,844
Less unamortized debt premium	(494,782)
Less related capital long-term debt outstanding (net of unspent proceeds of debt)	<u>(21,987,990)</u>
Total net investment in capital assets	<u>\$ 72,714,427</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

	General Fund	General Debt Service	TID No. 2 Debt Service Fund	TID No. 5 Debt Service Fund	General Capital Projects	TID No. 2 Capital Projects Fund	Nonmajor Governmental Funds	Total
Fund Balances								
Nonspendable:								
Delinquent taxes	\$ 34,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,629
Prepaid items	263,128	-	-	-	-	-	-	263,128
Subtotal	297,757	-	-	-	-	-	-	297,757
Restricted for:								
Debt service	-	1,196,508	-	-	-	-	46,157	1,242,665
TID purposes	-	-	-	-	-	-	2,281,779	2,281,779
Impact fees	-	-	-	-	1,721,005	-	-	1,721,005
Federally forfeited property	-	-	-	-	-	-	942	942
Subtotal	-	1,196,508	-	-	1,721,005	-	2,328,878	5,246,391
Committed to:								
Police canine unit	-	-	-	-	-	-	97,647	97,647
Assigned to:								
Capital projects 2023 budget	-	-	-	-	6,487,337	-	-	6,487,337
Subtotal	160,864	-	-	-	-	-	-	160,864
Subtotal	160,864	-	-	-	6,487,337	-	-	6,648,201
Unassigned (deficit)	9,261,879	-	-	(275,497)	-	-	-	8,986,382
Total fund balances (deficit)	\$ 9,720,500	\$ 1,196,508	\$ -	\$ (275,497)	\$ 8,208,342	\$ -	\$ 2,426,525	\$ 21,276,378

Business-Type Activities

Net investment in capital assets:

Land	\$ 2,389,914
Construction in progress	1,072,844
Other capital assets, net of accumulated depreciation/amortization	179,527,318
Less long-term capital debt outstanding (net of unspent proceeds of debt)	(16,524,992)
Less unamortized debt premium	(995,298)

Total net investment in capital assets \$ 165,469,786

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.

Basis of Accounting/Measurement Focus

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

Deposits and Investments

At December 31, 2022, the CDA held no cash or investments.

Land Held for Resale

The CDA had a balance of \$232,716 in land held for resale as of December 31, 2022. This balance is reported at the lower of cost or market.

5. Other Information

Employees' Retirement System

General Information About the Pension Plan

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district education support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants, if hired on or before December 31, 2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable services.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and makes contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

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
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Contributions

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

During the reporting period, the WRS recognized \$1,290,649 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee	Employer
General (Executives & Elected Officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

Pension (Asset)/Liability, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Village reported an (asset)/liability of \$(8,963,571) for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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)/liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.11120802%, which was an increase of 0.00116599% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense (revenue) of \$(850,402).

At December 31, 2022, 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 projected and actual experience	\$ 14,480,195	\$ 1,044,178
Changes in assumption	1,672,295	-
Net differences between projected and actual earnings on pension plan investments	-	20,052,254
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,472	23,977
Employer contributions subsequent to the measurement date	1,346,590	-
Total	\$ 17,524,552	\$ 21,120,409

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

\$1,346,590 reported as deferred outflows of resources 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2023	\$ (417,321)
2024	(2,425,939)
2025	(1,070,581)
2026	(1,028,606)
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
PostRetirement Adjustments*:	1.7%

- * No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns* as of December 31, 2021			
Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %**
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund***	115	6.6	4.0
Variable Fund Asset			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

** New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

*** The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Village's proportionate share of the net pension liability (asset)	\$ 6,360,289	\$ (8,963,571)	\$ (8,963,571)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

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.

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, 2022. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

In 2009, the Village issued a municipal revenue obligation as part of a development agreement, which was authorized through the TID project plan. The original amount of the obligation was \$452,062 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 4. Payments are scheduled through the year 2034, and carry an interest rate not to exceed 9.75%. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment and accrued interest outstanding at year-end was \$1,073,737.

In 2019, the Village issued a municipal revenue obligation as part of a development agreement, which was authorized through the TID No. 5 project plan. The original amount of the obligation was \$2,518,401 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 5. Payments are scheduled through the year 2038 and carry an interest rate not to exceed prime plus 3%. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment and accrued interest outstanding at year-end was \$2,851,714.

