



JOHNSON BLOCK
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VILLAGE OF PRAIRIE DU SAC, WISCONSIN

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

Year Ended December 31, 2017

**Johnson Block & Company, Inc.
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VILLAGE OF PRAIRIE DU SAC, WISCONSIN

Contents

	<u>Page</u>
Independent Auditor’s Report.....	1 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities.....	5
Fund Financial Statements:	
Balance Sheet – Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds.....	10 - 11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	12
Statement of Cash Flows – Proprietary Funds.....	13 - 14
Statement of Net Position – Fiduciary Fund.....	15
Index to Notes to Financial Statements.....	16 - 17
Notes to Financial Statements.....	18 - 51
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	52
Wisconsin Retirement System Schedules	53
Notes to Required Supplementary Information	54

VILLAGE OF PRAIRIE DU SAC, WISCONSIN

Contents (Continued)

Page

Other Supplementary Information:

Combining Balance Sheet – Tax Incremental Financing Districts	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Tax Incremental Financing Districts.....	56



INDEPENDENT AUDITOR'S REPORT

President and Board of Trustees
Village of Prairie du Sac
Prairie du Sac, Wisconsin

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Prairie du Sac, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Prairie du Sac, Wisconsin, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and Wisconsin Retirement System schedules on pages 52 - 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Prairie du Sac, Wisconsin's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.



Other Matters (Continued)

Other Information (Continued)

The other supplementary 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. Such 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Viroqua, Wisconsin
July 6, 2018

BASIC FINANCIAL STATEMENTS

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,865,055	\$ 2,382,260	\$ 4,247,315
Restricted cash and cash equivalents	572,079	1,331,503	1,903,582
Receivables	3,564,999	799,262	4,364,261
Internal balances	1,196,849	(1,196,849)	-
Due from other governmental agencies	11,475	-	11,475
Inventories	-	119,858	119,858
Prepaid expenses	25,952	-	25,952
Investment in Sauk Prairie Sewer Commission	-	1,082,734	1,082,734
Capital assets:			
Land and construction work in progress	541,578	6,604	548,182
Capital assets, net of depreciation	12,326,749	13,245,245	25,571,994
Net capital assets	12,868,327	13,251,849	26,120,176
Total Assets	20,104,736	17,770,617	37,875,353
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	206,075	249,742	455,817
Total Deferred Outflows of Resources	206,075	249,742	455,817
Total Assets and Deferred Outflows of Resources	\$ 20,310,811	\$ 18,020,359	\$ 38,331,170
LIABILITIES			
Accounts payable and accrued expenses	\$ 139,549	\$ 414,902	\$ 554,451
Due to other governmental agencies	25,691	-	25,691
Accrued interest	73,978	19,114	93,092
Net pension liability	26,612	32,252	58,864
Long-term liabilities:			
Due within one year	945,823	376,199	1,322,022
Due in more than one year	7,112,927	3,519,737	10,632,664
Total Liabilities	8,324,580	4,362,204	12,686,784
DEFERRED INFLOWS OF RESOURCES	3,480,631	105,433	3,586,064
NET POSITION			
Net investment in capital assets	4,910,859	9,461,109	14,371,968
Restricted for special purposes	636,150	1,312,389	1,948,539
Unrestricted	2,958,591	2,779,224	5,737,815
Total Net Position	8,505,600	13,552,722	22,058,322
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 20,310,811	\$ 18,020,359	\$ 38,331,170

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017**

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 397,252	\$ 182,351	\$ 68,061	\$ -	\$ (146,840)		\$ (146,840)
Public Safety	1,032,201	-	16,278	21,866	(994,057)		(994,057)
Public Works	1,824,738	396,288	275,146	-	(1,153,304)		(1,153,304)
Culture and Recreation	989,987	12,264	137,958	6,600	(833,165)		(833,165)
Conservation and Development	566,658	-	2,794	-	(563,864)		(563,864)
Interest on Long-Term Debt	265,464	-	-	-	(265,464)		(265,464)
Total governmental activities	<u>5,076,300</u>	<u>590,903</u>	<u>500,237</u>	<u>28,466</u>	<u>(3,956,694)</u>		<u>(3,956,694)</u>
Business-type Activities:							
Water	629,384	910,554	-	-	-	\$ 281,170	281,170
Sewer	412,234	439,614	-	-	-	27,380	27,380
Electric	5,260,777	5,418,495	-	-	-	157,718	157,718
Storm Water	133,017	116,414	-	-	-	(16,603)	(16,603)
Total business-type activities	<u>6,435,412</u>	<u>6,885,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,665</u>	<u>449,665</u>
Total	<u>\$ 11,511,712</u>	<u>\$ 7,475,980</u>	<u>\$ 500,237</u>	<u>\$ 28,466</u>	<u>(3,956,694)</u>	<u>449,665</u>	<u>(3,507,029)</u>
General revenues:							
Property taxes:							
Property taxes, levied for general purposes					2,100,169	-	2,100,169
Property taxes, levied for debt service					1,050,984	-	1,050,984
Special assessments					44,928	-	44,928
Other taxes					32,903	-	32,903
Grants and contributions not restricted to specific programs					160,613	-	160,613
Unrestricted investment earnings					16,740	15,514	32,254
Investment loss in Sauk Prairie Sewer Commission					-	(23,454)	(23,454)
Miscellaneous					116,686	6,316	123,002
Transfers					267,424	(267,424)	-
Total general revenues and transfers					<u>3,790,447</u>	<u>(269,048)</u>	<u>3,521,399</u>
Change in net position					<u>(166,247)</u>	<u>180,617</u>	<u>14,370</u>
Net position - beginning					<u>8,671,847</u>	<u>13,372,105</u>	<u>22,043,952</u>
Net position - ending					<u>\$ 8,505,600</u>	<u>\$ 13,552,722</u>	<u>\$ 22,058,322</u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	Major			Non-Major	Total Governmental Funds	
	General Fund	TID	Capital Projects Fund	Debt Service Fund		Transit Fund
ASSETS						
Cash and Cash Equivalents	\$ 1,865,055	\$ -	\$ -	\$ -	\$ -	\$ 1,865,055
Receivables:						
Taxes	2,576,981	654,689	-	-	-	3,231,670
Special Assessments	161,463	-	-	-	-	161,463
Accounts	29,998	-	-	-	-	29,998
Loans	-	91,392	-	-	-	91,392
Other	50,475	-	-	-	-	50,475
Due from Other Funds	741,125	-	-	-	-	741,125
Due from Other Governments	984	-	-	-	10,767	11,751
Prepaid Expenses	25,952	-	-	-	-	25,952
Restricted Cash	-	376,644	143,114	25,000	27,321	572,079
Advances Receivable	476,289	-	-	-	-	476,289
Total Assets	<u>\$ 5,928,322</u>	<u>\$ 1,122,725</u>	<u>\$ 143,114</u>	<u>\$ 25,000</u>	<u>\$ 38,088</u>	<u>\$ 7,257,249</u>
LIABILITIES						
Accounts Payable	\$ 122,366	\$ -	\$ -	\$ -	\$ 13,874	\$ 136,240
Accrued Liabilities	3,308	-	-	-	-	3,308
Due to Other Funds	-	-	-	-	20,565	20,565
Due to Other Governments	968	-	-	-	25,000	25,968
Total Liabilities	<u>126,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,439</u>	<u>186,081</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,931,191</u>	<u>654,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,585,880</u>
FUND BALANCES						
Nonspendable	502,241	-	-	-	-	502,241
Restricted	-	468,036	143,114	25,000	-	636,150
Committed	9,778	-	-	-	-	9,778
Unassigned (Deficit)	2,358,470	-	-	-	(21,351)	2,337,119
Total Fund Balances (Deficit)	<u>2,870,489</u>	<u>468,036</u>	<u>143,114</u>	<u>25,000</u>	<u>(21,351)</u>	<u>3,485,288</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,928,322</u>	<u>\$ 1,122,725</u>	<u>\$ 143,114</u>	<u>\$ 25,000</u>	<u>\$ 38,088</u>	<u>\$ 7,257,249</u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
December 31, 2017**

