

VILLAGE OF WHITEFISH BAY, WISCONSIN
Whitefish Bay, Wisconsin

FINANCIAL STATEMENTS
December 31, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Village of Whitefish Bay, Wisconsin
Whitefish Bay, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Whitefish Bay, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Whitefish Bay, Wisconsin as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress of the other postemployment benefits on pages 4 – 14 and 63 - 64 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Whitefish Bay, Wisconsin's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedules listed in the table of contents are 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2015, on our consideration of the Village of Whitefish Bay, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of

that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Whitefish Bay, Wisconsin's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
June 11, 2015

VILLAGE OF WHITEFISH BAY
Management's Discussion and Analysis
As of and for the Year Ended December 31, 2014
(unaudited)

The Village of Whitefish Bay's management offers this narrative overview and analysis of the Village's financial statements for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements. A comparison with prior year data is also presented.

FINANCIAL HIGHLIGHTS

The more significant transactions that impacted the Village's financial picture during 2014 were:

- The Village's governmental activities net position increased in 2014 by \$1,354,992. This is a result of capitalizing \$2.3 million in Village capital additions, depreciation expense of \$1.8 million and retiring \$1.8 million of Village debt. Unrestricted net position increased by a total of \$24,000 in 2014.
- The Village's General Fund fund balance increased \$709,281 primarily due to the Village's investment in Cities & Villages Mutual Insurance Company (CVMIC) increasing from \$309,047 in 2013 to \$525,494 in 2014 and additional license and permit revenue of \$228,132. The unassigned fund balance of the General Fund remained at a healthy 46% of current year revenues.
- The Village received \$804,000 in federal and state grant money related to Cahill and Southside Utility capital projects.

Net position, as referred to above, results when revenues exceed expenses. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results. You can think of the Village's net position, as measured in the Statement of Net Position, as one way to measure the Village's financial health or financial position. Over time, increases and decreases in the Village's net position, as measured by the Statement of Activities, are one indicator or whether its financial health is improving or not. However, the Village's goal remains to provide services that improve the quality of life for our residents not generate profits. For this reason, you need to consider many other non-financial factors when assessing the overall health of our Village.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances in a manner similar to a private-sector business. They are presented in two statements, the Statement of Net Position and the Statement of Activities (pages 15-16).

Both of these financial statements distinguish functions of the Village that are principally supported by taxes (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities of the Village included general government, public safety, public works, health, culture and recreation, and conservation and development. The business-type activities of the Village include Water, Sewer, Stormwater and Parking Utilities, The Village's component unit; the Business Improvement District (BID) is presented as a discrete column in the Statement of Net Position and Statement of Activities.

Statement of Net Position

The following table summarizes the Village's Statement of Net Position from 2014 and 2013:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 22,551,651	\$ 24,062,285	\$ 10,332,395	\$ 15,720,490	\$ 32,884,046	\$ 39,782,775
Capital Assets	27,910,630	27,451,785	36,693,700	32,024,626	64,604,330	59,476,411
Total Assets	50,462,281	51,514,070	47,026,095	47,745,116	97,488,376	99,259,186
Deferred Outflows	480,061	549,019	59,323	64,716	539,384	613,735
Long-term Debt	29,266,732	30,790,771	29,190,585	30,704,561	58,457,317	61,495,332
Other Liabilities	995,456	1,919,201	811,158	1,555,327	1,806,614	3,474,528
Total Liabilities	30,262,188	32,709,972	30,001,743	32,259,888	60,263,931	64,969,860
Deferred Inflows	11,126,819	11,154,774	-	-	11,126,819	11,154,774
Net Investment in Capital Assets	3,357,191	2,514,292	10,555,326	9,572,048	13,152,182	11,326,005
Restricted	1,998,389	1,510,351	242,186	229,860	2,240,575	1,740,211
Unrestricted	4,197,755	4,173,700	6,286,163	5,748,036	11,244,253	10,682,071
Total Net Position	\$ 9,553,335	\$ 8,198,343	\$ 17,083,675	\$ 15,549,944	\$ 26,637,010	\$ 23,748,287

Government Activities – Statement of Net Position

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable, special assessments receivable, loan receivable, and prepaid items. Total current and other assets decreased by \$1.5 million. This decrease is largely a result of cash on hand going to pay for capital assets and annual debt principal and interest.

Deferred outflows are related to the losses on the debt refunding's done in 2010 and 2012, which will be amortized through 2026.

Other liabilities include accounts payable, accrued payroll and other related liabilities. These decreased \$923,745 from the previous year. The 2013 balance included significant payables related to work done in 2013 for capital related projects.

Deferred inflows represent unearned revenue for taxes levied in December 2014. These taxes represent revenue for the 2015 fiscal year and accordingly are not considered to be revenue in 2014.

The net investment in capital assets represents the Village's equity in its capital assets which is 12% of the net book value of assets. This can be thought of as the Village's ownership in those capital assets. This percentage increased from 9% in 2013.

Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The Village annually levies a tax in order to pay the next year's installment of principal and interest on long term debt.

A portion of the Village's net position represents resources that are subject to external restrictions on how they can be used. Restricted net position consists of amounts with donor restrictions, and amounts restricted for debt service and capital projects. The remaining unrestricted net position may be used to meet ongoing obligations to citizens.

Business-Type Activities – Statement of Net Position

Business-type activities current and other assets consist mainly of cash, accounts receivable and special assessment receivables. The assets decreased by \$5.4 million. This decrease is a result of the use of cash on hand to pay for capital asset additions which increased \$5.4 million in 2014.

Other liabilities include accounts payable, accrued payroll and other related liabilities. These decreased \$744,169 from the previous year. The 2013 balance included significant payables related to work done in 2013 for capital related projects.

The net investment in capital assets represents the Village's equity in its capital assets which is 29% of the net book value of assets. This can be thought of as the Village's ownership in those capital assets.

Statement of Activities

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Significant Changes in Governmental Activities

Overall, the Village's governmental activities increased net position by \$1,354,992 in 2014. This increase is due to revenues exceeding expenses by \$1,066,564 and further increased

by transfers of \$288,428. The transfers are Payments in lieu of taxes from the utility funds to the General Fund.

The table below summarizes the Statement of Activities for 2014 and 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services	\$ 1,772,955	\$ 1,454,155	\$ 4,858,341	\$ 4,560,278	\$ 6,631,296	\$ 6,014,433
Operating Grants & Contributions	930,272	897,729	-	-	930,272	897,729
Capital Grants & Contributions	-	7,000	873,572	3,259,582	873,572	3,266,582
General Revenues						
Property Taxes	11,154,773	11,114,475	-	-	11,154,773	11,114,475
Other Revenues	996,160	800,746	8,839	17,216	1,004,999	817,962
Total Revenues	<u>14,854,160</u>	<u>14,274,105</u>	<u>5,740,752</u>	<u>7,837,076</u>	<u>20,594,912</u>	<u>22,111,181</u>
Expenses						
General Government	2,071,411	1,863,101	-	-	2,071,411	1,863,101
Public Safety	5,727,709	5,692,677	-	-	5,727,709	5,692,677
Public Works	3,858,342	4,215,825	-	-	3,858,342	4,215,825
Conservation & Development	85,030	2,002,093	-	-	85,030	2,002,093
Health	191,111	177,865	-	-	191,111	177,865
Library	872,378	761,518	-	-	872,378	761,518
Parks & Recreation	27,788	24,656	-	-	27,788	24,656
Interest & Fiscal Charges	953,827	901,149	-	-	953,827	901,149
Water Utility	-	-	1,654,298	1,601,337	1,654,298	1,601,337
Sewer Utility	-	-	1,688,775	1,644,528	1,688,775	1,644,528
Stormwater Utility	-	-	500,993	406,172	500,993	406,172
Parking Utility	-	-	74,527	87,679	74,527	87,679
Total Expenses	<u>13,787,596</u>	<u>15,638,884</u>	<u>3,918,593</u>	<u>3,739,716</u>	<u>17,706,189</u>	<u>19,378,600</u>
Transfers	<u>288,428</u>	<u>225,146</u>	<u>(288,428)</u>	<u>(225,146)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,354,992	(1,139,633)	1,533,731	3,872,214	2,888,723	2,732,581
Net Position, Beginning of Year	<u>8,198,343</u>	<u>9,337,976</u>	<u>15,549,944</u>	<u>11,677,730</u>	<u>23,748,287</u>	<u>21,015,706</u>
Net Position, End of Year	<u>\$ 9,553,335</u>	<u>\$ 8,198,343</u>	<u>\$17,083,675</u>	<u>\$ 15,549,944</u>	<u>\$26,637,010</u>	<u>\$23,748,287</u>

Governmental Activities – Revenues

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one function (property taxes). Charges for services are primarily made up of licenses, permits, fees and fines. The Village's main operating grants are State resources received for shared revenue, highway maintenance and recycling programs. The table below compares governmental activities' revenues for 2014 and 2013, and significant changes are discussed below table.

	Governmental Activities			
	2014	2013	\$ Change	% Change
Program Revenues				
Charges for Services	\$ 1,772,955	\$ 1,454,155	\$ 318,800	22%
Operating Grants & Contributions	930,272	897,729	32,543	4%
Capital Grants & Contributions	-	7,000	(7,000)	-100%
General Revenues				
Property Taxes	11,154,773	11,114,475	40,298	0%
Other Revenues	996,160	800,746	195,414	24%
Total Revenues	<u>\$ 14,854,160</u>	<u>\$ 14,274,105</u>	<u>\$ 580,055</u>	<u>4%</u>

Charges for services increased by \$318,800 in 2014. The major source for this change is the amount of special assessment revenue recognized in 2014 was \$177,000 more than in 2013.

Property tax revenue increased slightly from 2013 by just \$40,298. Property taxes are the largest revenue source for governmental activities. Property taxes account for approximately 75% of total governmental activities revenue in 2014, down from 78% in 2013.

Other revenues increased approximately \$195,000. The Village's return on its investment in CVMIC increased by \$216,000 in 2014, this increase was offset by a decrease of \$50,000 in 3rd party reimbursements for services.

Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes costs such as village board, management, finance/clerk, election, inspections, court, village attorney, contract services and building maintenance. Costs associated with the Village's police department, fire and dispatch services are shown within the public safety function. The public works function includes expenses for a street, alley and sidewalk maintenance, snow and forestry operations, refuse, recycling, and yard waste collection. Conservation and development expenses include economic development within the Village's tax incremental financing districts. Health services include expenses incurred for providing health programs to the general public such as restaurant licensing, immunizations and health clinics. Library and parks and recreation function expenses provide services within the Village library and park system. The table below compares 2014 and 2013 expenses by function. The reasons for fluctuations of more than \$100,000 and 10% of the previous year are described following the table.