In 2019, the Village issued a municipal revenue obligation as part of a development agreement, which was authorized through the TID No. 6 project plan. The original amount of the obligation was \$4,964,750 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 6. Payments are scheduled through the year 2038 and carry an interest rate not to exceed 6%. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment and accrued interest outstanding at year-end was \$4,969,494.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

In 2019, the Village also issued a municipal revenue obligation as part of a development agreement, which was authorized through the TID No. 7 project plan. The original amount of the obligation was \$9,914,660 and is payable to the developer solely from tax increments collected from a specific portion of the development in TID No. 7. Payments are scheduled through the year 2038 and carry an interest rate not to exceed 7.00%. The obligation does not constitute a charge upon any funds of the Village. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the Village. Since the amount of future payments is contingent on the collection of future TID increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment and accrued interest outstanding at year-end was \$10,580,875.

Water Supply and Wastewater Treatment

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

Other Postemployment Benefits (OPEB)

Plan Description - OPEB Trust

Plan Administration

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

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

Plan Membership

At December 31, 2022, VRBP membership consisted of the following:

Inactive plan members and spouses currently receiving benefit payments	23
Active plan members	43
	<hr/>
	66

The Village does not pay any portion of the premiums for fire and rescue employees hired after August 17, 2009, nonrepresented employees hired after July 1, 2010, and police employees hired after January 1, 2011.

Benefits Provided

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Contributions

Article VII of the Declaration of Trust grants the authority to establish and amend the contribution requirements of the Village and plan members to the VRS Board. The Board establishes rates based on annual Village Wellness Program participation and wellness level achievements. For the year ended December 31, 2022, the Village's average contribution rate was 11.1% of covered-employee payroll. Plan members are required to contribute either 5% or 25% of annual premiums.

Investments

Investment Policy

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

Concentrations

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

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -6.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The components of the net OPEB liability of the Village at December 31, 2022, were as follows:

Total OPEB liability	\$ 7,903,313
Less plan fiduciary net position	<u>(996,857)</u>
Village's net OPEB liability	<u>\$ 6,906,456</u>
Plan fiduciary net position as a percentage of the total OPEB liability	12.61%

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00% inflation plus 0.4%-4.8% merit
Investment rate of return	3.00%
Healthcare cost trend rates	6.30% initially increasing to 7.2% in 2024 and then decreasing annually to an ultimate rate of 3.7%

Mortality rates were based on the 2020 WRS Experience Tables as the base table and project future improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period 2018 – 2020 performed by the actuary for the Wisconsin Retirement System.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the target asset allocation as of December 31, 2022 (see the discussion of VRBP's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. cash	0.59%
U.S. short bonds	1.26%
U.S. inflation indexed bonds	1.43%

Discount Rate

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that the Village contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position will be available to make all projected future benefit payments of current plan members. Therefore, the discount was used based on the long-term expected rate of return on OPEB plan investments to determine the total OPEB liability.

The Village's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to the measurement date.

	Changes in the Net OPEB Liability		
	Total OPEB Liability (a)	Change in Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at December 31, 2021	\$ 5,160,733	\$ 1,064,223	\$ 4,096,510
Changes for the year:			
Service cost	105,275		105,275
Interest	148,817		148,817
Difference between expected and actual experience	2,295,334		2,295,334
Changes in assumptions	808,543		808,543
Benefit payments	(615,389)	(615,389)	-
Net investment income		(67,366)	67,366
Employer contributions		615,389	(615,389)
Net changes	2,742,580	(67,366)	2,809,946
Balances at December 31, 2022	\$ 7,903,313	\$ 996,857	\$ 6,906,456

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current discount rate:

	<u>1% Decrease (2.00%)</u>	<u>Discount Rate (3.00%)</u>	<u>1% Increase (4.00%)</u>
Net OPEB liability	\$ 7,389,771	\$ 6,906,456	\$ 6,450,633

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.3% increasing to 6.2%) or 1-percentage-point higher (7.3% increasing to 8.2%) than the current healthcare cost trend rates (6.3% increasing to 7.2%):

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 6,292,159	\$ 6,906,456	\$ 7,596,150

OPEB Plan Fiduciary Net Position

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

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

For the year ended December 31, 2022, the Village recognized OPEB expense of \$557 993. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experience	\$ 2,461,030	\$ 1,152,376
Changes in actuarial assumptions	817,889	993,130
Net differences between projected and actual investment earnings on pension plan investment	84,351	-
Total	<u>\$ 3,363,270</u>	<u>\$ 2,145,506</u>

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

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

	Deferred Outflows/ Inflows of Resources (Net)
Years ending December 31:	
2023	\$ 329,302
2024	331,030
2025	189,483
2026	367,949
2027	-
Thereafter	-

Local Retiree Life Insurance Fund (LRLIF)

Plan Description

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Benefits Provided

The LRLIF plan provides fully paid-up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

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

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

Contribution rates for the plan year reported as of December 31, 2022 are:

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

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Contribution rates for the plan year reported as of December 31, 2022 are:

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

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

Life Insurance Member Contribution Rates for the Plan Year		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$9,851 in contributions from the employer.