Total fund balance, governmental funds	\$	3,485,288
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Taxes from municipal utilities are recognized as revenues as they are received in the fund statements.</p>		
Property tax equivalent receivable		192,247
<p>The net pension liability is not a current financial usage and is, therefore, not reported in the fund statements.</p>		
		(26,612)
<p>Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan. These items are reflected in the Statement of Net Position and are being amortized with pension expense in the Statement of Activities. The deferred outflows of resources and the deferred inflows of resources are not financial resources or uses and, therefore, are not reported in the fund statements.</p>		
Deferred outflows of resources		206,075
Deferred inflows of resources		(86,997)
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		
Governmental capital assets	\$ 23,166,346	
Governmental accumulated depreciation	<u>(10,298,019)</u>	12,868,327
<p>Some liabilities (such as Notes Payable, Long-term Compensated Absences, and Bonds Payable) are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
General obligation debt	(7,872,741)	
Unamortized debt premium, net	(84,727)	
Vested employee benefits	(101,282)	
Accrued interest	<u>(73,978)</u>	<u>(8,132,728)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>8,505,600</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

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

	Major			Non-Major		Total Governmental Funds
	General Fund	TID	Capital Projects Fund	Debt Service Fund	Transit Fund	
REVENUES						
Property Taxes	\$ 1,458,696	\$ 641,473	\$ -	\$ 1,050,984	\$ -	\$ 3,151,153
Other Taxes	462,794	-	-	-	-	462,794
Special Assessment Revenue	44,928	-	-	-	-	44,928
Intergovernmental	580,411	34,243	-	-	68,061	682,715
License and Permits	168,660	-	-	-	-	168,660
Public Charges for Services	411,421	-	-	-	-	411,421
Interest Income	15,629	1,111	-	-	-	16,740
Miscellaneous Income	87,736	-	-	40,000	6,373	134,109
Total Revenues	<u>3,230,275</u>	<u>676,827</u>	<u>-</u>	<u>1,090,984</u>	<u>74,434</u>	<u>5,072,520</u>
EXPENDITURES						
Current:						
General Government	280,417	-	-	-	75,107	355,524
Public Safety	929,739	-	-	-	-	929,739
Public Works	954,455	-	-	-	-	954,455
Culture and Recreation	569,620	-	-	-	-	569,620
Conservation and Development	6,550	546,315	-	-	-	552,865
Capital Outlay	4,352	-	1,309,658	-	-	1,314,010
Debt Service:						
Principal Repayment	-	20,000	-	853,549	-	873,549
Interest and Fiscal Charges	-	5,175	-	239,711	-	244,886
Total Expenditures	<u>2,745,133</u>	<u>571,490</u>	<u>1,309,658</u>	<u>1,093,260</u>	<u>75,107</u>	<u>5,794,648</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>485,142</u>	<u>105,337</u>	<u>(1,309,658)</u>	<u>(2,276)</u>	<u>(673)</u>	<u>(722,128)</u>
OTHER FINANCING SOURCES						
Proceeds from Long-Term Debt	-	-	925,451	-	-	925,451
Premium on Long-Term Debt	-	-	-	27,276	-	27,276
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>925,451</u>	<u>27,276</u>	<u>-</u>	<u>952,727</u>
Net Change in Fund Balances	485,142	105,337	(384,207)	25,000	(673)	230,599
Fund Balances (Deficit) - Beginning	2,385,347	362,699	527,321	-	(20,678)	3,254,689
Fund Balances (Deficit) - Ending	<u>\$ 2,870,489</u>	<u>\$ 468,036</u>	<u>\$ 143,114</u>	<u>\$ 25,000</u>	<u>\$ (21,351)</u>	<u>\$ 3,485,288</u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017**

Net change in fund balances - total governmental funds: \$ 230,599

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Property taxes on assets of the municipality owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities, those revenues are recorded as they are earned.

Property taxes from municipally owned utilities received during the year	\$ (429,891)	
Property taxes from municipally owned utilities earned during the year	267,425	
Amount by which property taxes earned are greater (less) than that which was received:		(162,466)

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Capital outlay reported in governmental fund statements	1,314,010	
Capital outlay not included in capital asset additions	(329,060)	
Depreciation expense reported in the Statement of Activities	(1,075,993)	(91,043)

Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.

Amounts paid are greater (less) than amounts earned by:	(8,796)
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Debt and premiums incurred in governmental funds are reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.

The amount of debt incurred in the current year is:	(925,450)
The amount of debt premium incurred in the current year is:	(27,276)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.

The amount of long-term debt principal payments in the current year is:	873,550
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In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.

The amount of interest paid during the current period	244,886	
The amount of interest accrued during the current period	(263,909)	(19,023)

In governmental funds, discounts on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, discounts are amortized and expensed over the life of the issue.

The amount of debt discounts recognized during the current period is:	(1,556)
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Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan. Pension expense in the Statement of Activities is actuarially determined by the defined benefit pension plan as the difference between the net pension liability from the prior year to the current year, with some adjustments.

(34,786)

Change in net position of governmental activities

\$ (166,247)