	Governmental Activities			
	2014	2013	\$ Change	% Change
Expenses				
General Government	2,071,411	1,863,101	208,310	11%
Public Safety	5,727,709	5,692,677	35,032	1%
Public Works	3,858,342	4,215,825	(357,483)	-8%
Conservation & Development	85,030	2,002,093	(1,917,063)	-96%
Health	191,111	177,865	13,246	7%
Library	872,378	761,518	110,860	15%
Parks & Recreation	27,788	24,656	3,132	13%
Interest & Fiscal Charges	953,827	901,149	52,678	6%
Total Expenses	<u>\$ 13,787,596</u>	<u>\$ 15,638,884</u>	<u>\$ (1,851,288)</u>	<u>-12%</u>

The General Government function increased by 11%. The majority of this change was an increase of repairs and maintenance on Village owned buildings. In 2013 there was a developer grant which was earned in 2013 and recorded in the TID #2 Fund. No developer grant occurred in 2014 resulting in a 96% decrease in conservation & development. The

library had a 15% increase from 2013 as a result of an increase in its collections inventory.

Business-Type Activities – Revenues

Unlike governmental activities, the Village’s business-type activities are financed primarily by user charges. The Village bills water, sewer and stormwater fees to its customers on a tri-annual basis. Any utility bill not paid by the tax levy date is placed on the property owner’s tax bill. Parking Utility revenues are derived from parking meters within the district. A summary of these utility charges is shown below:

	Business-Type Activities			
	2014	2013	\$ Change	% Change
Program Revenues				
Water Utility	\$ 2,153,489	\$ 2,314,268	\$ (160,779)	-7%
Sewer Utility	2,016,282	1,850,674	165,608	9%
Stormwater Utility	615,817	307,286	308,531	100%
Parking Utility	72,753	88,050	(15,297)	-17%
Other Revenues	882,411	3,276,798	(2,394,387)	-73%
Total Revenues	<u>\$ 5,740,752</u>	<u>\$ 7,837,076</u>	<u>\$ (2,096,324)</u>	<u>-27%</u>

Sewer Utility charges for services increased due to a sewer rate increase of 16% that was effective January 1. Water consumption which is used for both water and sewer charges decreased in 2014. The Stormwater Utility was created in July 2013. The increase in stormwater utility charges was for a full year billed in 2014 compared to a partial year in 2013.

Other revenues largely represent investment income and capital contributions for utility infrastructure. In 2013 the Village received almost \$3 million in federal, state and local aid towards a stormwater retention project. The Village received \$804,000 in grant aid in 2014.

Business-Type Activities – Expenses

The table below compares business-type activities expenses from 2014 to 2013.

	Business-Type Activities			
	2014	2013	\$ Change	% Change
Expenses				
Water Utility	1,654,298	1,601,337	52,961	3%
Sewer Utility	1,688,775	1,644,528	44,247	3%
Stormwater Utility	500,993	406,172	94,821	23%
Parking Utility	74,527	87,679	(13,152)	-15%
Total Expenses	<u>\$ 3,918,593</u>	<u>\$ 3,739,716</u>	<u>\$ 178,877</u>	<u>5%</u>

The Stormwater Utility was created in July 2013. The increase in stormwater utility expenses is due to a full year of operations in 2014 compared to a partial year in 2013.

Water Utility expenses include all costs necessary to provide water to approximately 4,800 residential and commercial customers within the Village. The Village is a member of and

purchases water from the North Shore Water Commission. Other expenses include maintenance of approximately 48 miles of water main, meter maintenance and upgrades, testing and operating of hydrants and valves in compliance with regulatory standards.

Sewer Utility expenses include all costs associated with the Village's collection and conveyance of wastewater from utility users. Wastewater is conveyed via underground laterals and mains downstream to the municipal interceptor sewer system operated by Milwaukee Metropolitan Sewage District (MMSD). The sewer utility is used to maintain the Village's infrastructure system as well as the treatment costs paid to MMSD.

Stormwater Utility expenses include costs associated with owning, maintaining, and constructing approximately 30 miles of the Village's stormwater management system. User fees are based on a property's equivalent runoff units (ERU's).

The Parking Utility accounts for the expenses associated with administering and enforcing parking regulations and maintenance of Village lots.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on page 17 and 19 of this report.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Borrowed Money Capital Projects Fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements at the end of this report.

Governmental Funds – Fund Balance

As of December 31, 2014, the Village's governmental funds reported combined ending fund balance of \$8.1 million, a \$276,464 decrease from the previous year. Approximately forty (40%) percent of the Village's total fund balance is unassigned fund balance, which is available for spending at the Village's discretion. The remainder of the fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending as it has already been committed for prepaid items or other purposes. The decrease in fund balance is primarily due to the payments on capital projects.

The General Fund is the main operating fund of the Village. At year end, total fund balance in the General Fund was \$5,332,865, of which \$4,691,159 was unassigned. The General Fund unassigned fund balance represents 46% of total General Fund revenues. This was an increase of \$486,874 from a total unassigned fund balance of \$4,204,285 in 2013. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund.

The Borrowed Money Capital Projects Fund had a decrease in fund balance of \$1.2 million. In 2014 the Village completed work on alleys, sidewalks and streets throughout the Village. The Village is expected to fund this deficit with a borrowing in 2015.

General Fund Budgetary Highlights

The Village adopts an annual budget for its General Fund. A budgetary comparison schedule can be found on page 63 of this report. Overall the General Fund actual results exceeded the budget for revenues and was under budget in expenditures. Other significant changes between budget and actual results include the following:

- Intergovernmental revenue exceeded budget by \$144,749. The major source of this change was an increase in general transportation aid of \$124,000.
- Licenses and permits exceeded budget by \$228,132. Primary source of increase was business permits generating revenue in excess of \$189,000 due to multiple large building projects requiring numerous inspections within the Village.
- Miscellaneous income exceeded budget by \$250,169. The Village's investment in CVMIC increased approximately \$216,000.
- Transfers in for the General Fund included payments in lieu of taxes from the water, sewer, and parking utilities. Transfers exceeded budget by \$36,469 due to new asset additions and changes in tax rates.
- Overall actual revenues and transfers in exceeded budget by \$632,687.
- General Government activities were over budget by \$51,520. In 2014, utility costs were \$34,000 higher than expected. Improvements in building infrastructure were also completed that will steady utility costs in the future.
- Public Safety activities were under budget by \$27,463. In previous years, there were two prior employees receiving pension benefits. In 2014, only one individual is receiving pension benefits which saved \$17,806.
- Overall expenditures were under budget by \$76,594.

Proprietary Funds

The Village uses one type of Proprietary Fund, called Enterprise Funds to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for Water, Sewer, Stormwater and Parking Utilities. The proprietary fund financial statements provide separate information for each utility. Proprietary fund financial statements can be found on pages 21-23 of this report.

The net position of the Water, Sewer, Stormwater and Parking Utilities at the end of the year was \$5,740,351, \$7,064,870, \$3,948,564 and \$329,890, respectively. The total net position of the Water, Sewer, and Stormwater Utilities are much higher than the Parking Utility because those utilities are capital intensive. This means more of their net position is included in the category net investment in capital assets. Unrestricted net position for the Water, Sewer, Stormwater and Parking Utilities were \$864,576, \$1,716,719, \$3,547,654, and \$157,214.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village's internal activities. The Village maintains one fiduciary fund, the Tax Collection Agency Fund which records the tax roll and tax collection for other taxing jurisdictions within the Village. The fiduciary fund financial statement can be found on page 24 of this report.

Component Units

Component units are separate legal entities that a primary government must include in its financial report for fair presentation in conformity with Generally Accepted Accounting Principles (GAAP). They may be organizations for which elected officials of the primary government are financially accountable, or organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Village has two component units, Community Development Authority (CDA), which administers the development and redevelopment within the District, and the Silver Spring Business Improvement District (BID), an eight member board which permits businesses in the Village to develop, manage and promote the local economy. BID's are financed through special assessments levied on properties within the District. The BID Board members are appointed by the Village President, and approved by the Village Board.

The Village has included comparative data for the previous year to illustrate the changes in net position for the component unit. The CDA did not have any net position or financial transactions during the year, therefore no amounts have been presented.

The BID had a decrease in net position of \$916 over the previous year. The BID is financed through special assessments on individual business owners, which are collected by the Village through the tax collection process and turned over to the District. The annual property tax amounts have remained relatively consistent.

The BID uses the accrual basis of accounting, and statements are audited by an independent certified public accounting firm on an annual basis.

Statement of Net Position	BID		Statement of Activities	BID	
	2014	2013		2014	2013
Cash	\$ 53,982	\$ 56,546	Program Revenues		
Other Assets	-	750	Operating Grants	69,389	76,159
Total Assets	<u>\$ 53,982</u>	<u>\$ 57,296</u>	General Revenues		
			Other General Revenues	76	71
Accounts Payable	8,137	10,535	Total Revenues	69,465	76,230
Total Net Position	<u>\$ 45,845</u>	<u>\$ 46,761</u>	Expenses	70,381	86,013
			Changes in Net Position	(916)	(9,783)
			Net Position, January 1	46,761	56,544
			Net Position, December 31	<u>\$ 45,845</u>	<u>\$ 46,761</u>

Combined financial information is presented as a discrete column in the statement of net position and statement of activities on pages 15-16 of this report. Additional information for the BID can be found on page 55 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-62 of this report. The information provided below on capital assets and long-term debt can be found within the footnotes to the financial statements.

Capital Assets

The Village's capital asset activity for 2014 and 2013 is summarized below:

Description	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Land	\$ 1,305,706	\$ 1,305,706	\$ 174,084	\$ 174,084
Construction in progress	782,317	3,393,438	4,716,547	5,622,411
Buildings	7,983,820	4,867,199	963,099	963,099
Improvements	1,051,275	1,051,275	370,209	370,209
Machinery and equipment	5,985,918	5,741,085	3,970,721	3,906,186
Infrastructure	41,128,386	39,933,229	34,308,088	28,300,693
Total capital assets	<u>58,237,422</u>	<u>56,291,932</u>	<u>44,502,748</u>	<u>39,336,682</u>
Less accumulated depreciation	<u>(30,326,792)</u>	<u>(28,840,147)</u>	<u>(7,809,048)</u>	<u>(7,312,056)</u>
Capital assets, net of depreciation	<u>\$ 27,910,630</u>	<u>\$ 27,451,785</u>	<u>\$ 36,693,700</u>	<u>\$ 32,024,626</u>

Significant projects undertaken during the year include the following:

- \$5 million in street reconstruction projects on Larkin, Hampton and Hollywood
- \$4.6 million to complete projects in Estabrook and Cahill Parks
- \$700,000 in annual sidewalk, alley and mill & overlay projects

Additional information on the Village's capital assets can be found on pages 44-45.