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

At December 31, 2022, the Village reported a liability of \$2,844,779 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net OPEB liability was based on the Village's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.48132000%, which was an increase of 0.03009000% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized OPEB expense (revenue) of \$375,852.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 144,712
Net differences between projected and investment earnings on plan investments	37,013	-
Changes in actuarial assumptions	859,506	137,888
Changes in proportion and differences between employer contributions and proportionate share of contributions	191,711	20,746
Employer contributions subsequent to the measurement date	9,566	-
Total	<u>\$ 1,097,796</u>	<u>\$ 303,346</u>

\$9,566 reported as deferred outflows of resources related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31	
2023	\$ 171,374
2024	167,080
2025	152,040
2026	185,949
2027	93,079
Thereafter	15,362

Actuarial Assumptions

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets

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

State OPEB Life Insurance Asset Allocation Targets and Expected Returns as of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	45.00%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5.00%	1.82%
U.S. Mortgages	Bloomberg U.S. MBS	50.00%	1.94%
Inflation			2.30%
Long-term expected rate of return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount Rate

A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to the age of 65.

Village of Pleasant Prairie

Notes to Financial Statements

December 31, 2022

Sensitivity of the Village's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17%, as well as what the Village's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Village's proportionate share of the net OPEB liability (asset)	\$ 3,859,340	\$ 2,844,779	\$ 2,081,364

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Subsequent Events

In February 2023, the Village Board approved construction contracts for Fire Station #3 in the amount of \$14 million.

In March 2023, the Village Board approved construction contracts for the new police station and related roadway and utility projects in the amount of \$24 million.

On March 27, 2023, the Village Board approved the project plan and boundaries for Tax Incremental District No. 10.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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
 Year Ended December 31, 2022

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues and Other Financing Sources				
Taxes				
General property tax for local purposes	\$ 11,036,893	\$ 11,036,893	\$ 11,036,896	\$ 3
Taxes, penalties and interest	50,000	50,000	70,028	20,028
Mobile home taxes	150,000	150,000	188,734	38,734
Hotel/motel room tax	70,000	70,000	87,835	17,835
Other taxes	52,000	52,000	51,788	(212)
Total taxes	11,358,893	11,358,893	11,435,281	76,388
Intergovernmental				
Shared taxes from state	225,055	225,055	225,055	-
Fire insurance tax from state	175,789	175,789	187,221	11,432
Law enforcement grants	10,000	10,000	31,433	21,433
State aid - other grants	2,150,321	2,150,321	2,254,341	104,020
Ambulance service grant	4,951	4,951	4,731	(220)
Exempt computer aid	44,598	44,598	44,598	-
State payment for municipal service	6,200	6,200	3,958	(2,242)
Federal Grants	-	-	223,677	223,677
Total intergovernmental	2,616,914	2,616,914	2,975,014	358,100
Regulation and Compliance				
Liquor and malt beverage licenses	16,380	16,380	17,144	764
Cigarette licenses	1,000	1,000	1,500	500
Bartender licenses	6,180	6,180	3,875	(2,305)
Other miscellaneous licenses	1,135	1,135	4,070	2,935
Fire department permits	126,007	126,007	106,036	(19,971)
Dog licenses	7,500	7,500	7,037	(463)
Residential building permits	243,000	243,000	190,680	(52,320)
Commercial building permits	466,000	466,000	150,247	(315,753)
Application and zoning fees	233,130	233,130	218,215	(14,915)
Miscellaneous permits and fees	107,600	107,600	73,701	(33,899)
Court penalties and costs	338,000	338,000	306,139	(31,861)
Parking tickets	10,000	10,000	3,391	(6,609)
Total regulation and compliance	1,555,932	1,555,932	1,082,035	(473,897)
Public Charges for Services				
Prequalification fees	3,000	3,000	1,840	(1,160)
Administrative fees	10,000	10,000	8,170	(1,830)
Publication fees	700	700	460	(240)
Police department fees	95,000	95,000	89,569	(5,431)
Fire department fees	72,482	72,482	57,470	(15,012)
Rescue squad fees	581,404	581,404	673,573	92,169
Highway department fees	720,000	720,000	814,862	94,862
Engineering department fees	230,000	230,000	265,339	35,339
Street lighting	145,000	145,000	174,240	29,240
Special assessment letters	13,000	13,000	11,485	(1,515)
Weed control	8,000	8,000	4,651	(3,349)
Franchise fees	230,000	230,000	238,942	8,942
Other	26,100	26,100	16,890	(9,210)
Total public charges for services	2,134,686	2,134,686	2,357,491	222,805
Intergovernmental Charges for Services				
Assessing contracts	249,482	249,482	289,073	39,591
Investment Income (loss)				
Investment income (loss)	44,000	44,000	(560,934)	(604,934)