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,439,764	\$ 2,105	\$ 746,784	\$ 193,607	\$ 2,382,260
Receivables					
Accounts (net allowance)	798,262	-	-	-	798,262
Other	1,000	-	-	-	1,000
Inventories	113,259	5,472	1,127	-	119,858
Total Current Assets	<u>2,352,285</u>	<u>7,577</u>	<u>747,911</u>	<u>193,607</u>	<u>3,301,380</u>
Restricted Assets:					
Restricted Cash and Cash Equivalents	544,874	653,963	56,402	76,264	1,331,503
Total Restricted Assets	<u>544,874</u>	<u>653,963</u>	<u>56,402</u>	<u>76,264</u>	<u>1,331,503</u>
Capital Assets:					
Land and Improvements	1,178	5,426	-	-	6,604
Capital Assets	8,615,110	8,474,520	2,280,283	2,080,673	21,450,586
Less Accumulated Depreciation	<u>(5,149,816)</u>	<u>(1,881,119)</u>	<u>(706,254)</u>	<u>(468,152)</u>	<u>(8,205,341)</u>
Net Capital Assets	<u>3,466,472</u>	<u>6,598,827</u>	<u>1,574,029</u>	<u>1,612,521</u>	<u>13,251,849</u>
Noncurrent Assets:					
Investment in Sauk Prairie Sewer Commission	-	-	1,082,734	-	1,082,734
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,082,734</u>	<u>-</u>	<u>1,082,734</u>
Total Assets	<u>6,363,631</u>	<u>7,260,367</u>	<u>3,461,076</u>	<u>1,882,392</u>	<u>18,967,466</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Pension Outflows	163,821	54,698	19,463	11,760	249,742
Total Deferred Outflows of Resources	<u>163,821</u>	<u>54,698</u>	<u>19,463</u>	<u>11,760</u>	<u>249,742</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,527,452</u>	<u>\$ 7,315,065</u>	<u>\$ 3,480,539</u>	<u>\$ 1,894,152</u>	<u>\$ 19,217,208</u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 344,397	\$ 29,834	\$ 19,082	\$ 2,334	\$ 395,647
Accrued Liabilities	19,255	-	-	-	19,255
Accrued Interest Payable	1,575	14,712	2,827	-	19,114
Due to Other Funds	76,543	492,215	26,375	125,427	720,560
Current Portion of Long-Term Liabilities	131,974	182,795	61,014	416	376,199
Total Current Liabilities	<u>573,744</u>	<u>719,556</u>	<u>109,298</u>	<u>128,177</u>	<u>1,530,775</u>
Non-Current Liabilities:					
Long-Term Liabilities	838,016	2,225,767	455,092	862	3,519,737
Total Long-Term Liabilities	<u>838,016</u>	<u>2,225,767</u>	<u>455,092</u>	<u>862</u>	<u>3,519,737</u>
Other Liabilities					
Advances Payable	-	72,801	-	403,488	476,289
Net Pension Liability	21,156	7,064	2,513	1,519	32,252
Total Other Liabilities	<u>21,156</u>	<u>79,865</u>	<u>2,513</u>	<u>405,007</u>	<u>508,541</u>
Total Non-Current Liabilities	<u>859,172</u>	<u>2,305,632</u>	<u>457,605</u>	<u>405,869</u>	<u>4,028,278</u>
Total Liabilities	<u>1,432,916</u>	<u>3,025,188</u>	<u>566,903</u>	<u>534,046</u>	<u>5,559,053</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Pension Inflows	69,159	23,092	8,217	4,965	105,433
Total Deferred Inflows of Resources	<u>69,159</u>	<u>23,092</u>	<u>8,217</u>	<u>4,965</u>	<u>105,433</u>
NET POSITION					
Net Investment in Capital Assets	2,565,049	4,215,512	1,068,027	1,612,521	9,461,109
Restricted	543,299	639,251	53,575	76,264	1,312,389
Unrestricted (Deficit)	1,917,029	(587,978)	1,783,817	(333,644)	2,779,224
Total Net Position	<u>5,025,377</u>	<u>4,266,785</u>	<u>2,905,419</u>	<u>1,355,141</u>	<u>13,552,722</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,527,452</u>	<u>\$ 7,315,065</u>	<u>\$ 3,480,539</u>	<u>\$ 1,894,152</u>	<u>\$ 19,217,208</u>

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2017

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Fund	Storm Water Fund	
OPERATING REVENUES					
Charges for Services	\$ 5,320,582	\$ 865,343	\$ 439,062	\$ 116,326	\$ 6,741,313
Other Operating Revenues	97,913	45,211	552	87	143,763
Total Operating Revenues	5,418,495	910,554	439,614	116,413	6,885,076
OPERATING EXPENSES					
Operation and Maintenance	4,900,380	369,731	340,303	89,662	5,700,076
Depreciation	301,277	199,031	55,504	43,355	599,167
Taxes	37,448	6,696	4,607	-	48,751
Total Operating Expenses	5,239,105	575,458	400,414	133,017	6,347,994
Operating Income (Loss)	179,390	335,096	39,200	(16,604)	537,082
NON-OPERATING REVENUES (EXPENSES)					
Interest and Investment Revenue	7,628	2,675	4,529	682	15,514
Miscellaneous Non-Operating Revenue	6,316	-	-	-	6,316
Interest Expense and Fiscal Charges	(20,639)	(53,925)	(11,820)	-	(86,384)
Investment Loss in Sauk Prairie Sewer Commission	-	-	(23,454)	-	(23,454)
Amortization Expense	(1,033)	-	-	-	(1,033)
Total Non-Operating Revenues (Expenses)	(7,728)	(51,250)	(30,745)	682	(89,041)
Income (Loss) Before Transfers	171,662	283,846	8,455	(15,922)	448,041
Transfers Out - Tax Equivalent	(137,387)	(130,037)	-	-	(267,424)
Change in Net Position	34,275	153,809	8,455	(15,922)	180,617
Total Net Position - Beginning	4,991,102	4,112,976	2,896,964	1,371,063	13,372,105
Total Net Position - Ending	\$ 5,025,377	\$ 4,266,785	\$ 2,905,419	\$ 1,355,141	\$ 13,552,722

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

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

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Fund	Storm Water Fund	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 5,415,656	\$ 911,180	\$ 439,912	\$ 116,480	\$ 6,883,228
Cash received from (paid to) other funds for services	65,925	126,449	15,189	(5,496)	202,067
Payments to suppliers	(4,492,048)	(218,449)	(305,747)	(57,511)	(5,073,755)
Payments to employees	(378,325)	(118,016)	(31,151)	(28,787)	(556,279)
Payments to other governments	(37,448)	(11,303)	-	-	(48,751)
Net cash provided (used) by operating activities	573,760	689,861	118,203	24,686	1,406,510
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of plant assets	(301,205)	(551,846)	(3,985)	(15,080)	(872,116)
Salvage, net of cost of removal	25,936	309	-	1,058	27,303
Long-term debt proceeds	-	302,688	6,861	-	309,549
Principal payments on long-term debt	(104,724)	(142,283)	(68,685)	-	(315,692)
Interest paid	(20,797)	(51,169)	(12,079)	-	(84,045)
Net cash provided (used) by capital and related financing activities	(400,790)	(442,301)	(77,888)	(14,022)	(935,001)
Cash Flows from Noncapital Financing Activities:					
Transfers	(197,141)	(232,750)	-	-	(429,891)
Net cash provided (used) by noncapital financing activities	(197,141)	(232,750)	-	-	(429,891)
Cash Flows from Investing Activities:					
Miscellaneous non-operating income	6,316	-	-	-	6,316
Interest income	7,628	2,675	4,529	682	15,514
Net cash provided (used) by investing activities	13,944	2,675	4,529	682	21,830
Net increase (decrease) in cash and equivalents	(10,227)	17,485	44,844	11,346	63,448
<u>Cash and Equivalents, Beginning of year</u>	1,994,865	638,583	758,342	258,525	3,650,315
<u>Cash and Equivalents, End of year</u>	\$ 1,984,638	\$ 656,068	\$ 803,186	\$ 269,871	\$ 3,713,763
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents - Statement of Net Position	\$ 1,439,764	\$ 2,105	\$ 746,784	\$ 193,607	\$ 2,382,260
Restricted cash and cash equivalents - Statement of Net Position	544,874	653,963	56,402	76,264	1,331,503
Cash and cash equivalents - end of year	\$ 1,984,638	\$ 656,068	\$ 803,186	\$ 269,871	\$ 3,713,763