Long-Term Debt

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village is \$100,543,765 which exceeds the Village's current outstanding general obligation debt of \$49,129,106. This debt is entirely backed by the full faith and credit of the government. At year end, the outstanding debt equaled 49% of the Village's state authorized debt limit.

The Village did not issue new debt during 2014. Total general obligation debt decreased \$3 million in 2014 from annual scheduled principal payments. The below table summarizes the ending balances for 2014 and 2013:

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation debt	\$ 26,686,466	\$ 28,554,910	\$ 22,673,460	\$ 23,880,036
OPEB Liability	2,066,229	1,745,211	-	-
Compensated absences	426,247	394,631	-	-
Revenue bonds	-	-	6,261,664	6,553,673
Total Long-term liabilities	<u>\$ 29,178,942</u>	<u>\$ 30,694,752</u>	<u>\$ 28,935,124</u>	<u>\$ 30,433,709</u>

Additional information on the Village's long-term debt can be found on pages 48-52.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the required supplementary information and can be found on pages 66-69 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information can be addressed to the Finance Director, 5300 N. Marlborough Drive, Whitefish Bay, WI 53217.

BASIC FINANCIAL STATEMENTS

VILLAGE OF WHITEFISH BAY, WISCONSIN
Statement of Net Position
December 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Business Improvement District
Assets				
Cash and investments	\$ 8,038,015	\$ 3,562,863	\$ 11,600,878	\$ 53,982
Taxes receivable	11,126,819	-	11,126,819	-
Accounts receivable	100,570	2,045,901	2,146,471	-
Interest receivable	8,519	1,832	10,351	-
Special assessments receivable	530,036	166,947	696,983	-
Loan receivable	2,105,986	-	2,105,986	-
Prepaid items and inventories	116,212	46,170	162,382	-
Restricted assets				
Cash and investments	-	4,271,425	4,271,425	-
Deposits with North Shore Water Commission	-	237,257	237,257	-
Investment in CVMIC	525,494	-	525,494	-
Capital assets				
Land	1,305,706	174,084	1,479,790	-
Construction in process	782,317	4,716,547	5,498,864	-
Other capital assets, net of depreciation	25,822,607	31,803,069	57,625,676	-
Total assets	<u>50,462,281</u>	<u>47,026,095</u>	<u>97,488,376</u>	<u>53,982</u>
Deferred Outflows				
Deferred amount on refundings	<u>480,061</u>	<u>59,323</u>	<u>539,384</u>	<u>-</u>
Liabilities				
Accounts payable and accrued expenses	647,145	609,728	1,256,873	8,137
Accrued interest payable	348,311	201,430	549,741	-
Noncurrent liabilities				
Due within one year	1,848,100	1,580,200	3,428,300	-
Due in more than one year	27,418,632	27,610,385	55,029,017	-
Total liabilities	<u>30,262,188</u>	<u>30,001,743</u>	<u>60,263,931</u>	<u>8,137</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent year's budget	<u>11,126,819</u>	<u>-</u>	<u>11,126,819</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>11,126,819</u>	<u>-</u>	<u>11,126,819</u>	<u>-</u>
Net Position				
Net investment in capital assets	3,357,191	10,555,326	13,152,182	-
Restricted for				
Equipment replacement	-	242,186	242,186	-
Debt service	260,081	-	260,081	-
TIF projects and debt service	1,465,555	-	1,465,555	-
Library expansion	262,878	-	262,878	-
Donations	9,875	-	9,875	-
Unrestricted	<u>4,197,755</u>	<u>6,286,163</u>	<u>11,244,253</u>	<u>45,845</u>
TOTAL NET POSITION	<u>\$ 9,553,335</u>	<u>\$ 17,083,675</u>	<u>\$ 26,637,010</u>	<u>\$ 45,845</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Statement of Activities
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit Business Improvement District
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental activities								
General government	\$ 2,071,411	\$ 265,889	\$ -	\$ -	\$ (1,805,522)	\$ -	\$ (1,805,522)	\$ -
Public safety	5,727,709	919,243	5,912	-	(4,802,554)	-	(4,802,554)	-
Public works	3,858,342	511,965	863,106	-	(2,483,271)	-	(2,483,271)	-
Conservation and development	85,030	11,486	20,000	-	(53,544)	-	(53,544)	-
Health	191,111	-	-	-	(191,111)	-	(191,111)	-
Library	872,378	64,372	41,254	-	(766,752)	-	(766,752)	-
Parks and recreation	27,788	-	-	-	(27,788)	-	(27,788)	-
Interest and fiscal charges	953,827	-	-	-	(953,827)	-	(953,827)	-
Total governmental activities	<u>13,787,596</u>	<u>1,772,955</u>	<u>930,272</u>	<u>-</u>	<u>(11,084,369)</u>	<u>-</u>	<u>(11,084,369)</u>	<u>-</u>
Business-type activities								
Water Utility	1,654,298	2,153,489	-	-	-	499,191	499,191	-
Sewer Utility	1,688,775	2,016,282	-	68,858	-	396,365	396,365	-
Stormwater Utility	500,993	615,817	-	804,714	-	919,538	919,538	-
Parking Utility	74,527	72,753	-	-	-	(1,774)	(1,774)	-
Total business-type activities	<u>3,918,593</u>	<u>4,858,341</u>	<u>-</u>	<u>873,572</u>	<u>-</u>	<u>1,813,320</u>	<u>1,813,320</u>	<u>-</u>
TOTAL	<u>\$ 17,706,189</u>	<u>\$ 6,631,296</u>	<u>\$ 930,272</u>	<u>\$ 873,572</u>	<u>(11,084,369)</u>	<u>1,813,320</u>	<u>(9,271,049)</u>	<u>-</u>
Component Unit								
Business Improvement District	\$ 70,381	\$ -	\$ 69,389	\$ -				(992)
General revenues								
Taxes								
Property taxes, levied for general purposes					7,511,494	-	7,511,494	-
Property taxes, levied for library services					691,916	-	691,916	-
Property taxes, levied for debt services					1,619,185	-	1,619,185	-
Property taxes, levied for capital items and development					1,332,178	-	1,332,178	-
Intergovernmental revenues not restricted to specific programs					274,814	-	274,814	-
Investment income					455,725	8,839	464,564	76
Other income					265,621	-	265,621	-
Total general revenues					<u>12,150,933</u>	<u>8,839</u>	<u>12,159,772</u>	<u>76</u>
Transfers					288,428	(288,428)	-	-
Change in net position					1,354,992	1,533,731	2,888,723	(916)
Net position - beginning of year					<u>8,198,343</u>	<u>15,549,944</u>	<u>23,748,287</u>	<u>46,761</u>
Net position - end of year					<u>\$ 9,553,335</u>	<u>\$ 17,083,675</u>	<u>\$ 26,637,010</u>	<u>\$ 45,845</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Balance Sheet - Governmental Funds
December 31, 2014

	General Fund	Debt Service Fund	Borrowed Money Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 4,002,162	\$ 260,806	\$ -	\$ 3,775,047	\$ 8,038,015
Current receivables					
Taxes	7,728,765	1,860,975	-	1,537,079	11,126,819
Accounts receivable	100,570	-	-	-	100,570
Interest receivable	8,345	-	174	-	8,519
Special assessments	-	-	-	530,036	530,036
Loan receivable	-	2,105,986	-	-	2,105,986
Due from other funds	1,088,592	-	-	7,615	1,096,207
Prepaid expenditures	116,212	-	-	-	116,212
Investment in CVMIC	525,494	-	-	-	525,494
	<u>13,570,140</u>	<u>4,227,767</u>	<u>174</u>	<u>5,849,777</u>	<u>23,647,858</u>
TOTAL ASSETS					
LIABILITIES					
Accounts payable	\$ 159,394	\$ 725	\$ 37,608	\$ 83,370	\$ 281,097
Accrued liabilities	349,116	-	-	16,932	366,048
Due to other funds	-	-	827,332	268,875	1,096,207
Total liabilities	<u>508,510</u>	<u>725</u>	<u>864,940</u>	<u>369,177</u>	<u>1,743,352</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for subsequent year's budget	7,728,765	1,860,975	-	1,537,079	11,126,819
Unavailable revenues	-	2,105,986	-	539,783	2,645,769
Total Deferred Inflows of Resources	<u>7,728,765</u>	<u>3,966,961</u>	<u>-</u>	<u>2,076,862</u>	<u>13,772,588</u>
FUND BALANCES (DEFICIT)					
Nonspendable	641,706	-	-	-	641,706
Restricted	-	260,081	-	1,738,308	1,998,389
Committed	-	-	-	693,673	693,673
Assigned	-	-	-	1,240,632	1,240,632
Unassigned	4,691,159	-	(864,766)	(268,875)	3,557,518
Total fund balances (deficit)	<u>5,332,865</u>	<u>260,081</u>	<u>(864,766)</u>	<u>3,403,738</u>	<u>8,131,918</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
	<u>\$ 13,570,140</u>	<u>\$ 4,227,767</u>	<u>\$ 174</u>	<u>\$ 5,849,777</u>	<u>\$ 23,647,858</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
Year Ended December 31, 2014

Total fund balances-governmental funds \$ 8,131,918

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	1,305,706
Construction in progress	782,317
Other capital assets	56,149,399
Less: accumulated depreciation	(30,326,792)

Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

Loan to North Shore Fire Department	2,105,986
Special assessments receivable, due after 2014	539,783

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(26,455,646)
Notes payable - Bayside	(230,820)
Compensated absences	(426,247)
Unamortized debt discounts and premiums	(87,790)
Deferred amounts on refundings	480,061
Accrued interest	(348,311)
Net OPEB obligation	<u>(2,066,229)</u>