See notes to required supplementary information

Village of Pleasant Prairie

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund
 Year Ended December 31, 2022

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Miscellaneous				
Miscellaneous	\$ 43,100	\$ 43,100	\$ 53,583	\$ 10,483
Tower leases	185,241	185,241	208,418	23,177
Village hall rent from utility	95,945	95,945	95,595	(350)
Total miscellaneous	324,286	324,286	357,596	33,310
Other Financing Sources				
Transfers in	900,000	900,000	2,953,896	2,053,896
Total revenues and other financing sources	19,184,193	19,184,193	20,889,452	1,705,259
Expenditures and Other Financing Uses				
General Government				
Village board	94,748	94,748	94,468	280
Information technology	1,027,364	1,027,364	988,619	38,745
Administration, finance and human resources	1,621,476	1,621,476	1,591,019	30,457
Assessing	634,651	634,651	619,763	14,888
Municipal buildings	456,140	456,140	538,672	(82,532)
Contingency	95,000	95,000	64,633	30,367
Total general government	3,929,379	3,929,379	3,897,174	32,205
Public Safety				
Police	5,105,906	5,105,906	5,111,486	(5,580)
Fire and rescue	4,763,704	4,763,704	4,535,237	228,467
Engineering department	368,929	368,929	361,807	7,122
Public safety communications	625,673	625,673	540,500	85,173
Total public safety	10,864,212	10,864,212	10,549,030	315,182
Public Works				
Public works	2,510,874	2,510,874	2,488,747	22,127
Street lighting	297,429	297,429	362,864	(65,435)
Total public works	2,808,303	2,808,303	2,851,611	(43,308)
Culture, Recreation and Education				
Historical society	24,372	24,372	25,000	(628)
Parks	627,758	627,758	600,586	27,172
Total culture, recreation and education	652,130	652,130	625,586	26,544
Community Development				
Community development	642,949	642,949	625,665	17,284
Inspection	511,501	511,501	496,557	14,944
Total community development	1,154,450	1,154,450	1,122,222	32,228
Other Financing Uses				
Transfers out	300,395	300,395	300,395	-
Total expenditures and other financing uses	19,708,869	19,708,869	19,346,018	362,851
Net change in fund balance	(524,676)	(524,676)	1,543,434	2,068,110
Fund Balance, Beginning	8,177,066	8,177,066	8,177,066	-
Fund Balance, Ending	\$ 7,652,390	\$ 7,652,390	\$ 9,720,500	\$ 2,068,110

See notes to required supplementary information

Village of Pleasant Prairie

Schedule of Proportionate Share of the Net Pension (Asset) / Liability -

Wisconsin Retirement System

Year Ended December 31, 2022

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset) / Liability	Proportionate Share of the Net Pension Liability (Asset) / Liability	Covered Payroll	Proportionate Share of the Net Pension (Asset) / Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/22	0.11120802%	\$ (8,963,571)	\$ 15,221,790	58.89%	106.02%
12/31/21	0.11004203%	(6,870,076)	15,055,974	45.63%	105.26%
12/31/20	0.10733448%	(3,460,953)	14,618,868	23.67%	102.96%
12/31/19	0.10431362%	3,711,151	13,692,594	27.10%	96.45%
12/31/18	0.10011588%	(2,972,559)	13,042,279	-22.79%	102.93%
12/31/17	0.09609345%	792,039	12,742,390	6.22%	99.12%
12/31/16	0.09311995%	1,513,181	11,800,266	12.82%	98.20%
12/31/15	0.09137800%	(2,244,494)	11,218,417	-20.01%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System

Year Ended December 31, 2022

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/22	\$ 1,346,590	\$ 1,346,590	\$ -	\$ 15,870,015	8.49%
12/31/21	1,285,095	1,285,095	-	15,221,791	8.44%
12/31/20	1,268,583	1,268,583	-	15,055,975	8.43%
12/31/19	1,152,841	1,152,841	-	14,618,869	7.89%
12/31/18	1,106,311	1,106,311	-	13,692,593	8.08%
12/31/17	1,058,738	1,058,738	-	13,042,279	8.12%
12/31/16	972,450	972,450	-	12,744,682	7.63%
12/31/15	917,337	917,337	-	11,800,265	7.77%

Schedule of Proportionate Share of the Net Life Insurance OPEB Liability

Local Retiree Life Insurance Fund

Year Ended December 31, 2022

Fiscal Year Ending	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/22	0.48132000%	\$ 2,844,779	\$ 13,388,000	21.25%	29.57%
12/31/21	0.45123000%	2,498,004	12,718,000	19.64%	31.36%
12/31/20	0.42622000%	1,814,928	12,623,000	14.38%	37.58%
12/31/19	0.41220900%	1,063,638	11,662,000	9.12%	48.69%
12/31/18	0.42948800%	1,292,149	18,061,199	7.15%	44.81%