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

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

	Major			Non-Major	Total
	Electric Utility	Water Utility	Sewer Fund	Storm Water Fund	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (Loss)	\$ 179,390	\$ 335,096	\$ 39,200	\$ (16,604)	\$ 537,082
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Joint meter allocation	-	16,452	(16,452)	-	-
Depreciation	301,277	199,031	55,504	43,355	599,167
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:					
Customer accounts receivable	(2,839)	-	-	-	(2,839)
Other receivables	-	626	298	67	991
Due to/from other funds	65,925	105,390	36,248	(5,496)	202,067
Inventories	22,787	286	-	-	23,073
Pension related deferrals and liabilities	22,867	7,427	2,315	861	33,470
Accounts payable	(24,434)	25,553	1,090	2,334	4,543
Accrued liabilities	8,787	-	-	169	8,956
Net cash provided (used) by operating activities	\$ 573,760	\$ 689,861	\$ 118,203	\$ 24,686	\$ 1,406,510
Noncash capital and related financing activities:					
Investment in Sauk Prairie Sewer Commission	\$ -	\$ -	\$ (23,454)	\$ -	\$ (23,454)
Investment earnings from Sauk Prairie Sewer Commission	-	-	23,454	-	23,454
Total non-cash activity	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes to financial statements are an integral part of this statement.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF NET POSITION
FIDUCIARY FUND
December 31, 2017**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,490,841
Receivables:	
Taxes Receivable	1,079,589
Total Assets	<u>\$ 5,570,430</u>
 LIABILITIES	
Due to Other Governments	\$ 5,570,430
Total Liabilities	<u>\$ 5,570,430</u>

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
INDEX TO NOTES TO FINANCIAL STATEMENTS
December 31, 2017

	<u>PAGE</u>
Note 1. <u>Summary of Significant Accounting Policies</u>	18
A. Reporting Entity	18
B. Basis of Financial Statement Presentation.....	18 - 20
C. Basis of Accounting	20 - 22
D. Measurement Focus.....	22
E. Cash and Investments	22 - 23
F. Inventories and Prepaid Items	23
G. Capital Assets.....	23 - 24
H. Interfund Receivables and Payables.....	24
I. Allowance for Uncollectible Accounts	24
J. Compensated Absences and Other Employee Benefit Amounts.....	25
K. Long-Term Obligations.....	25
L. Claims and Judgments.....	25
M. Interfund Transactions.....	26
N. Pensions.....	26
O. Deferred Outflows and Inflows of Resources	26
P. Equity Classifications.....	27 - 28
Q. Basis for Existing Rates – Proprietary Funds.....	28
Note 2. <u>Stewardship, Compliance, and Accountability</u>	29
A. Bond Covenant Disclosure.....	29
B. Deficit Balances	30
Note 3. <u>Detailed Notes on All Funds</u>	30
A. Cash and Investments	30 - 32
B. Receivables.....	33
C. Deferred Inflows of Resources.....	33
D. Restricted Cash.....	33 - 34
E. Capital Assets.....	35 - 36
F. Interfund Receivables/Payables and Transfers.....	37
G. Long-Term Obligations.....	38 - 40
H. Governmental Activities Net Position.....	41
I. Governmental Fund Balances.....	41 - 42
J. Pension Plan	42 - 47
K. Status of Tax Incremental Financing Districts	47 - 49

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
INDEX TO NOTES TO FINANCIAL STATEMENTS (Continued)
December 31, 2017

	<u>PAGE</u>
Note 4. <u>Other Information</u>	49
A. Joint Ventures.....	49
B. Commitments and Contingencies.....	50
C. Risk Management.....	51
D. Tax Abatements.....	51
E. Subsequent Events.....	51

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Prairie du Sac conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Prairie du Sac. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village does not have any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

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. The effect of interfund activity within the governmental and business-type activities columns has been removed from these statements. 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.

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

Fund financial statements of the reporting entity are organized into funds, each of which are considered to be separate accounting entities. 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, fund equity, revenues, and expenditures.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

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

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

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following governmental funds:

General Fund – The General Fund is the Village’s primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund’s resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds).

The Village reports the following major governmental funds:

- General Fund
- Tax Incremental Financing Districts Fund
- Debt Service Fund
- Capital Projects Fund

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

The Village reports the following non-major governmental fund:

Transit Fund – The Transit Fund is used to account for the revenues and expenses associated with the taxi service provided for Prairie du Sac and Sauk City.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

The Village reports the following business-type activities:

Major Enterprise Funds

Electric Utility – Accounts for providing electric service.

Water Utility – Accounts for providing water service.

Sewer Fund – Accounts for providing sewer service.

Non-major Enterprise Fund

Storm Water Fund – Accounts for providing storm water services.

Fiduciary Funds (Not included in Government-Wide Statements)

Agency Fund – The Agency Fund is used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village's Agency Fund accounts for the transactions pertaining to the Village's tax appropriation.

C. BASIS OF ACCOUNTING

The government-wide financial statements and fund financial statements for the proprietary funds are presented 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 recognized at the time 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. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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. Unbilled receivables are recorded as revenues when services are provided.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

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 Electric Utility, Water Utility, Sewer Fund, and Storm Water Fund are charges to customers for providing service to the Village's residents and businesses. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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. 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 levied in December on the assessed valuation as of the prior January 1 for all general property located in the Village. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services.

In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

The aggregate amount of property taxes to be levied for Village purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the Village are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar – 2017 tax roll:

Lien date and levy date	December, 2017
Tax bills mailed	December, 2017
Payment in full or first installment due	January 31, 2018
Second installment due	July 31, 2018
Tax sale – 2017 delinquent real estate	October, 2020

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. Provision for uncollectible accounts receivable has been made for the Electric Utility. All the utilities also have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, 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.

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflows also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, deferred inflows are removed from the balance sheet and revenue is recognized.

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

D. MEASUREMENT FOCUS

On the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments and compensated absences which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS (Continued)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

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.

F. INVENTORIES AND PREPAID ITEMS

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Enterprise funds inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, 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.

G. CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets and \$2,000 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 fixed assets are recorded at their estimated acquisition value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged, but not required. The Village has elected to retroactively report all major general infrastructure assets.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS (Continued)

Government-Wide Statements (Continued)

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

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Infrastructure	30 years
Buildings and building improvements	25 - 75 years
Furniture and equipment	7 - 10 years
Vehicles	7 - 20 years
Utility plant	4 - 135 years

Fund Financial Statements

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

H. INTERFUND RECEIVABLES AND PAYABLES

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”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Electric Utility has an allowance for uncollectible accounts of \$3,936 in 2017.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

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

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2017 are determined on the basis of current salary rates and include salary related payments.

K. LONG-TERM OBLIGATIONS

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for gains/losses, as applicable, is shown as an increase or decrease in the liability section of the balance sheet. The Village does not engage in conduit debt transactions.

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

L. CLAIMS AND JUDGMENTS

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

N. PENSIONS

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.

O. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure) until then. The deferred outflows of resources are for the WRS pension system.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources are for the WRS pension system, special assessments, and deferred property tax revenue.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. EQUITY CLASSIFICATIONS

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions with constraints placed on the 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 positions that do 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 equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Village Board. A formal resolution by the Village Board is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the Village Board, or through the Village Board delegating this responsibility to the Village Administrator through the budgetary process.
- e. Unassigned – amounts not classified as non-spendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in the unassigned fund balance. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific purposes.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. EQUITY CLASSIFICATIONS (Continued)

Fund Statements (Continued)

The Village's fund balance policy states the Village shall endeavor to maintain a fund balance of 25% of the annual General Fund operating budget expenditures. If the fund balance drops below 20%, appropriate steps shall be taken to restore it to 25% in the subsequent year's budget.

When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Q. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Electric Utility

Current electric rates were approved by the PSCW on December 5, 2013 and placed into effect by the Electric Utility on December 15, 2013.