NET POSITION OF GOVERNMENT ACTIVITIES \$ 9,553,335

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2014

	General Fund	Debt Service Fund	Borrowed Money Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 7,511,494	\$ 1,619,185	\$ -	\$ 2,024,094	\$ 11,154,773
Intergovernmental	1,124,095	288,943	-	36,944	1,449,982
Licenses and permits	639,632	-	-	-	639,632
Fines, forfeitures and penalties	281,296	-	-	-	281,296
Public charges for services	31,387	-	-	64,372	95,759
Special assessments	-	-	-	456,096	456,096
Miscellaneous	694,082	73,530	35,652	153,897	957,161
Total revenues	<u>10,281,986</u>	<u>1,981,658</u>	<u>35,652</u>	<u>2,735,403</u>	<u>15,034,699</u>
Expenditures					
Current					
General government	1,874,276	-	-	-	1,874,276
Public safety	5,321,018	-	-	-	5,321,018
Public works	2,173,480	-	-	-	2,173,480
Health and social services	177,325	-	-	-	177,325
Conservation and development	-	-	-	85,030	85,030
Library	-	-	-	665,932	665,932
Capital Outlay	333,569	-	1,620,733	688,617	2,642,919
Debt service					
Principal	-	1,868,444	-	-	1,868,444
Interest and fiscal charges	-	809,702	-	-	809,702
Total expenditures	<u>9,879,668</u>	<u>2,678,146</u>	<u>1,620,733</u>	<u>1,439,579</u>	<u>15,618,126</u>
Excess (deficiency) of revenues over expenditures	<u>402,318</u>	<u>(696,488)</u>	<u>(1,585,081)</u>	<u>1,295,824</u>	<u>(583,427)</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	18,535	-	-	-	18,535
Transfer in	288,428	663,365	360,047	-	1,311,840
Transfer out	-	-	-	(1,023,412)	(1,023,412)
Total other financing sources (uses)	<u>306,963</u>	<u>663,365</u>	<u>360,047</u>	<u>(1,023,412)</u>	<u>306,963</u>
Net change in fund balances	709,281	(33,123)	(1,225,034)	272,412	(276,464)
Fund balances - beginning of year	<u>4,623,584</u>	<u>293,204</u>	<u>360,268</u>	<u>3,131,326</u>	<u>8,408,382</u>
Fund balances (deficit) - end of year	<u>\$ 5,332,865</u>	<u>\$ 260,081</u>	<u>\$ (864,766)</u>	<u>\$ 3,403,738</u>	<u>\$ 8,131,918</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 Year Ended December 31, 2014

Net change in fund balances-total governmental funds \$ (276,464)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,642,919
Some items reported as capital outlay expenditures in the fund financial statements are operating expenses in the government-wide statements	(355,449)
Depreciation expense is reported in the government-wide statements	(1,828,625)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal retired	1,868,444
Amortization of debt premium/discounts	8,229
Amortization of book loss on debt refunding	(68,958)

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

Loan receivable	(235,837)
Special assessments	36,763

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

Accrued interest	(83,396)
Compensated absences	(31,616)
Net OPEB liability	<u>(321,018)</u>

Change in net position of governmental activities \$ 1,354,992

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Proprietary Fund
Statement of Net Position
December 31, 2014

	Business-type Activities - Enterprise				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Fund Parking Utility	
ASSETS					
Current					
Cash and cash equivalents	\$ 358,992	\$ 985,673	\$ 2,058,602	\$ 159,596	\$ 3,562,863
Accounts receivable	730,396	676,052	639,453	-	2,045,901
Interest receivable	-	1,832	-	-	1,832
Special assessments	-	99,543	-	-	99,543
Inventories	46,170	-	-	-	46,170
Restricted Assets					
Cash and investments	635,105	1,582,536	2,053,784	-	4,271,425
Deposits with North Shore Water Commission	237,257	-	-	-	237,257
Total Current Assets	<u>2,007,920</u>	<u>3,345,636</u>	<u>4,751,839</u>	<u>159,596</u>	<u>10,264,991</u>
Noncurrent Assets					
Special assessments	-	67,404	-	-	67,404
Land	44,084	-	-	130,000	174,084
Construction in progress	612,098	2,112,300	1,992,149	-	4,716,547
Equipment and infrastructure	18,843,646	15,348,212	5,050,050	370,209	39,612,117
Less: Accumulated depreciation	<u>(5,502,726)</u>	<u>(1,879,041)</u>	<u>(99,748)</u>	<u>(327,533)</u>	<u>(7,809,048)</u>
Total Noncurrent Assets	<u>13,997,102</u>	<u>15,648,875</u>	<u>6,942,451</u>	<u>172,676</u>	<u>36,761,104</u>
Total Assets	<u>16,005,022</u>	<u>18,994,511</u>	<u>11,694,290</u>	<u>332,272</u>	<u>47,026,095</u>
DEFERRED OUTFLOWS					
Deferred amount on refundings	<u>59,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,323</u>
LIABILITIES					
Current Liabilities					
Accounts payable	87,703	489,709	13,826	457	591,695
Accrued interest	104,710	59,562	37,158	-	201,430
Accrued liabilities	4,630	3,816	7,662	1,925	18,033
Current portion of long-term debt	<u>618,019</u>	<u>841,999</u>	<u>120,182</u>	<u>-</u>	<u>1,580,200</u>
Total current liabilities	<u>815,062</u>	<u>1,395,086</u>	<u>178,828</u>	<u>2,382</u>	<u>2,391,358</u>
Noncurrent Liabilities					
Long-Term Debt					
Noncurrent portion of long-term debt	<u>9,508,932</u>	<u>10,534,555</u>	<u>7,566,898</u>	<u>-</u>	<u>27,610,385</u>
Total Noncurrent liabilities	<u>9,508,932</u>	<u>10,534,555</u>	<u>7,566,898</u>	<u>-</u>	<u>27,610,385</u>
Total liabilities	<u>10,323,994</u>	<u>11,929,641</u>	<u>7,745,726</u>	<u>2,382</u>	<u>30,001,743</u>
NET POSITION					
Net investment in capital assets	4,875,775	5,105,965	400,910	172,676	10,555,326
Restricted for equipment replacement	-	242,186	-	-	242,186
Unrestricted	<u>864,576</u>	<u>1,716,719</u>	<u>3,547,654</u>	<u>157,214</u>	<u>6,286,163</u>
Total net position	<u>\$ 5,740,351</u>	<u>\$ 7,064,870</u>	<u>\$ 3,948,564</u>	<u>\$ 329,890</u>	<u>\$ 17,083,675</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Stormwater Utility	Nonmajor Fund Parking Utility	
OPERATING REVENUES					
Charges for services	\$ 2,145,553	\$ 2,008,030	\$ 606,270	\$ 72,337	\$ 4,832,190
Other operating revenues	7,936	8,252	9,547	416	26,151
Total operating revenues	<u>2,153,489</u>	<u>2,016,282</u>	<u>615,817</u>	<u>72,753</u>	<u>4,858,341</u>
OPERATING EXPENSES					
Operation and maintenance	849,264	1,193,823	356,592	69,878	2,469,557
Depreciation	461,450	217,298	99,518	4,649	782,915
Total operating expenses	<u>1,310,714</u>	<u>1,411,121</u>	<u>456,110</u>	<u>74,527</u>	<u>3,252,472</u>
Operating income	<u>842,775</u>	<u>605,161</u>	<u>159,707</u>	<u>(1,774)</u>	<u>1,605,869</u>
NONOPERATING REVENUES (EXPENSES)					
Interest income	1,229	6,129	1,481	-	8,839
Interest expense	(335,092)	(275,836)	(40,668)	-	(651,596)
Debt issue costs	(8,492)	(1,818)	(4,215)	-	(14,525)
Total nonoperating revenues (expenses)	<u>(342,355)</u>	<u>(271,525)</u>	<u>(43,402)</u>	<u>-</u>	<u>(657,282)</u>
Income (loss) before capital contributions and transfers	500,420	333,636	116,305	(1,774)	948,587
Capital contributions	-	68,858	804,714	-	873,572
Transfers in	100,675	-	-	-	100,675
Transfers out	<u>(276,019)</u>	<u>(100,675)</u>	<u>-</u>	<u>(12,409)</u>	<u>(389,103)</u>
Change in net position	325,076	301,819	921,019	(14,183)	1,533,731
Net position - beginning of year	<u>5,415,275</u>	<u>6,763,051</u>	<u>3,027,545</u>	<u>344,073</u>	<u>15,549,944</u>
Net position - end of year	<u>\$ 5,740,351</u>	<u>\$ 7,064,870</u>	<u>\$ 3,948,564</u>	<u>\$ 329,890</u>	<u>\$ 17,083,675</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Proprietary Funds - Statement of Cash Flows
Year Ended December 31, 2014

	Business-type Activities - Enterprise				Totals
	Water Utility	Sewer Utility	Storm Utility	Nonmajor Fund Parking Utility	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 2,152,738	\$ 1,969,492	\$ 2,093,051	\$ 75,637	\$ 6,290,918
Paid to suppliers for goods and services	(562,136)	(995,427)	(276,939)	(12,434)	(1,846,936)
Paid to employees for services	(247,500)	(223,769)	(207,533)	(57,057)	(735,859)
Net cash provided by (used in) operating activities	<u>1,343,102</u>	<u>750,296</u>	<u>1,608,579</u>	<u>6,146</u>	<u>3,708,123</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Payments (to) from other funds	(503,422)	(100,675)	-	(12,409)	(616,506)
Net cash used in noncapital financing activities	<u>(503,422)</u>	<u>(100,675)</u>	<u>-</u>	<u>(12,409)</u>	<u>(616,506)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt principal paid	(573,460)	(825,125)	(100,000)	-	(1,498,585)
Debt interest paid	(345,756)	(286,081)	(50,298)	-	(682,135)
Special assessments received	-	99,132	-	-	99,132
Capital contributions and grant proceeds	-	68,858	804,714	-	873,572
Acquisition and construction of capital assets	(812,423)	(2,255,379)	(3,009,100)	-	(6,076,902)
Net cash used in capital and related financing activities	<u>(1,731,639)</u>	<u>(3,198,595)</u>	<u>(2,354,684)</u>	<u>-</u>	<u>(7,284,918)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturities of investments	644,493	2,369,763	1,725,146	-	4,739,402
Investment income	1,229	7,130	1,481	-	9,840
Net cash flows from investing activities	<u>645,722</u>	<u>2,376,893</u>	<u>1,726,627</u>	<u>-</u>	<u>4,749,242</u>
Net change in cash and cash equivalents	(246,237)	(172,081)	980,522	(6,263)	555,941
Cash and cash equivalents - beginning of year	<u>605,229</u>	<u>1,157,754</u>	<u>1,078,080</u>	<u>165,859</u>	<u>3,006,922</u>
Cash and cash equivalents - end of year	<u>\$ 358,992</u>	<u>\$ 985,673</u>	<u>\$ 2,058,602</u>	<u>\$ 159,596</u>	<u>\$ 3,562,863</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income	\$ 842,775	\$ 605,161	\$ 159,707	\$ (1,774)	\$ 1,605,869
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation expense	461,450	217,298	99,518	4,649	782,915
Changes in assets and liabilities					
Accounts receivable	(751)	(46,790)	1,477,234	2,884	1,432,577
Accounts payable	39,570	(25,356)	(27,144)	(131)	(13,061)
Accrued liabilities	56	(17)	(100,736)	518	(100,179)
Net cash provided by (used in) operating activities	<u>\$ 1,343,102</u>	<u>\$ 750,296</u>	<u>\$ 1,608,579</u>	<u>\$ 6,146</u>	<u>\$ 3,708,123</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Construction in Progress reported in accounts payable	<u>\$ -</u>	<u>\$ 196,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,663</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and investments	\$ 27,808,618
Taxes receivable	<u>20,004,226</u>
TOTAL ASSETS	<u>\$ 47,812,844</u>
LIABILITIES	
Due to other taxing units	<u>\$ 47,812,844</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Whitefish Bay (Village) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit should be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

Business Improvement District (BID)

The government-wide financial statements include the Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the Village Board. Wisconsin Statutes provide for circumstances whereby the Village can impose their will on the BID, and also create a potential financial benefit to or burden on the Village. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2014. There are no separate financial statements issued.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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

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

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

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

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

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

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

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - Borrowed Money Fund - accounts for bond proceeds to be used for the acquisition of equipment or construction of major capital facilities (other than those financed by Proprietary Funds).