See notes to required supplementary information

Village of Pleasant PrairieSchedule of Changes in the Net OPEB Liability - Health Insurance
Last 10 Fiscal Years*

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 188,623	\$ 262,809	\$ 273,321	\$ 102,209	\$ 105,275
Interest on the total OPEB liability	195,200	369,355	374,906	156,546	148,817
Changes of benefit terms	1,830,026	-	-	-	-
Differences between expected and actual experience	1,912,341	-	(2,219,389)	-	2,295,334
Changes of assumptions or other inputs	507,502	-	(1,899,043)	-	808,543
Employer contributions	(298,000)	(411,129)	(598,542)	(424,922)	(615,389)
Net change in the total OPEB liability	4,335,692	221,035	(4,068,747)	(166,167)	2,742,580
Total OPEB Liability, Beginning	<u>4,838,920</u>	<u>9,174,612</u>	<u>9,395,647</u>	<u>5,326,900</u>	<u>5,160,733</u>
Total OPEB Liability, Ending (a)	<u>\$ 9,174,612</u>	<u>\$ 9,395,647</u>	<u>\$ 5,326,900</u>	<u>\$ 5,160,733</u>	<u>\$ 7,903,313</u>
Fiduciary Net Position					
Employer contributions	\$ 298,000	\$ 411,129	\$ 598,542	\$ 424,922	\$ 615,389
Net investment income	5,253	46,732	53,384	11,569	(67,366)
Benefit payments	(298,000)	(411,129)	(598,542)	(424,922)	(615,389)
Net change in plan fiduciary net position	5,253	46,732	53,384	11,569	(67,366)
Total Fiduciary Net Position, Beginning	<u>947,285</u>	<u>952,538</u>	<u>999,270</u>	<u>1,052,654</u>	<u>1,064,223</u>
Total Fiduciary, Ending (b)	<u>\$ 952,538</u>	<u>\$ 999,270</u>	<u>\$ 1,052,654</u>	<u>\$ 1,064,223</u>	<u>\$ 996,857</u>
Net OPEB liability, ending = (a) - (b)	\$ 8,222,074	\$ 8,396,377	\$ 4,274,246	\$ 4,096,510	\$ 6,906,456
Covered payroll	5,230,280	4,628,999	4,417,723	4,046,402	\$ 3,434,007
Net OPEB liability as a percent of covered payroll	157.2%	181.4%	96.8%	101.2%	201.1%

Notes to the Schedule:

Benefit changes: There were no changes of benefit terms noted from the prior year.

Changes in assumptions: There were no changes in assumptions noted from the prior year.

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

Village of Pleasant Prairie**Schedule of Investment Returns - Other Postemployment Benefits****Health Insurance****Last 10 Fiscal Years***

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	0.55%	4.91%	5.34%	1.10%	-6.33%

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

Village of Pleasant Prairie**Schedule of Changes in Employer's Total OPEB Liability and Related Ratios**

Health Insurance

Last 10 Fiscal Years*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service cost	\$ 188,623	\$ 262,809	\$ 273,321	\$ 102,209	\$ 105,275
Interest	195,200	369,355	374,906	156,546	148,817
Changes of benefit terms	1,830,026	-	-	-	-
Differences between expected and actual experience	1,912,341	-	(2,219,389)	-	2,295,334
Changes of assumptions	507,502	-	(1,899,043)	-	808,543
Benefit payments	(298,000)	(411,129)	(598,542)	(424,922)	(615,389)
Net change in total OPEB liability	4,335,692	221,035	(4,068,747)	(166,167)	2,742,580
Total OPEB Liability, Beginning	<u>4,838,920</u>	<u>9,174,612</u>	<u>9,395,647</u>	<u>5,326,900</u>	<u>5,160,733</u>
Total OPEB Liability, Ending	<u>\$ 9,174,612</u>	<u>\$ 9,395,647</u>	<u>\$ 5,326,900</u>	<u>\$ 5,160,733</u>	<u>\$ 7,903,313</u>
Covered, employee payroll	\$ 5,230,280	\$ 4,628,999	\$ 4,417,723	\$ 4,046,402	\$ 3,434,007
Total OPEB liability as a percentage of covered-employee payroll	175.41%	202.97%	120.58%	127.54%	230.15%

Notes to Schedule:

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

Benefit changes: There were no changes of benefit terms noted from the prior year.

Changes in assumptions: There were no changes in assumptions noted from the prior year.