Water Utility

Current water rates were approved by the PSCW on June 22, 2016 and placed into effect by the Water Utility on July 15, 2016.

Sewer Fund

Current sewer rates were approved by the Village Board and placed into effect by the Sewer Fund on January 15, 2016.

Storm Water Fund

Current Storm Water Fund rates were approved by the Village Board and placed into effect on January 16, 2007.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BOND COVENANT DISCLOSURE

As part of the Electric, Water and Sewer Bond resolutions, certain information is required to be disclosed.

Compliance with Funding Requirements

The utilities are in compliance with combined bond funding requirements.

Number of Customers

The utilities served the following number of customers at December 31, 2017:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Residential	1,861	1,744	1,565
Commercial	290	154	148
Industrial	1	8	8
Public authority	-	16	14
Multifamily	-	24	-
Public street lighting	9	-	-
Totals	<u>2,161</u>	<u>1,946</u>	<u>1,735</u>

Insurance Coverage

The utilities are in compliance with combined insurance requirements.

Debt Coverage

2017 required and actual coverage factors are as follows:

	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>
Change in net position	\$ 34,275	\$ 153,809	\$ 8,455
Plus:			
Interest expense	20,639	53,925	11,820
Depreciation	301,277	199,031	55,504
Amortization	1,033	-	-
Investment loss in Sauk- Prairie Sewer Commission	-	-	23,454
Tax equivalent	137,387	130,037	-
Income available for debt service	<u>\$ 494,611</u>	<u>\$ 536,802</u>	<u>\$ 99,233</u>
Annual debt service	\$ 131,249	\$ 228,518	\$ 69,988
Calculated coverage ratio	3.77	2.35	1.42
Required coverage ratio	1.25	1.10	1.25

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual nonmajor funds that have deficit balances at year end. As of December 31, 2017, the following fund held a deficit balance:

Fund	Amount
Transit Fund	\$ 21,351

Fund balances will be recovered through collection of future revenues.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of Village funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years.
2. 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, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

The carrying amount of the Village's cash and investments totaled \$10,641,738 on December 31, 2017 and is summarized below:

Petty cash and cash on hand	\$ 639,388
Deposits with financial institutions	7,336,118
Deposits with external investment pools	2,666,232
	\$ 10,641,738

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:

Cash and cash equivalents	\$ 4,247,315
Restricted cash and cash equivalents	1,903,582
Fiduciary fund:	
Agency Fund	4,490,841
	\$ 10,641,738

Deposits and investments of the Village are subject to various risks. Following is a discussion of the specific risks and the Village's policy related to the risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the Village's deposits may not be returned to it. The Village evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the Village. As of December 31, 2017, \$5,597,688 of the Village's deposits with financial institutions totaling \$7,190,131 was exposed to custodial credit risks as follows. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Uninsured and uncollateralized	\$ 4,597,688
Uninsured and collateralized with securities held by pledging financial institutions	1,000,000
Total	\$ 5,597,688

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Deposits and the Local Government Investment Pool (LGIP) are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2017, the LGIP had an average maturity of 35 days and a fair value of \$2,666,232.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board (SWIB). 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. All investments are valued at amortized cost by the SIF for purposes of calculating earnings to each participant. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a straight-line basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments. Detailed information about the SIF is available in separately issued financial statements available at <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2017, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village. The LGIP was not rated as of December 31, 2017.

Investment allocation in the LGIP as of December 31, 2017 was: 89.97% in U.S. Government Securities, 1.52% in Bankers' Acceptances and 8.51% in Corporate Notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk – The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer. The Village had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. RECEIVABLES

Receivables as of year-end for the governmental funds' individual major funds, and fiduciary funds in the aggregate, are as follows:

	General Fund	Tax Incremental Financing Districts Funds	Fiduciary Fund	Total
Total receivables	\$ 2,818,917	\$ 746,081	\$ 1,079,589	\$ 4,644,587
Amounts not expected to be collected within one year	\$ 161,463	\$ 91,392	\$ -	\$ 252,855

Special assessments and economic development loan receivables are not expected to be collected within one year.

C. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources of \$3,585,880 at December 31, 2017, consist of the following:

	General Fund	Tax Incremental Financing Districts	Total
2017 tax apportionment	\$ 2,576,981	\$ 654,689	\$ 3,231,670
Deferred special assessments	161,463	-	161,463
Property tax equivalent	192,247	-	192,247
Other deferred inflows	500	-	500
Total	\$ 2,931,191	\$ 654,689	\$ 3,585,880

D. RESTRICTED CASH

Governmental funds have restricted cash in the amount of \$572,079 which consists of:

Tax Incremental Financing Districts Fund	\$ 376,644
Capital Projects Fund	143,114
Debt Service Fund	25,000
Transit Fund	27,321
	<u>\$ 572,079</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. RESTRICTED CASH (Continued)

In the Electric, Water and Sewer Enterprise Funds, restricted assets represent cash reserved in accordance with utility revenue bond ordinances and can only be used in the following ways:

Bond Principal and Interest Accounts – Payments from these accounts can be made only for interest and principal and paying agent’s fees as such become due.

Bond Reserve Accounts – Payments from the accounts may be made only to prevent default in the event the monies in the bond principal and interest accounts are insufficient to make payments when due.

Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the Village’s utility systems if other funds are not available.

At December 31, 2017, enterprise fund restricted cash and equivalents consisted of the following:

	Electric	Water	Sewer	Storm Water	Total
Bond principal and interest	\$ 298,733	\$ -	\$ -	\$ -	\$ 298,733
Bond reserve accounts	196,141	132,070	40,660	-	368,871
Depreciation and equipment	50,000	55,000	15,742	-	120,742
Equipment replacement fund	-	466,893	-	-	466,893
Special deposits	-	-	-	76,264	76,264
Total restricted cash and cash equivalents	<u>\$ 544,874</u>	<u>\$ 653,963</u>	<u>\$ 56,402</u>	<u>\$ 76,264</u>	<u>\$ 1,331,503</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

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

Governmental Activities

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Capital assets not being depreciated:				
Land	\$ 541,578	\$ -	\$ -	\$ 541,578
Construction work in progress	22,710	715,097	737,807	-
Total capital assets not being depreciated	<u>564,288</u>	<u>715,097</u>	<u>737,807</u>	<u>541,578</u>
Capital assets being depreciated:				
Buildings and building improvements	6,995,549	131,097	-	7,126,646
Furniture and equipment	239,335	55,706	-	295,041
Vehicles	1,514,046	163,037	29,875	1,647,208
Infrastructure	12,898,053	657,820	-	13,555,873
Total capital assets being depreciated	<u>21,646,983</u>	<u>1,007,660</u>	<u>29,875</u>	<u>22,624,768</u>
Less: Accumulated depreciation:				
Buildings and building improvements	(1,425,369)	(215,902)	-	(1,641,271)
Furniture and equipment	(127,135)	(21,147)	-	(148,282)
Vehicles	(1,062,697)	(136,296)	(29,875)	(1,169,118)
Infrastructure	(6,636,700)	(702,648)	-	(7,339,348)
Total accumulated depreciation	<u>(9,251,901)</u>	<u>(1,075,993)</u>	<u>(29,875)</u>	<u>(10,298,019)</u>
Net capital assets - governmental activities	<u>\$ 12,959,370</u>	<u>\$ 646,764</u>	<u>\$ 737,807</u>	<u>\$ 12,868,327</u>