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sanitary sewer system

Stormwater Utility - used to account for the operations of stormwater system

The Village reports the following nonmajor governmental and enterprise funds:

Nonmajor Governmental Funds

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Donation Fund

TIF #1 Fund

TIF #2 Fund

Library Fund

Capital Projects - accounts for financial resources to be used for the acquisition of equipment or construction of major capital facilities (other than those financed by Proprietary Funds).

Community Development Block Grant Fund

TIF #1 Fund

TIF #2 Fund

Capital Equipment Fund

Public Improvement Fund

Library Expansion Fund

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Nonmajor Enterprise Funds

Parking Utility - used to account for the operations of the public parking facilities available in the Village.

In addition, the Village reports the following fund types:

Agency funds - used to account for the taxes collected by the Village held in a trustee capacity for the taxing jurisdictions within the Village.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

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

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled 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 recorded as unearned revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. It is the practice of the Village to utilize special assessment collections to finance future capital project expenditures.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, interdepartmental charges for services, cable television fees, library nonresident fees and interest. Other general revenues such as fines and forfeitures, licenses and permits, public charges for services and commercial revenues (except investment earnings) are recognized when received in cash or when measurable and available under the criteria described above.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Fund Financial Statements (continued)

The Village reports deferred inflows and unearned revenues on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent year's operations. 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. Unearned revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability or deferred inflow is removed from the balance sheet and revenue is recognized.

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows 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.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

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

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

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. On December 31, 2014, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Receivables

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

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	March 31, 2015
Third installment due	May 31, 2015
Personal property taxes in full	January 31, 2015
Tax deed by county - 2014 delinquent real estate taxes	October 2017

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

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

In the general fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. In all other governmental fund financial statements, advances to other funds are offset equally by categories of fund balance that correspond with the availability of the repayments for use by the fund.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Receivables (continued)

The Water and Sewer Utilities provide services to customers within the municipal boundaries. Metered water sales to consumers are billed at rates approved by the Public Service Commission of Wisconsin. Sewer customers are billed at rates established by the Village Board for local charges plus actual cost of service provided by the Milwaukee Metropolitan Sewerage District. Customers are billed on a tri-annual basis, payable in 20 days. Unbilled revenues from the last metered billing to the end of the year are estimated and recorded as accrued revenue. All delinquent accounts receivable balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

The Stormwater Utility provides services to customers within the municipal boundaries. Stormwater charges have been established, including base charge (BC), equivalency charge (EC), and special charge (SC). Charges are calculated using the equivalent runoff unit (ERU) of each property. Customers are billed on a tri-annual basis, payable in 20 days. All delinquent accounts receivable balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

Rental charges to customers for Parking Utility services are billed on a quarterly basis, payable upon receipt of the invoice. Charges are computed based on operating expenses net of meter revenue. Amounts not collected as of the property tax lien date are placed on the tax roll and are collected through the normal tax collection process.

Inventories and Prepaid Items

Governmental fund inventory of materials and supplies are not recognized as amounts are not considered material. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at the lower of cost or market on a first-in, first-out (FIFO) basis based on physical quantities on hand and are charged to construction or operation and maintenance expense when used.

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Current liabilities payable from these restricted assets are so classified, if any.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$500 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds. \$156,609 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital 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 and for the water utility assets in service they are depreciated using the straight-line method at rates certified by the Public Service Commission. The range of estimated useful lives by type of asset is as follows:

Buildings	7-40 Years
Improvements other than Building	10-75 Years
Machinery and Equipment	3-30 Years
Utility System	5-80 Years
Infrastructure	20-80 Years

Fund Financial Statements

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

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, represents an outflow of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Village reports deferred outflows for loss amounts on the refunding of long-term debt.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows for property taxes levied but supporting the subsequent years' budget. These deferred inflows are reported on both the governmental fund and the government-wide financial statements. Additionally, the Village reports unavailable revenue, within its governmental funds balance sheet. The governmental funds report unavailable revenues for revenues which are earned and measurable but not available. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Under terms of employment, employees are granted sick pay benefits and vacations in varying amounts. Vacation time is not cumulative from year to year. Sick pay benefits are cumulative in accordance with the provision of union contracts and administrative policies to specified maximums. Accumulated sick leave benefits are payable in cash or health insurance in accordance with terms of the applicable contract or policies upon an employee's retirement. The government-wide statements include a liability for the estimated probable payments of accumulated leave. 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.

Other Postemployment Benefits

The Village will pay a portion of health insurance premiums for employees retiring under certain conditions until the employee reaches age 65. Eligibility and benefit provisions are based on contractual agreements with employee union contracts or employee benefit policies.

The Village fund these benefits on a pay-as-you-go basis and funding is expected to come primarily from the Village's General Fund. The Village has obtained an actuarial evaluation to determine the cost of these benefits. A liability for the unfunded annual required contributed (ARC) is reported on the government-wide financial statements as a governmental activities liability.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face values of debts 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.

During 2000, the Village issued \$2.7 million in Wisconsin Recreational Facilities Revenue Bonds to provide financial assistance to a private sector entity for the acquisition and construction of a recreational facility deemed to be in the public interest. The bonds are payable solely from payments received on the underlying mortgage loan. Neither the Village, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total balance is due on April 1, 2020.

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Equity Classifications

Government-Wide Statements

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

- a. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances (excluding unspent bond proceeds) of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.
- c. The unrestricted component of net position is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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.

The "Total" column in the net position section includes an adjustment of \$760,335 for capital assets owned by the business type activities, but financed by the governmental activities long-term debt. The adjustment is included as a reduction of the "net investment in capital assets" amount reported in the "Total" column, and an increase in the "unrestricted" net position, also reported in the "Total" column.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Equity Classifications (continued)

Fund Statements

The Village follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as described below.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components.

- Nonspendable fund balance - Amounts that cannot be spent because they are 1) not in spendable form or 2) legally or contractually required to be maintained intact.
- Restricted fund balance - Amounts constraints requiring use for a specific purpose and are either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.
- Committed fund balance - Amounts used for specific purposes based on the constraints imposed by formal action of the Village Board. The commitment purposes must be made during the Village's fiscal year ended December 31, 2014, and can only be amended by the same formal action creating the original commitments such as a resolution or ordinance.
- Assigned fund balance - Funds that are constrained by the Village with the intent for the amount to be used for specific purposes, but is neither restricted nor committed.
- Unassigned fund balance - The balance of General Fund's fund balance available for appropriation. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

It is the Village's policy to use fund balance resources in the following manner: first, restricted, then committed, then assigned, and finally unassigned.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The Village adopted annual Governmental Fund budgets for the General Fund, Library Fund, Debt Service Funds and Capital Projects Funds. These budgets are adopted in accordance with State Statutes and prepared on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year-end except for certain nonlapsing funds specifically designated by the Board. Budgetary control is exercised at the individual fund level for each fund.

Excess expenditures over appropriations occurred in the general government department of \$51,520. The excess of expenditures over appropriations were financed with current year revenue sources and available fund balances.

B. Deficit Fund Balances

Accounting principles generally accepted in the United States of America require disclosure of individual funds that have a deficit balances at year end.

The Borrowed Money Capital Project Fund had a deficit fund balance of \$864,766, which is expected to be funded through future borrowing.

The TIF #1 Capital Project Fund had a deficit fund balance of \$7,615, which is expected to be funded through future tax increments.

The TIF #2 Special Revenue and Capital Projects Funds have deficit fund balances of \$52,188 and \$209,072, respectively. These deficits are expected to be funded through future tax increments.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Bank Balance	Associated Risks
Petty cash	\$ 3,988	\$ -	N/A
Demand deposits	6,985,672	5,532,687	Custodial credit risk
LGIP	32,243,046	32,243,046	Credit and interest rate risk
Municipal Bonds	36,988	36,988	Custodial credit, credit risk, and interest rate risk
Certificates of Deposit	4,411,227	4,411,227	Custodial credit
 Total cash and investments	 \$ 43,680,921	 \$ 42,223,948	
 Reconciliation to statements of net position			
Per statement of net position			
Unrestricted cash and investments	\$ 11,600,878		
Restricted cash and investments	4,271,425		
Per statement of net position - fiduciary			
Agency Fund	27,808,618		
 Total cash and investments	 \$ 43,680,921		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposit accounts and \$250,000 coverage for time deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. As of December 31, 2014, \$4,087,734 of the Village's bank balance was exposed to custodial credit risk.

The Village's investment policy does not address custodial credit risk.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk (continued)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2014 \$157,121 of the Village's certificates of deposit investment balance was exposed to custodial credit risk. The Village's remaining investments are not exposed to custodial credit risk as these investments are in municipal bonds and are covered by SIPC insurance, held by the Village's agent in the Village's name, or registered in the Village's name.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation. As of December 31, 2014, the Village had \$36,988 invested in municipal bonds with a rating of Aa1/AA+.