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

Village of Pleasant Prairie

Notes to Required Supplementary Information
December 31, 2022

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 1.

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. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Village of Pleasant Prairie

Notes to Required Supplementary Information
December 31, 2022

Local Retiree Life Insurance Fund

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 LRLIF.

Changes in assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

Village of Pleasant Prairie

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds				Debt Service Fund
	Police Canine Unit	Federally Forfeited Property	CDBG	Federal Grants	TID No. 8
Assets					
Cash and investments	\$ 98,106	\$ 942	\$ -	\$ 1,499,434	\$ 46,157
Taxes receivable	-	-	-	-	123,543
Other receivable	50	-	-	-	-
Due from other governments	-	-	57,966	-	-
Total assets	<u>\$ 98,156</u>	<u>\$ 942</u>	<u>\$ 57,966</u>	<u>\$ 1,499,434</u>	<u>\$ 169,700</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 509	\$ -	\$ -	\$ 25,686	\$ -
Unearned revenue	-	-	-	1,473,748	-
Due to other funds	-	-	57,966	-	-
Total liabilities	<u>509</u>	<u>-</u>	<u>57,966</u>	<u>1,499,434</u>	<u>-</u>
Deferred Inflows of Resources					
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,543</u>
Fund Balances					
Restricted	-	942	-	-	46,157
Committed	<u>97,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>97,647</u>	<u>942</u>	<u>-</u>	<u>-</u>	<u>46,157</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 98,156</u>	<u>\$ 942</u>	<u>\$ 57,966</u>	<u>\$ 1,499,434</u>	<u>\$ 169,700</u>

Capital Project Funds							Total Nonmajor Funds
TID No. 2 Escrow	TID No. 4	TID No. 5	TID No. 6	TID No. 7	TID No. 8		
\$ -	\$ -	\$ 1,572,358	\$ 4,114	\$ 5,204	\$ 2,319,307	\$ 5,545,622	
-	52,635	-	270,730	1,347,012	-	1,793,920	
-	-	71,230	-	-	-	71,280	
-	-	-	-	-	-	57,966	
<u>\$ -</u>	<u>\$ 52,635</u>	<u>\$ 1,643,588</u>	<u>\$ 274,844</u>	<u>\$ 1,352,216</u>	<u>\$ 2,319,307</u>	<u>\$ 7,468,788</u>	
\$ -	\$ -	\$ 278,200	\$ -	\$ -	\$ 1,412,234	\$ 1,716,629	
-	-	-	-	-	-	1,473,748	
-	-	-	-	-	-	57,966	
-	-	278,200	-	-	1,412,234	3,248,343	
-	52,635	-	270,730	1,347,012	-	1,793,920	
-	-	1,365,388	4,114	5,204	907,073	2,328,878	
-	-	-	-	-	-	97,647	
-	-	1,365,388	4,114	5,204	907,073	2,426,525	
<u>\$ -</u>	<u>\$ 52,635</u>	<u>\$ 1,643,588</u>	<u>\$ 274,844</u>	<u>\$ 1,352,216</u>	<u>\$ 2,319,307</u>	<u>\$ 7,468,788</u>	

Village of Pleasant Prairie

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

	Special Revenue Funds				Debt Service Fund
	Police Canine Unit	Federally Forfeited Property	CDBG	Federal Grants	TID No. 8
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	56,945	-	2,963,586	689,775	-
Investment income	358	349	-	-	-
Miscellaneous	38,023	-	-	-	-
Total revenues	95,326	349	2,963,586	689,775	-
Expenditures					
Current:					
Public safety	6,607	36,128	-	-	-
Culture, education and recreation	-	-	-	689,775	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	118,346
Total expenditures	6,607	36,128	-	689,775	118,346
Excess (deficiency) of revenues over (under) expenditures	88,719	(35,779)	2,963,586	-	(118,346)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(82)	-	(37,400)
Total other financing sources	-	-	(82)	-	(37,400)
Net change in fund balance	88,719	(35,779)	2,963,504	-	(155,746)
Fund Balance (Deficit), Beginning	8,928	36,721	(2,963,504)	-	201,903
Fund Balance, Ending	\$ 97,647	\$ 942	\$ -	\$ -	\$ 46,157