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 9,216
Public safety	65,845
Public works	821,845
Culture and recreation	165,293
Conservation and development	13,794
Total governmental activities depreciation expense	<u>\$ 1,075,993</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Proprietary Funds

	Balance 1/1/2017	Additions	Retirements	Balance 12/31/2017
Electric Utility:				
Transmission and distribution plant	\$ 7,692,474	\$ 298,259	\$ 83,730	\$ 7,907,003
General plant	710,064	2,946	3,725	709,285
Total electric plant	<u>\$ 8,402,538</u>	<u>\$ 301,205</u>	<u>\$ 87,455</u>	<u>\$ 8,616,288</u>
Water Utility:				
Construction work in progress	\$ 4,385	\$ -	\$ 4,385	\$ -
Source of supply plant	688,068	-	12,028	676,040
Pumping plant	956,257	-	44,451	911,806
Water treatment plant	494,757	356,909	44,295	807,371
Transmission and distribution plant	5,844,295	189,758	42,020	5,992,033
General plant	88,250	9,564	5,118	92,696
Total water plant	<u>\$ 8,076,012</u>	<u>\$ 556,231</u>	<u>\$ 152,297</u>	<u>\$ 8,479,946</u>
Sewer Fund:				
Collecting system plant	\$ 2,185,778	\$ -	\$ -	\$ 2,185,778
General plant	96,000	3,985	5,480	94,505
Total sewer plant	<u>\$ 2,281,778</u>	<u>\$ 3,985</u>	<u>\$ 5,480</u>	<u>\$ 2,280,283</u>
Storm Water Fund:				
Mains	\$ 1,777,706	\$ -	\$ -	\$ 1,777,706
Ponds	182,058	-	-	182,058
General equipment	78,810	3,985	1,481	81,314
Vehicles	28,500	11,095	-	39,595
Total storm water fund	<u>\$ 2,067,074</u>	<u>\$ 15,080</u>	<u>\$ 1,481</u>	<u>\$ 2,080,673</u>

A summary of depreciation rates and accumulated depreciation for the utilities follows:

Fund	Balance 1/1/2017	2017			Balance 12/31/2017
		Depreciation Expense	2017 Meter Reading Allocation	2017 Retirements and Removals (Net of Salvage)	
Electric	\$ 4,910,058	\$ 301,277	\$ -	\$ 61,519	\$ 5,149,816
Water	1,813,239	199,031	16,452	147,603	1,881,119
Sewer	672,682	55,504	(16,452)	5,480	706,254
Storm Water	425,220	43,355	-	423	468,152
	<u>\$ 7,821,199</u>	<u>\$ 599,167</u>	<u>\$ -</u>	<u>\$ 215,025</u>	<u>\$ 8,205,341</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. INTERFUND RECEIVABLES / PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables:

	Due From Other Funds	Due To Other Funds	Purpose
General Fund	\$ 741,125	\$ -	Operating expenses
Transit Fund	-	20,565	Operating expenses
Enterprise Funds:			
Electric	-	76,543	Operating expenses
Water	-	492,215	Operating expenses
Sewer	-	26,375	Operating expenses
Storm Water	-	125,427	Operating expenses
Totals	<u>\$ 741,125</u>	<u>\$ 741,125</u>	

The following is a schedule of interfund advances:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 476,289	\$ -
Enterprise Funds:		
Water	-	72,801
Storm Water	-	403,488
Totals	<u>\$ 476,289</u>	<u>\$ 476,289</u>

The following is a schedule of transfers in the Government-Wide Statement of Activities as of December 31, 2017:

Transfer from:	Transfer to:	Purpose:	Amount
Business-type Activities	Governmental Activities	Tax equivalent	\$ 267,424

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS

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

	1/1/2017			12/31/2017	Amounts
	Balance	Increases	Decreases	Balance	Due Within
					One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$7,820,841	\$ 925,450	\$ 873,550	\$7,872,741	\$ 912,634
Add/Subtract Amounts For:					
Premiums/Discount on debt	55,895	27,276	(1,556)	84,727	-
Total	<u>7,876,736</u>	<u>952,726</u>	<u>871,994</u>	<u>7,957,468</u>	<u>912,634</u>
Other liabilities:					
Vested compensated absences	92,486	9,368	572	101,282	33,189
Total other liabilities	<u>92,486</u>	<u>9,368</u>	<u>572</u>	<u>101,282</u>	<u>33,189</u>
Total governmental activities - long-term liabilities	<u>\$7,969,222</u>	<u>\$ 962,094</u>	<u>\$ 872,566</u>	<u>\$8,058,750</u>	<u>\$ 945,823</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$1,502,080	\$ 309,549	\$ 133,343	\$1,678,286	\$ 155,870
Revenue bonds	2,308,440	-	192,284	2,116,156	186,937
Add/Subtract Amounts For:					
Premiums/Discount on debt	(4,133)	-	(433)	(3,700)	-
Total	<u>3,806,387</u>	<u>309,549</u>	<u>325,194</u>	<u>3,790,742</u>	<u>342,807</u>
Other liabilities:					
Vested compensated absences	94,490	10,775	71	105,194	33,392
Total other liabilities	<u>94,490</u>	<u>10,775</u>	<u>71</u>	<u>105,194</u>	<u>33,392</u>
Total business-type activities - long-term liabilities	<u>\$3,900,877</u>	<u>\$ 320,324</u>	<u>\$ 325,265</u>	<u>\$3,895,936</u>	<u>\$ 376,199</u>

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. Enterprise funds general obligation debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2017 was \$20,065,950. Total general obligation debt outstanding at year end was \$9,551,027.

Governmental activities long-term debt at December 31, 2017 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2017
Governmental Activities					
General Obligation Debt					
Refunding bonds	2/11/2010	2/1/2018	1.00% - 2.85%	\$ 1,585,000	\$ 175,000
Corporate purpose bonds	3/1/2007	3/1/2018	4.00%	2,100,000	115,000
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	1,170,780	708,630
Promissory notes	4/1/2013	4/1/2023	2.65%	536,110	337,725
Corporate purpose bonds	4/15/2014	2/1/2034	0.35% - 4.10%	3,010,000	2,680,000
Promissory notes	4/30/2014	4/30/2019	3.00%	46,000	18,400
Corporate purpose bonds	5/19/2015	4/1/2030	1.00% - 3.00%	1,760,000	1,555,000
Promissory notes	3/17/2016	3/17/2026	1.50% - 2.50%	1,400,000	1,270,000
Promissory notes	9/1/2016	9/1/2026	2.50%	100,000	87,535
Promissory notes	3/23/2017	3/1/2027	1.50% - 2.75%	925,451	925,451
Total governmental activities - general obligation debt					<u>\$ 7,872,741</u>

Debt service requirements to maturity for governmental activities are as follows:

Years	General Obligation Debt	
	Principal	Interest
2018	\$ 912,634	\$ 190,946
2019	766,706	166,140
2020	712,725	152,659
2021	695,735	138,592
2022	721,339	123,874
2023-2027	2,823,602	387,665
2028-2032	1,100,000	100,043
2032-2034	140,000	5,740
Totals	<u>\$ 7,872,741</u>	<u>\$ 1,265,659</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Business-type activities long-term debt at December 31, 2017 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2017
Business-Type Activities					
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	\$ 349,220	\$ 211,370
Electric revenue bonds	5/17/2012	12/1/2025	1.00% - 2.80%	1,225,000	815,000
Safe drinking water loan	4/25/2012	5/1/2031	2.20%	1,554,314	1,207,499
Promissory notes	4/1/2013	4/1/2023	2.65%	75,190	47,366
Corporate purpose bonds	4/15/2014	2/1/2034	0.35% - 4.10%	820,000	725,000
Corporate purpose bonds	5/19/2015	4/1/2030	1.00% - 3.00%	290,000	235,000
Member energy efficiency and renewable energy loan	7/22/2015	8/1/2025	0.00%	123,505	93,658
Corporate purpose notes	3/17/2016	3/17/2026	1.50% - 2.50%	175,000	150,000
Corporate purpose bonds	3/23/2017	3/1/2027	1.50% - 2.75%	310,000	309,549
Total business-type activities - long-term debt					\$ 3,794,442

Debt service requirements to maturity for business-type activities are as follows:

Years	Business-Type Activities General Obligation Debt		Business-Type Activities Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 155,870	\$ 42,305	\$ 186,937	\$ 44,642
2019	173,625	36,791	188,577	40,983
2020	160,261	33,842	190,254	37,288
2021	154,204	30,755	191,968	33,505
2022	160,564	27,541	193,720	103,639
2023-2027	578,762	88,079	781,405	26,525
2028-2032	225,000	34,543	383,295	-
2032-2034	70,000	2,870	-	-
Totals	\$ 1,678,286	\$ 296,726	\$ 2,116,156	\$ 286,582

Estimated payments of vested compensated absences are not included in the debt service requirement schedules. The liability attributable to governmental activities will be liquidated primarily by General Fund. See Note 1.J. for disclosure of the Village's policy.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government-Wide Statement of Net Position at December 31, 2017 includes the following:

Net investment in capital assets	
Land	\$ 541,577
Other capital assets, net of accumulated depreciation	12,326,750
Less: related long-term debt outstanding	<u>(7,957,468)</u>
Total net investment in capital assets	<u>4,910,859</u>
Restricted	
Tax Incremental Financing Districts	468,036
Capital Projects	143,114
Debt Service	<u>25,000</u>
Total restricted	<u>636,150</u>
Unrestricted	<u>2,958,591</u>
Total governmental activities net position	<u><u>\$ 8,505,600</u></u>

I. GOVERNMENTAL FUND BALANCES

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

Nonspendable

Major Fund:

Prepaid expenses	\$ 25,952
Advances to other funds	<u>476,289</u>
Total nonspendable fund balance	<u>502,241</u>

Restricted

Major Funds:

Tax Incremental Financing Districts	376,644
Economic development loans	91,392
Capital projects	143,114
Debt service - ambulance	<u>25,000</u>
Total restricted fund balance	<u>636,150</u>

Committed

Major Fund:

Great Sauk Trail Project	<u>9,778</u>
Total committed fund balance	<u>9,778</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

I. GOVERNMENTAL FUND BALANCES (Continued)

Unassigned	
Major Fund:	
General Fund	\$ 2,358,470
Non-Major Fund:	
Transit Fund (deficit)	(21,351)
Total unassigned fund balance	2,337,119
Total governmental fund balance	\$ 3,485,288

J. PENSION PLAN

General Information about the Pension Plan

Plan Description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	5

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

During the reporting period, the WRS recognized \$73,552 in contributions from the employer.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Protective with Social Security	6.8%	10.6%
Protective without Social Security	6.8%	14.9%

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

At December 31, 2017, the Village reported a liability (asset) of \$58,864 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on a projection of the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.00714162%, which was an increase of 0.00029% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$149,097. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,444	\$ (185,122)
Changes of assumptions	61,545	-
Net difference between projected and actual earnings on pension plan investments	293,006	-
Changes in proportion and difference between Village contributions and proportionate share of contributions	-	(7,307)
Village contributions subsequent to the measurement date	78,822	-
Total	\$ 455,817	\$ (192,429)

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

\$78,822 reported as deferred outflows of resources related to pension resulting from the Village'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, 2018. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Net Deferred Outflows (Inflows) of Resources
2018	\$ 75,690
2019	75,690
2020	51,484
2021	(18,365)
2022	67

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Retirement Funds – Asset Allocation Targets and Expected Returns

As of December 31, 2016

Core Fund Asset Class	Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50.0%	45.0%	8.3%	5.4%
Fixed Income	24.5%	37.0%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20.0%	4.3%	1.5%
Real Estate	8.0%	7.0%	6.5%	3.6%
Private Equity/Debt	8.0%	7.0%	9.4%	6.5%
Multi-Asset	4.0%	4.0%	6.6%	3.7%
Total Core Fund	110.0%	120.0%	7.4%	4.5%
Variable Fund Asset Class				
US Equities	70.0%	70.0%	7.6%	4.7%
International Equities	30.0%	30.0%	8.5%	5.6%
Total Variable Fund	100.0%	100.0%	7.9%	5.0%

Note: New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. PENSION PLAN (Continued)

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability (asset)	\$ 774,394	\$ 58,864	\$ (492,126)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Allocation of Pension Plan

Pension amounts are allocated between the Proprietary Funds and the General Fund based on the percentage of required contributions of each fund to the whole.

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

Summary Description

The Village has created Tax Incremental Financing Districts (TIF District or TID) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Generally, the statutes provide that no project costs may be expended later than seven years after the creation date of the district. The statutes further allow the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district has been recovered, whichever occurs first. The 1995-97 state budget act changed these timeframes for districts created prior to October 1, 1995. The budget act extended the project expenditure period for these districts from seven years to ten years. Also, the budget act established a maximum life of twenty-seven years on these districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The State has enacted several changes relating to tax incremental financing districts in 2004. One of these changes extends the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that have reached the end of its expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004.

The Village created Tax Incremental Financing District 3 in 1996 and Tax Incremental Financing District No. 4 in 2008. A summary of cumulative status are as follows:

TID No. 3	Cumulative To Date Costs
Revenues:	
Taxes	\$ 3,767,327
Intergovernmental	63,367
Interest income	32,590
Long-term debt proceeds	378,698
Total revenue	4,241,982
Expenditures:	
Project costs	4,045,978
Fund balance, December 31	\$ 196,004
TID No. 4	
Revenues:	
Taxes	\$ 2,126,368
Intergovernmental	140,053
Total revenue	2,266,421
Expenditures:	
Project costs	1,994,389
Fund balance, December 31	\$ 272,032

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Current valuations of TID No. 3 and No. 4 are as follows:

	TID No. 3	TID No. 4
Current value	\$ 18,462,200	\$ 17,075,500
Base	5,204,800	483,300
Increment	\$ 13,257,400	\$ 16,592,200

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TIDs. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination Date
TID No. 3	8/27/2023
TID No. 4	8/26/2028

NOTE 4. OTHER INFORMATION

A. JOINT VENTURES

In 1981, the Villages of Prairie du Sac and Sauk City joined in an agreement with the Sauk-Prairie Joint Sewerage Commission to finance the portion of construction cost of a new waste water treatment plant not funded by grants. Prairie du Sac agreed to finance 50% of the non-funded (local) share of the plant cost. The Village's equity interest is reported on the government-wide and proprietary fund statement of net position. Changes in the equity interest are recorded on the government-wide statement of activities and statement of revenues, expenses, and changes in net position for proprietary funds.