As of December 31, 2014, the Village also had \$32,243,046 invested in the LGIP that is not rated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. As of December 31, 2014, the Village's investments were as follows:

Investment Type	Fair Value	Maturity in years	
		< 1 Year	1 - 2
LGIP	\$ 32,243,046	\$ 32,243,046	\$ -
Municipal Bonds	36,988	-	36,988
Certificates of deposit	4,411,227	2,913,599	1,497,628
Total	<u>\$ 36,691,261</u>	<u>\$ 35,156,645</u>	<u>\$ 1,534,616</u>

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

B. Receivables

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

	<u>Unavailable</u>	<u>Tax levy</u>	<u>Totals</u>
Property taxes levied for subsequent year	\$ -	\$ 11,126,819	\$ 11,126,819
Loan receivable	2,105,986	-	2,105,986
Special assessments	<u>539,783</u>	<u>-</u>	<u>539,783</u>
 Total Deferred Inflows	 <u>\$ 2,645,769</u>	 <u>\$ 11,126,819</u>	 <u>\$ 13,772,588</u>

C. Loan Receivable

In 2002 the Village issued \$5.015 million General Obligation Fire Department Bonds and loaned the proceeds to the North Shore Fire Department. Each of the municipalities that participate in North Shore Fire Department, including the Village, have formally pledged to finance the debt service payments on these bonds in accordance with cost sharing arrangements. On December 31, 2014, the Village has reported a \$2,105,986 loan receivable (and deferred inflow in the fund statements) representing amounts due from the other participating municipalities.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

D. Restricted Assets

Following is a list of restricted assets at December 31, 2014:

Fund	Restricted Assets
Water Utility	
Unspent bond proceeds	\$ 589,991
Restricted for debt service	45,114
Deposits with North Shore Water Commission	237,257
Total Restricted	872,362
Sewer Utility	
Unspent bond proceeds	\$ 1,097,713
Restricted for debt service	242,637
Restricted for equipment replacement	242,186
Total Restricted	1,582,536
Stormwater Utility	
Unspent bond proceeds	\$ 1,971,401
Restricted for debt service	82,383
Total Restricted	2,053,784
Total Business-Type Activities	\$ 4,508,682

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

E. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,305,706	\$ -	\$ -	\$ 1,305,706
Construction in progress	3,393,438	1,396,223	4,007,344	782,317
Total capital assets, not being depreciated	<u>4,699,144</u>	<u>1,396,223</u>	<u>4,007,344</u>	<u>2,088,023</u>
Capital assets being depreciated				
Buildings	4,867,199	3,230,233	113,612	7,983,820
Improvements	1,051,275	-	-	1,051,275
Machinery and equipment	5,741,085	394,186	149,353	5,985,918
Infrastructure	<u>39,933,229</u>	<u>1,274,172</u>	<u>79,015</u>	<u>41,128,386</u>
Total capital assets being depreciated	<u>51,592,788</u>	<u>4,898,591</u>	<u>341,980</u>	<u>56,149,399</u>
Less accumulated depreciation				
Buildings	2,040,609	148,958	113,612	2,075,955
Improvements	639,355	30,697	-	670,052
Machinery and equipment	3,229,465	466,718	149,353	3,546,830
Infrastructure	<u>22,930,718</u>	<u>1,182,252</u>	<u>79,015</u>	<u>24,033,955</u>
Total accumulated depreciation	<u>28,840,147</u>	<u>1,828,625</u>	<u>341,980</u>	<u>30,326,792</u>
Capital assets being depreciated, net of depreciation	<u>22,752,641</u>	<u>3,069,966</u>	<u>-</u>	<u>25,822,607</u>
Total capital assets, net of depreciation	<u>\$27,451,785</u>	<u>\$ 4,466,189</u>	<u>\$ 4,007,344</u>	<u>\$27,910,630</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 84,226
Public safety	120,284
Public works, which includes depreciation for	1,420,793
Library	175,534
Parks and recreation	<u>27,788</u>
Total Government-type depreciation expense	<u>\$ 1,828,625</u>

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

E. Capital Assets (continued)

	Beginning Balance	Additions	Deductions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 174,084	\$ -	\$ -	\$ 174,084
Construction in progress	5,622,411	5,144,341	6,050,205	4,716,547
Total capital assets not being depreciated	<u>5,796,495</u>	<u>5,144,341</u>	<u>6,050,205</u>	<u>4,890,631</u>
Capital assets being depreciated				
Land improvements and parking meters	370,209	-	-	370,209
Structures and improvements	963,099	-	-	963,099
Water distribution system	14,132,204	143,162	49,621	14,225,745
Sewer collection system	14,168,489	1,101,081	233,420	15,036,150
Stormwater collection system	-	5,046,193	-	5,046,193
Water machinery and equipment	3,598,253	59,431	2,882	3,654,802
Sewer machinery and equipment	305,629	6,433	-	312,062
Stormwater equipment	2,304	1,553	-	3,857
Total capital assets being depreciated	<u>33,540,187</u>	<u>6,357,853</u>	<u>285,923</u>	<u>39,612,117</u>
Less accumulated depreciation				
Land improvements and parking meters	322,884	4,649	-	327,533
Structures and improvements	720,333	30,819	-	751,152
Water distribution system	1,995,542	295,723	49,621	2,241,644
Sewer collection system	1,722,805	186,382	233,420	1,675,767
Stormwater collection system	-	99,057	-	99,057
Water machinery and equipment	2,377,904	134,908	2,882	2,509,930
Sewer machinery and equipment	172,358	30,916	-	203,274
Stormwater equipment	230	461	-	691
Total accumulated depreciation	<u>7,312,056</u>	<u>782,915</u>	<u>285,923</u>	<u>7,809,048</u>
Capital assets being depreciated, net of depreciation	<u>26,228,131</u>	<u>5,574,938</u>	<u>-</u>	<u>31,803,069</u>
Total capital assets, net of depreciation	<u>\$ 32,024,626</u>	<u>\$ 10,719,279</u>	<u>\$ 6,050,205</u>	<u>\$ 36,693,700</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	\$ 461,450
Sewer	217,298
Stormwater	99,518
Parking	<u>4,649</u>
Total Business-type activities depreciation expense	<u>\$ 782,915</u>

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

F. Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Payable Fund	Receivable Fund	
	General	TIF #1 Special Revenue
Borrowed Money Fund	\$ 827,332	\$ -
TIF #1 - Capital Projects Fund	-	7,615
TIF #2 - Capital Projects Fund	209,072	-
TIF #2 - Special Revenue Fund	52,188	-
Subtotal	1,088,592	\$ 7,615
Less: Fund eliminations		(1,096,207)
Total Internal Balances - Statement of Net Position		\$ -

The principal reason for the above interfund amounts is to fund cash overdrafts. For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

Transfers

The following is a schedule of interfund transfers:

Transferred To	Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 276,019	Payment in lieu of taxes
General Fund	Parking Utility	12,409	Payment in lieu of taxes
Subtotal General Fund		288,428	
Debt Service Fund	TIF #1 - Special Revenue Fund	317,443	Debt service
Debt Service Fund	TIF #2 - Special Revenue Fund	52,188	Debt service
Debt Service Fund	Public Improvement	293,734	Debt service
Subtotal Debt Service Fund		663,365	
Borrowed Money Fund	Public Improvement	360,047	Capital investment
Subtotal Borrowed Money Fund		360,047	
Water Utility	Sewer Utility	100,675	Cost sharing
Subtotal Proprietary Funds		100,675	
Total - Fund Financial Statements		1,412,515	
Less: Fund Eliminations		(1,124,087)	
Total Transfer - Government-Wide Statement of Activities		\$ 288,428	

Transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, or (2) move receipts restricted to debt service from funds collecting the receipts to the debt service fund. Transfers from the TIF #1 Capital Projects Fund, TIF #2 Capital Projects Fund and Public Improvement Capital Projects Funds finance debt service expenditures. The transfer from the Borrowed Money Fund to Public Improvement Fund is for capital related items. Transfers in the Utility funds are for tax equivalents and cost sharing.

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

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

G. Long-term Obligations

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and notes payable					
General obligation debt	\$ 28,297,352	\$ -	\$ 1,841,706	\$ 26,455,646	\$ 1,813,133
Notes payable - Village of Bayside	257,558	-	26,738	230,820	26,738
Add(Subtract) deferred amount for					
Premium	155,125	-	11,928	143,197	11,928
Discounts	(59,106)	-	(3,699)	(55,407)	(3,699)
Total general obligation debt	<u>28,650,929</u>	<u>-</u>	<u>1,876,673</u>	<u>26,774,256</u>	<u>1,848,100</u>
Other Liabilities					
Net OPEB liability	1,745,211	396,018	75,000	2,066,229	-
Compensated absences	394,631	100,251	68,635	426,247	-
Total other liabilities	<u>2,139,842</u>	<u>496,269</u>	<u>143,635</u>	<u>2,492,476</u>	<u>-</u>
Total Governmental Activities long-term liabilities	<u>\$ 30,790,771</u>	<u>\$ 496,269</u>	<u>\$ 2,020,308</u>	<u>\$ 29,266,732</u>	<u>\$ 1,848,100</u>
Business-Type Activities					
Bonds and notes payable					
General obligation debt	\$ 23,880,036	\$ -	\$ 1,206,576	\$ 22,673,460	\$ 1,265,758
Revenue bonds	6,553,673	-	292,009	6,261,664	299,052
Add(Subtract) deferred amount for					
Premium	392,046	-	24,523	367,523	24,522
Discounts	(121,194)	-	(9,132)	(112,062)	(9,132)
Total business-type activities long-term liabilities	<u>\$ 30,704,561</u>	<u>\$ -</u>	<u>\$ 1,513,976</u>	<u>\$ 29,190,585</u>	<u>\$ 1,580,200</u>

General Obligation Debt

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

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

G. Long-term Obligations (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2014, was \$100,944,935. Total general obligation debt outstanding at year end was \$49,129,106.

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2014
General obligation debt					
Corporate Purpose Bonds	01/01/06	12/01/25	3.75-4.2%	635,000	\$ 92,565
Corporate Purpose Bonds	03/21/07	03/01/27	4.0%	2,005,000	1,582,782
Corporate Purpose Bonds	04/03/08	04/01/26	3.5-4.0%	1,067,619	653,209
Corporate Purpose Bonds	02/12/09	08/01/29	2.5-4.2%	4,625,000	3,699,441
Corporate Purpose Bonds	02/09/10	02/01/30	1.9-5.9%	3,759,750	3,151,508
Corporate Purpose Bonds	05/04/11	05/01/31	2.0-4.0%	3,681,760	3,309,920
Corporate Purpose Bonds	10/23/12	09/01/25	1.0-2.5%	635,000	525,000
Promissory notes	01/01/06	12/01/15	3.5-3.75%	470,000	70,000
Promissory notes	03/21/07	03/01/17	3.55-4.0%	1,415,000	70,000
Refunding Bonds	02/09/10	02/01/21	2.0-3.5%	3,068,720	2,219,650
Refunding Bonds	11/09/10	04/01/24	2.0-3.0%	4,996,480	4,055,421
Refunding Bonds	10/23/12	03/21/26	1.0-2.9%	1,555,000	1,495,000
Corporate Purpose Bonds	04/09/13	04/01/33	2.0-3.5%	2,585,000	2,525,000
State Trust Fund Loan	09/20/13	03/15/33	3.75%	3,006,150	3,006,150
Total Governmental Activities - general obligation debt					<u>\$ 26,455,646</u>

Note Payable - Village of Bayside

In 2003, the Village agreed to pay to the Village of Bayside \$436,931 for a portion of a new fire department. The balance due on this note was \$230,820 on December 31, 2014. Principal is due annually on August 1, 2005 through 2023 and interest is due semi-annually on February 1 and August 1 beginning February 1, 2005 with interest at rates of 2.5-4.2%. Total annual principal and interest payments are approximately \$30,000 until final maturity on August 1, 2023.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

G. Long-term Obligations (continued)

Business-Type Activities Debt

The Water, Sewer and Stormwater Utilities have \$22,673,460 in Bonds Payable General Obligation Debt outstanding on December 31, 2014.