Capital Project Funds						Total Nonmajor Funds
TID No. 2 Escrow	TID No. 4	TID No. 5	TID No. 6	TID No. 7	TID No. 8	
\$ -	\$ 51,730	\$ -	\$ 292,526	\$ 580,353	\$ -	\$ 924,609
-	-	-	235,000	-	-	3,945,306
3,609	-	43,233	1,625	3,263	52,763	105,200
-	-	-	-	-	25,800	63,823
3,609	51,730	43,233	529,151	583,616	78,563	5,038,938
-	-	-	-	-	-	42,735
-	-	-	-	-	-	689,775
10,632	150	227,301	236,155	31,672	2,556	508,466
673,541	-	1,288,402	-	-	2,348,009	4,309,952
-	-	-	130,000	-	-	130,000
-	51,580	-	260,650	545,000	-	975,576
684,173	51,730	1,515,703	626,805	576,672	2,350,565	6,656,504
(680,564)	-	(1,472,470)	(97,654)	6,944	(2,272,002)	(1,617,566)
-	-	227,200	-	-	37,400	264,600
-	-	-	-	-	-	(37,482)
-	-	227,200	-	-	37,400	227,118
(680,564)	-	(1,245,270)	(97,654)	6,944	(2,234,602)	(1,390,448)
680,564	-	2,610,658	101,768	(1,740)	3,141,675	3,816,973
\$ -	\$ -	\$ 1,365,388	\$ 4,114	\$ 5,204	\$ 907,073	\$ 2,426,525

Village of Pleasant Prairie

Statement of Cash Flows -

Component Unit

Year Ended December 31, 2022

	Community Development Authority
Cash Flows From Operating Activities	<u>\$ -</u>
Cash Flows From Capital and Related Financing Activities	<u>-</u>
Net change in cash and cash equivalents	-
Cash and Cash Equivalents, Beginning	<u>-</u>
Cash and Cash Equivalents, Ending	<u><u>\$ -</u></u>
Noncash Capital and Related Financing Activities	
None.	<u><u>\$ -</u></u>

Village of Pleasant Prairie

Combining Statement of Fiduciary Net Position

Custodial Funds

December 31, 2022

	Tax Collection Fund	Mobile Home Fees	Total Custodial Funds
Assets			
Cash and investments	\$ 19,529,882	\$ 55,411	\$ 19,585,293
Receivables:			
Taxes	33,997,523	-	33,997,523
Accounts	-	36,031	36,031
Total assets	<u>53,527,405</u>	<u>91,442</u>	<u>53,618,847</u>
Liabilities			
Accounts payable	42,728	-	42,728
Due to other taxing units	<u>53,484,677</u>	<u>91,442</u>	<u>53,576,119</u>
Total liabilities	<u>53,527,405</u>	<u>91,442</u>	<u>53,618,847</u>
Net Position			
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Village of Pleasant Prairie

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

December 31, 2022

	Tax Collection Fund	Mobile Home Fees	Total Custodial Funds
Additions			
Mobile home taxes collected for school district	\$ -	\$ 117,205	\$ 117,205
Property taxes collected for county	33,017,602	-	33,017,602
Property taxes collected for technical college	2,616,219	-	2,616,219
Property taxes collected for school district	28,229,754	-	28,229,754
Total additions	63,863,575	117,205	63,980,780
Deductions			
Mobile home taxes distributed to school district	-	117,205	117,205
Property taxes distributed to county	33,017,602	-	33,017,602
Property taxes distributed to technical college	2,616,219	-	2,616,219
Property taxes distributed to school district	28,229,754	-	28,229,754
Total deductions	63,863,575	117,205	63,980,780
Change in net position	-	-	-
Net Position, Beginning	-	-	-
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Village of Pleasant Prairie

Combining Statement of Net Position

Internal Service Funds

December 31, 2022

	<u>Fleet</u>	<u>Insurance</u>	<u>Total</u>
Assets			
Current assets:			
Cash and investments	\$ 795,969	\$ 4,005,761	\$ 4,801,730
Total current assets	<u>795,969</u>	<u>4,005,761</u>	<u>4,801,730</u>
Noncurrent assets:			
Restricted assets			
Net pension asset	131,284	-	131,284
Capital assets:			
Intangibles	16,699	-	16,699
Machinery and equipment	10,210,563	-	10,210,563
Accumulated depreciation/amortization	<u>(6,840,425)</u>	<u>-</u>	<u>(6,840,425)</u>
Total noncurrent assets	<u>3,518,121</u>	<u>-</u>	<u>3,518,121</u>
Total assets	<u>4,314,090</u>	<u>4,005,761</u>	<u>8,319,851</u>
Deferred Outflows of Resources			
Pension, related amounts	255,211	-	255,211
OPEB, related amounts	<u>54,477</u>	<u>-</u>	<u>54,477</u>
Total deferred outflows of resources	<u>309,688</u>	<u>-</u>	<u>309,688</u>
Liabilities			
Current liabilities:			
Accounts payable	40,571	13,481	54,052
Accrued liabilities	23,915	-	23,915
Current portion, lease payable	<u>104,712</u>	<u>-</u>	<u>104,712</u>
Total current liabilities	<u>169,198</u>	<u>13,481</u>	<u>182,679</u>
Noncurrent liabilities:			
Lease payable	213,480		213,480
Other postemployment benefits	<u>131,508</u>	<u>-</u>	<u>131,508</u>
Total noncurrent liabilities	<u>344,988</u>	<u>-</u>	<u>344,988</u>
Total liabilities	<u>514,186</u>	<u>13,481</u>	<u>527,667</u>
Deferred Inflows of Resources			
Pension, related amounts	308,991	-	308,991
OPEB, related amounts	<u>34,786</u>	<u>-</u>	<u>34,786</u>
Total deferred inflows of resources	<u>343,777</u>	<u>-</u>	<u>343,777</u>
Net Position			
Net investment in capital assets	3,068,645	-	3,068,645
Restricted for pension	131,284	-	131,284
Unrestricted	<u>565,886</u>	<u>3,992,280</u>	<u>4,558,166</u>
Total net position	<u>\$ 3,765,815</u>	<u>\$ 3,992,280</u>	<u>\$ 7,758,095</u>