The Villages of Prairie du Sac and Sauk City jointly formed the Sauk Prairie Police Commission to provide law enforcement services to each of the Villages. Under the agreement, costs are jointly shared and are apportioned annually based upon several criteria. The Village paid \$742,093 to the Commission in 2017 for its share of expenditures. The investment in the Commission has not been reflected in the statement of net position.

Separate financial statements are issued for Sauk-Prairie Joint Sewerage Commission and Sauk Prairie Police Department.

SAUK PRAIRIE TRANSIT FUND

The Village of Prairie du Sac is in a joint venture with Sauk City to provide transportation services to each of the Villages.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4. OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES

Electric Utility Power Purchase Agreement

The Electric Utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa and Michigan. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the electric utility payable from any operating and maintenance fund established for that system.

In 2015, all WPPI Energy members ratified an extension to their original contracts. The new contract expires at midnight on December 31, 2055.

Operating Leases

From time to time the Village enters into operating leases for equipment and vehicle transactions. Such leases are considered operating in nature because they are subject to annual appropriation and are thus cancelable.

Lawsuits

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 attorney 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.

Grants

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.

State Funding

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE 4. OTHER INFORMATION (Continued)

C. 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 insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

D. TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or its citizens.

The Village of Prairie du Sac, through its TID #3 and TID #4, has entered into tax abatement agreements with developers in the form of tax incremental financing incentives to stimulate economic development. The abatements are authorized through the project plans. The agreements require the Village to make annual repayments of property taxes collected within the TID to the developer based upon the terms of the agreement.

For the year ended December 31, 2017, the Village abated property taxes totaling \$154,848 related to the TID #3 developer agreements and \$379,546 related to the TID #4 developer agreements.

E. SUBSEQUENT EVENTS

Subsequent to year end but prior to the issuance of this report, the Village authorized \$1,685,000 of general obligation corporate purpose bonds. The bonds were issued to finance 2018 public works improvement contracts for street, water, and sewer infrastructure projects. The Village also approved \$1,073,375 of construction contracts.

REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (WITH VARIANCES)**

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,470,935	\$ 1,470,935	\$ 1,458,696	\$ (12,239)
Other Taxes	285,000	285,000	462,794	177,794
Special Assessment Revenue	-	-	44,928	44,928
Intergovernmental	555,779	555,779	580,411	24,632
License and Permits	146,387	146,387	168,660	22,273
Public Charges for Services	426,923	426,923	411,421	(15,502)
Interest Income	3,000	3,000	15,629	12,629
Miscellaneous Income	76,365	76,365	87,736	11,371
Total Revenues	2,964,389	2,964,389	3,230,275	265,886
EXPENDITURES				
Current:				
General Government	303,766	303,766	280,417	23,349
Public Safety	963,164	963,164	929,739	33,425
Public Works	1,006,794	1,006,794	954,455	52,339
Culture and Recreation	578,354	578,354	569,620	8,734
Conservation and Development	12,000	12,000	6,550	5,450
Capital Outlay	4,500	4,500	4,352	148
Total Expenditures	2,868,578	2,868,578	2,745,133	123,445
Excess (Deficiency) of Revenues Over Expenditures	95,811	95,811	485,142	389,331
Fund Balances - Beginning	2,385,347	2,385,347	2,385,347	-
Fund Balances - Ending	\$ 2,481,158	\$ 2,481,158	\$ 2,870,489	\$ 389,331

See notes to required supplementary information.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**WISCONSIN RETIREMENT SYSTEM SCHEDULES
For the Year Ended December 31, 2017**

Schedule of Village's Proportionate Share of the Net Pension Liability (Asset)

Last 10 Calendar Years

Year ended December 31,	Village's proportionate share of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Village's covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2016	0.00714162%	\$ 58,864	\$ 1,114,427	5.28%	99.12%
2015	0.00685019%	111,314	987,825	11.27%	98.20%
2014	0.00673569%	(165,401)	948,208	(17.44%)	102.74%

Schedule of Contributions

Last 10 Calendar Years

Year ended December 31,	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2017	\$ 78,822	\$ 78,822	\$ -	\$ 1,159,749	6.80%
2016	73,552	73,552	-	1,114,427	6.60%
2015	67,172	67,172	-	987,825	6.80%

See notes to required supplementary information.

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017**

NOTE 1. BUDGETARY INFORMATION

A. BUDGETS

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 to the financial statements.

The budgeted amounts presented include any amendments made during the year. The Village Board may authorize transfers of budgeted amounts within functions. Transfers between functions and changes to the overall budget must be approved by two-thirds of the Village Board. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village controls expenditures at the function level. During 2017 the Village did not experience expenditures which exceeded appropriations.

NOTE 2. WISCONSIN RETIREMENT SYSTEM SCHEDULES

Governmental Accounting Standards Board Statement No. 68 requirements have been implemented prospectively, therefore, the illustrations do not present similar information for the 7 preceding years.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. A change in actuarial assumptions was made in 2015. Rates used in mortality tables were updated on actual WRS experience and adjusted for future mortality improvements using the MP-2015 fully generational improvement scales (multiplied by 50%). The mortality table was adopted by the Board in connection with the 2012-2014 Experience Study. This assumption is used to measure the probabilities of participants dying before retirement and the probabilities of each benefit payment being made after retirement.

OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF PRAIRIE DU SAC, WISCONSIN
PRAIRIE DU SAC, WISCONSIN**

**COMBINING BALANCE SHEET
TAX INCREMENTAL FINANCING DISTRICTS
December 31, 2017**

	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	Total Tax Incremental Financing Districts
ASSETS			
Receivables:			
Taxes	\$ 290,774	\$ 363,915	\$ 654,689
Loans	91,392	-	91,392
Restricted Cash	104,612	272,032	376,644
Total Assets	\$ 486,778	\$ 635,947	\$ 1,122,725
DEFERRED INFLOWS OF RESOURCES			
2017 Tax Levy	\$ 290,774	\$ 363,915	\$ 654,689
Total Deferred Inflows of Resources	290,774	363,915	654,689
FUND BALANCES			
Restricted	196,004	272,032	468,036
Total Fund Balances	196,004	272,032	468,036
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 486,778	\$ 635,947	\$ 1,122,725

**VILLAGE OF PRAIRIE DU SAC
PRAIRIE DU SAC, WISCONSIN**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TAX INCREMENTAL FINANCING DISTRICTS
For the Year Ended December 31, 2017**

	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	Total Tax Incremental Financing Districts
REVENUES			
Property Taxes	\$ 286,046	\$ 355,427	\$ 641,473
Intergovernmental	2,794	31,449	34,243
Interest Income	1,111	-	1,111
Total Revenues	<u>289,951</u>	<u>386,876</u>	<u>676,827</u>
EXPENDITURES			
Current:			
Conservation and Development	162,814	383,501	546,315
Debt Service:			
Principal Repayment	20,000	-	20,000
Interest and Fiscal Charges	5,175	-	5,175
Total Expenditures	<u>187,989</u>	<u>383,501</u>	<u>571,490</u>
Excess (Deficiency) of Revenues Over Expenditures	101,962	3,375	105,337
Fund Balances - Beginning	94,042	268,657	362,699
Fund Balances - Ending	<u>\$ 196,004</u>	<u>\$ 272,032</u>	<u>\$ 468,036</u>