Village of Pleasant Prairie**Combining Statement of Revenues, Expenses and Changes in Net Position**

Internal Service Funds

Year Ended December 31, 2022

	<u>Fleet</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues	<u>\$ 1,706,863</u>	<u>\$ 3,496,688</u>	<u>\$ 5,203,551</u>
Operating Expenses			
Operation and maintenance	1,231,208	3,659,786	4,890,994
Depreciation/amortization	<u>624,598</u>	<u>-</u>	<u>624,598</u>
Total operating expenses	<u>1,855,806</u>	<u>3,659,786</u>	<u>5,515,592</u>
Operating income (loss)	<u>(148,943)</u>	<u>(163,098)</u>	<u>(312,041)</u>
Nonoperating Revenues (Expenses)			
Investment income	11,733	77,239	88,972
Interest expense	(1,821)	-	(1,821)
Gain (loss) on disposal of assets	<u>(2,046)</u>	<u>-</u>	<u>(2,046)</u>
Total nonoperating revenues (expenses)	<u>7,866</u>	<u>77,239</u>	<u>85,105</u>
Change in net position	(141,077)	(85,859)	(226,936)
Net Position, Beginning	<u>3,906,892</u>	<u>4,078,139</u>	<u>7,985,031</u>
Net Position, Ending	<u><u>\$ 3,765,815</u></u>	<u><u>\$ 3,992,280</u></u>	<u><u>\$ 7,758,095</u></u>

Village of Pleasant Prairie

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2022

	<u>Fleet</u>	<u>Insurance</u>	<u>Total</u>
Cash Flows From Operating Activities			
Received from customers	\$ 1,704,862	\$ 3,496,688	\$ 5,201,550
Paid to suppliers for goods and services	(872,342)	(3,647,367)	(4,519,709)
Paid to employees for services	(357,809)	-	(357,809)
	<u>474,711</u>	<u>(150,679)</u>	<u>324,032</u>
Net cash flows from operating activities			
Cash Flows From Investing Activities			
Investment income	<u>11,733</u>	<u>77,239</u>	<u>88,972</u>
	<u>11,733</u>	<u>77,239</u>	<u>88,972</u>
Net cash flows from investing activities			
Cash Flows From Capital and Related Financing Activities			
Payment on lease liability	(26,802)	-	(26,802)
Interest paid	(1,821)	-	(1,821)
Acquisition and construction of capital assets	(470,275)	-	(470,275)
	<u>(498,898)</u>	<u>-</u>	<u>(498,898)</u>
Net cash flows from capital and related financing activities			
Net change in cash and cash equivalents	(12,454)	(73,440)	(85,894)
Cash and Cash Equivalents, Beginning	<u>808,423</u>	<u>4,079,201</u>	<u>4,887,624</u>
Cash and Cash Equivalents, Ending	<u>\$ 795,969</u>	<u>\$ 4,005,761</u>	<u>\$ 4,801,730</u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities			
Operating income (loss)	\$ (148,943)	\$ (163,098)	\$ (312,041)
Miscellaneous non-operating revenue (expense)	(2,046)	-	(2,046)
Noncash items included in income:			
Depreciation/amortization	624,598	-	624,598
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Other accounts receivable	45	-	45
Accounts payable	17,061	12,419	29,480
Other current and accrued liabilities	1,031	-	1,031
OPEB related deferrals and liabilities	1,135	-	1,135
Pension, related amounts	(18,170)	-	(18,170)
	<u>\$ 474,711</u>	<u>\$ (150,679)</u>	<u>\$ 324,032</u>
Net cash flows from operating activities			
Noncash Capital and Related Financing Activities			
Lease issued for equipment	<u>\$ 344,994</u>	<u>\$ -</u>	<u>\$ 344,994</u>