Business-Type Activities Debt	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2014
Water Utility					
Corporate Purpose Bonds	01/01/06	12/01/25	3.75-4.2%	\$ 1,560,000	\$ 227,436
Corporate Purpose Bonds	03/21/07	03/01/27	4.00%	655,000	517,218
Corporate Purpose Bonds	04/03/08	04/01/26	3.5-4.0%	1,292,382	791,790
Corporate Purpose Bonds	02/12/09	08/01/29	2.5-4.2%	1,270,000	1,015,719
Corporate Purpose Bonds	02/09/10	02/01/30	1.9-5.9%	1,865,250	1,563,494
Corporate Purpose Bonds	05/04/11	05/01/31	2.0-4.0%	1,084,798	975,262
Corporate Purpose Bonds	10/23/12	09/01/32	1.0-2.5%	1,980,000	1,845,000
Refunding Bonds	02/09/10	02/01/21	2.0-3.5%	491,280	355,350
Refunding Bonds	11/09/10	04/01/24	2.0-3.0%	512,080	415,632
Corporate Purpose Bonds	04/09/13	04/01/33	2.0-3.5%	2,415,000	<u>2,340,000</u>
Total Water Utility - general obligation debt					<u>10,046,901</u>
Stormwater Utility					
Corporate Purpose Bonds	10/23/12	09/01/32	1.0-2.5%	415,000	325,000
Corporate Purpose Bonds	04/09/13	04/01/33	2.0-3.5%	3,325,000	3,260,000
Note Anticipation Note	04/09/13	04/01/16	0.89%	4,045,000	<u>4,045,000</u>
Total Stormwater Utility - general obligation debt					<u>7,630,000</u>
Sewer Utility					
Corporate Purpose Bonds	02/12/09	08/01/29	2.5-4.2%	\$ 2,434,944	79,840
Corporate Purpose Bonds	05/04/11	05/01/31	2.0-4.0%	778,442	699,818
Promissory Note	02/27/08	05/01/27	2.365%	2,521,944	1,817,954
Refunding Bond	11/09/10	04/01/24	2.0-3.0%	411,440	333,947
Corporate Purpose Bonds	04/09/13	04/01/33	2.0-3.5%	2,410,000	<u>2,065,000</u>
Total Sewer Utility - general obligation debt					<u>4,996,559</u>
Total business-type activities - general obligation debt					<u>\$ 22,673,460</u>

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

G. Long-term Obligations (continued)

Debt service requirements to maturity are as follows:

Year	Governmental Activities Long-Term Debt			Business-Type Activities General Obligation Debt		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,813,133	\$ 905,193	\$ 2,718,326	\$ 1,265,758	\$ 595,319	\$ 1,861,077
2016	1,922,670	815,385	2,738,055	5,378,059	543,485	5,921,544
2017	1,986,082	762,888	2,748,970	1,377,259	487,123	1,864,382
2018	1,987,152	705,827	2,692,979	1,423,745	445,819	1,869,564
2019	2,010,245	646,699	2,656,944	1,383,448	405,357	1,788,805
2020-2024	9,102,901	2,285,245	11,388,146	5,631,090	1,489,589	7,120,679
2025-2029	5,572,213	967,201	6,539,414	4,101,205	717,509	4,818,714
2030-2033	2,061,250	144,419	2,205,669	2,112,896	115,285	2,228,181
Total	<u>\$ 26,455,646</u>	<u>\$ 7,232,857</u>	<u>\$ 33,688,503</u>	<u>\$ 22,673,460</u>	<u>\$ 4,799,486</u>	<u>\$ 27,472,946</u>

Revenue Bond Debt

In December 2009 the Village entered into a financial assistance agreement with the State of Wisconsin that will provide financing up to \$5.765 million of Sewerage System Revenue Bonds under the State's Clean Water Fund Program. The proceeds are being used to finance eligible clean water sewer projects costs. The bonds are due in varying amounts through the year 2029 and bear interest at 2.91% due semi-annually in May and November. The Village has drawn \$5,509,861 cumulatively on the bonds.

In April 2013 the Village issued \$1.710 million in Sewerage System Revenue Bonds for infrastructure improvements to the Village's aging sewer system infrastructure. The bonds are due in varying amounts through the year 2038 and bear interest ranging from 2.0% to 3.70% due semiannually in May and November.

Business-type activities revenue bonds are payable only from revenues derived from the operation of the Sewer Utility. The Village has pledged future sewer revenues, net of specified operating expenses, to repay \$6,261,664 in sewer revenue bonds currently outstanding. The total principal and interest remaining to be paid on the bonds is \$8,086,192. Principal and interest paid for the current year and total customer net revenues were \$481,381 and \$850,196, respectively.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

G. Long-term Obligations (continued)

The Sewer Utility has \$6,261,664 in revenue debt outstanding on December 31, 2014.

Sewer Utility						
Sewerage System Revenue Bond	12/23/09	05/01/29	2.91%	\$ 5,509,861	\$ 4,601,664	
Sewerage System Revenue Bond	04/09/13	05/01/38	2-3.7%	1,710,000	<u>1,660,000</u>	
Total Sewer Utility - revenue bond debt						<u>\$ 6,261,664</u>

Debt service requirements to maturity are as follows:

Business-Type Activities Revenue Debt			
Year	Principal	Interest	Total
2015	\$ 299,052	\$ 180,954	\$ 480,006
2016	306,300	172,601	478,901
2017	318,758	163,985	482,743
2018	326,433	155,098	481,531
2019	334,332	145,984	480,316
2020-2024	1,823,424	581,291	2,404,715
2025-2029	2,103,365	296,089	2,399,454
2030-2034	395,000	101,978	496,978
2035-2038	<u>355,000</u>	<u>26,548</u>	<u>381,548</u>
Total	<u>\$ 6,261,664</u>	<u>\$ 1,824,528</u>	<u>\$ 8,086,192</u>

Other Debt Information

Estimated payments of compensated absences are not included on the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

H. Net Position/Fund Balances

Net position reported on the government wide Statement of Net Position on December 31, 2014 includes the following:

Government Activities

Net Investment in Capital Assets	
Land	\$ 1,305,706
Construction in progress	782,317
Other capital assets, net of accumulated depreciation	25,822,607
Less: Capital Related Debt Outstanding	(24,758,556)
Unspent Capital Related Bond Proceeds	205,117
Net Investment in Capital Assets	<u>3,357,191</u>
Restricted for:	
Debt service	260,081
TIF projects and debt service	1,465,555
Library expansion	262,878
Donations	9,875
Total restricted	<u>1,998,389</u>
Unrestricted	<u>4,197,755</u>
Total Governmental Activities net position	<u>\$ 9,553,335</u>

Business Type Activities

Net Investment in Capital Assets	
Land	\$ 174,084
Construction in progress	4,716,547
Other capital assets, net of accumulated depreciation	31,803,069
Less: Capital Related Debt Outstanding	(28,774,954)
Unspent Capital Related Bond Proceeds	2,636,580
Net Investment in Capital Assets	<u>10,555,326</u>
Restricted for sewer equipment replacement	242,186
Unrestricted	<u>6,286,163</u>
Total Business-type Activities net position	<u>\$ 17,083,675</u>

**VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

H. Net Position/Fund Balances (continued)

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements on December 31, 2014 include the following:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects Borrowed Money</u>	<u>Nonmajor</u>	<u>Total</u>
Nonspendable					
Prepayments	\$ 116,212	\$ -	\$ -	\$ -	\$ 116,212
Investment in CVMIC	525,494	-	-	-	525,494
	<u>641,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,706</u>
Restricted					
TID plan purposes	-	-	-	1,465,555	1,465,555
Donations	-	-	-	9,875	9,875
Debt service	-	260,081	-	-	260,081
Library expansion	-	-	-	262,878	262,878
	<u>-</u>	<u>260,081</u>	<u>-</u>	<u>1,738,308</u>	<u>1,998,389</u>
Committed					
Capital purchases	-	-	-	693,673	693,673
Assigned					
Capital improvements/debt service	-	-	-	1,184,633	1,184,633
General library activity	-	-	-	55,999	55,999
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,240,632</u>	<u>1,240,632</u>
Unassigned	<u>4,691,159</u>	<u>-</u>	<u>(864,766)</u>	<u>(268,875)</u>	<u>3,557,518</u>
Total Governmental Fund Balances	<u>\$ 5,332,865</u>	<u>\$ 260,081</u>	<u>\$ (864,766)</u>	<u>\$ 3,403,738</u>	<u>\$ 8,131,918</u>

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE III - DETAILED NOTES TO ALL FUNDS (continued)

I. Component Unit

This report contains the Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and investments

At year-end, the carrying amount of the BID's deposits was \$53,982 and bank statement balances was \$61,396.

The BID may also maintain separate cash and investment accounts at the same financial institutions utilized by the municipality. Federal depository insurance and the State of Wisconsin Guarantee Fund Insurance apply to all municipal accounts, and accordingly, the amount of insured funds is not determinable for the BID alone.

NOTE IV - OTHER INFORMATION

A. Employees' Retirement System

All eligible Village of Whitefish Bay employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 1,200 hours a year (600 hours if hired before July 1, 2011) are eligible to participate in the system. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 7% of their salary (7.75% for Executives and Elected Officials, 7% for Protective Occupations with Social Security, and 7% for Protective Occupations without Social Security) to the plan. Prior to 2014, the Village made these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

A. Employees' Retirement System (continued)

The payroll for employees covered by the system for the year ended December 31, 2014 was \$3,958,309; the employer's total payroll was \$4,018,246. The total required contribution for employees for the year ended December 31, 2014 was \$228,950 or 5.8% of covered payroll. The total required contributions for the Village for the year ended December 31, 2014 was \$384,877 or 9.7% of covered payroll. Total contributions for the years ending December 31, 2013 and 2012 were \$567,518 and \$511,240 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: 1) final average earnings, 2) years of creditable service, and 3) a formula factor. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 through June 30, 2011 are immediately vested. For participants employed after July 1, 2011, five years of creditable services is required for eligibility. The system also provides death and disability benefits for employees. Eligibility for and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The system issues an annual financial report, which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, Wisconsin 53707-7931.

There was no pension related debt owed to the System as of December 31, 2014. The Village currently provides contributions to the Wisconsin Retirement System for employees formerly covered under the Village-sponsored and administered Police-Fire pension fund. This fund was terminated by State Statute in a prior year. In accordance with the statute terminating the pension funds, the Village chose a "pay-as-you-go" basis for pension contributions in which payments are made to the Wisconsin Retirement System as the benefits become due and payable to the participants of the old plan. The total retirement plan expenditures for 2014 were \$6,423.

B. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

B. Risk Management (continued)

The Village participates in the Wisconsin Municipal Insurance Commission ("WMIC"). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company ("CVMIC"). The CVMIC is a separate and distinct entity independent of the WMIC and is owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988.

The WMIC has no assets, liabilities, equity or financial activity for the year ended December 31, 2014.

The CVMIC provides the Village with \$5,000,000 of liability coverage for losses over its self-insured retention level of \$37,500 per occurrence with a \$150,000 aggregate stop loss.

The Village's annual cost is its annual premium, claims and other operating expenses. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among participating municipalities based on payroll and loss history. The Village and other participating cities and villages are subject to cover loss experiences, which exceed predictions through retrospective assessments.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Percentage participation can be affected by acceptance of new members to WMIC and CVMIC. The Village's percentage participation in WMIC and CVMIC on December 31, 2014 was approximately 1.75%. Upon dissolution, the Village would be entitled to a lump sum payment which at December 31, 2014 is \$525,494.

Complete financial statements for WMIC and CVMIC can be obtained from the CVMIC administrative office at 9898 W. Bluemound Road, Wauwatosa, WI 53226.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

C. Lease Revenue Agreement

The Village entered into lease agreements with several cellular phone companies to lease a Utility water tower as a site for cellular antennas. The initial term of the leases were five years with the right to extend the lease for four additional five year terms.

Rental income from rental of the water tower is reported in other water revenues. Future minimum rentals related to this lease are \$183,430 in 2015.

D. Intermunicipal Agreements and Related Parties

North Shore Fire Department

The Village is a member of the North Shore Fire Department, along with six other communities. The Department was created by an agreement signed in 1994 pursuant to the provisions of Sections 61.65 and 66.30 of the Wisconsin Statutes. The Department, which commenced operations on January 1, 1995, provides fire and emergency medical services to the member communities. At the time the Department was created, the Village sold to the Department all of its fire apparatus and vehicles. The Village also transferred custody, use and control, but not ownership, of its fire buildings to be used by the Department. Upon dissolution of the Department, assets will be divided by the participants then participating in accordance with the ratio of expense sharing in existence at the time of termination.

The Department is governed by a seven member board consisting of one representative and one alternate from each municipality. Only one member from each municipality may vote. The Village has a commitment to the Department to annually finance a portion of the Department's approved expenditures. In 2014, the Village's fire protection and emergency medical services expenditures incurred in connection with this arrangement were approximately \$2.004 million. The Village's portion of the Department's 2015 budget is approximately \$2.044 million. On December 31, 2014, the Department had a net deficit of approximately \$9,591,306. Complete 2014 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

D. Intermunicipal Agreements and Related Parties (continued)

Bayside Communications Center

As of May 26, 2012, dispatching services were transferred from the North Shore Public Safety Communications Commission to the Bayside Communications Center. The North Shore Public Safety Communications Commission will continue as the entity responsible for contracting with the Bayside Communication Center for dispatch services for the communities of the Village of Whitefish Bay, the Village of Shorewood, and the City of Glendale. Other members of the Bayside Communications Center include the Village of Bayside, Village of Fox Point, and Village of Brown Deer. During 2014, the Village's total contribution to the Bayside Communications Center was \$349,582 for operations, plus a capital contribution of \$5,759. It is expected that the Village's future contributions will be similar to the current annual operations costs incurred in 2015.

North Shore Water Commission

The Whitefish Bay Water Utility is a member of the North Shore Water Commission along with the City of Glendale and the Village of Fox Point. The North Shore Water Commission provides for the intake, treatment, and pumping of water furnished the three municipalities. Operating costs of the North Shore Water Commission are borne by the three municipalities based on their pro-rata share of metered water delivered to each municipality. Payments to the North Shore Water Commission are included in operating expenses as purchased water under source of supply expenses.

E. Other Postemployment Benefits

The Village provides a single-employer defined benefit healthcare plan. The plan allows eligible retirees to remain on the Village's health care plan which covers both active and retired members. Under certain conditions the Village also directly pays for 50% of retiree health care premiums.

Benefit provisions were established through collective bargaining contracts for represented employees and by Village policy for non-represented employees. To be eligible for these benefits the retiree must have retired under the provisions of the Wisconsin Retirement System, with 20 years of service to the Village, not employed in another capacity that offers health insurance, and is not currently eligible for Medicare.

The plan does not issue stand-alone financial statements.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

E. Other Postemployment Benefits (continued)

The Village pays these post-employment benefits on a pay-as-you-go basis; accordingly no liability is recognized within the fund financial statements. However a liability is recorded for the unfunded liability on the government-wide financial statements on a go forward basis as allowed under Governmental Accounting Standards Board Statement No. 45.

The Village's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you-go basis), and the changes in the Village's net OPEB obligation:

Annual Required Contribution (ARC)	\$	430,108
Interest on Net OPEB Obligation		52,356
Actuarial adjustment to ARC		<u>(86,446)</u>
Annual OPEB Cost (expense)		396,018
Contribution made		<u>(75,000)</u>
Increase in net OPEB Obligation		321,018
Net OPEB Liability - beginning of year		<u>1,745,211</u>
Net OPEB Liability - end of year	\$	<u><u>2,066,229</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for the current year and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2012	\$ 382,065	14.0%	\$ 1,430,125
12/31/2013	\$ 382,086	17.5%	\$ 1,745,211
12/31/2014	\$ 396,018	18.9%	\$ 2,066,229

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

E. Other Postemployment Benefits (continued)

The funded status as of December 31, 2013, the most recent actuarial valuation date, was zero percent funded. The actuarial accrued liability for benefits was \$3,979,563 and the actuarial value of assets was \$0, resulting in an unfunded actuarial liability (UAAL) of \$3,979,563. The covered payroll (annual payroll of active employees covered by the plan) was \$3.63 million, and the ratio of the UAAL to the covered payroll is 109%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of the Employer, and are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The retiree healthcare valuation was based on the unit credit actuarial cost method. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The OPEB valuation uses a discount rate assumption of 3 percent based on the Village's actuarial valuation. The healthcare cost trends rate is 12 percent initially, and reduced by decrements to the ultimate rate of 4 percent after 11 years.

The actuarial accrued liability for the benefits is amortized over an open period of 30 years.

F. Commitments and Contingencies

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

The Village participates in a number of State and Federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. Audits of these programs for or including the year ended December 31, 2014 have been conducted in accordance with State and Federal laws.

VILLAGE OF WHITEFISH BAY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

F. Commitments and Contingencies (continued)

The Village is involved in an environmental clean-up of contaminated soil on Village owned property. The Village has developed a preliminary remedial action plan, which has been submitted to the Wisconsin Department of Natural Resources. To resolve this situation, the Village may be required to incur both capital costs of constructing the pumping and treatment system and ongoing monitoring and operation costs. The estimated capital costs for this project could range from \$500,000 to \$1 million which (if a remediation plan is ultimately required) management intends to finance with future borrowings and/or insurance settlements. The ongoing monitoring and operation costs are estimated to approximate \$30,000 to \$50,000 annually. The Village received an insurance settlement of \$390,000 in 2005 related to past cleanup efforts.

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF WHITEFISH BAY, WISCONSIN
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 7,511,494	\$ 7,511,494	\$ 7,511,494	\$ -
Intergovernmental	979,346	979,346	1,124,095	144,749
Licenses and permits	411,500	411,500	639,632	228,132
Fines, forfeitures and penalties	310,400	310,400	281,296	(29,104)
Public charges for services	39,650	39,650	31,387	(8,263)
Miscellaneous	443,913	443,913	694,082	250,169
Total revenues	<u>9,696,303</u>	<u>9,696,303</u>	<u>10,281,986</u>	<u>585,683</u>
EXPENDITURES				
Current				
General government	1,762,030	1,822,756	1,874,276	(51,520)
Public safety	5,348,481	5,348,481	5,321,018	27,463
Public works	2,232,501	2,232,501	2,173,480	59,021
Health and social services	179,681	179,681	177,325	2,356
Capital outlay	333,569	333,569	333,569	-
Contingency	100,000	39,274	-	39,274
Total expenditures	<u>9,956,262</u>	<u>9,956,262</u>	<u>9,879,668</u>	<u>76,594</u>
Excess (deficiency) of revenues over expenditures	<u>(259,959)</u>	<u>(259,959)</u>	<u>402,318</u>	<u>662,277</u>
OTHER FINANCING SOURCES (USES)				
Sale of property	8,000	8,000	18,535	10,535
Transfers in	251,959	251,959	288,428	36,469
Total other financing sources (uses)	<u>259,959</u>	<u>259,959</u>	<u>306,963</u>	<u>47,004</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	709,281	<u>\$ 709,281</u>
Fund balance - beginning of year			<u>4,623,584</u>	
Fund balance - end of year			<u>\$ 5,332,865</u>	

VILLAGE OF WHITEFISH BAY, WISCONSIN
Schedule of Funding Progress of Other Postemployment Benefits
December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
1/1/2007	\$ -	\$ 2,389,000	\$ 2,389,000	0%	\$ 3,531,567	67.6%
1/1/2013	\$ -	\$ 3,979,563	\$ 3,979,563	0%	\$ 3,634,937	109.5%

NOTES:

1: The Village is required to present the above information for the three most recent actuarial studies. The above referenced study was performed as of January 1, 2007 and January 1, 2014. These were the only studies that have been completed.

2: The data presented in this schedule was taken from the report issued by the actuary, except the Covered Payroll data was supplied by the Village.

VILLAGE OF WHITEFISH BAY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2014

NOTE I - BUDGETARY INFORMATION

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

The Village adopted annual Governmental Fund budgets for the General Fund, Library Fund, Debt Service Fund and Capital Projects Funds. These budgets are adopted in accordance with State Statutes and prepared on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at year-end except for certain nonlapsing funds specifically designated by the Board. Budgetary control is exercised at the individual fund level for each fund.

Excess expenditures over appropriations occurred in the general government function of \$51,520. The excess of expenditures over appropriations were financed with current year revenue sources and available fund balances.

NOTE II - OTHER POST EMPLOYMENT BENEFITS INFORMATION

The Village is required to present the schedule of funding information for the three most recent actuarial valuations. The information presented on the schedule was taken from a valuation performed as of January 1, 2014. The data presented on the schedule was taken from the actuarial valuation, except covered payroll information which was obtained from the Village records.

SUPPLEMENTARY INFORMATION

VILLAGE OF WHITEFISH BAY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Capital Project Funds				
	TIF #1 Fund	TIF #2 Fund	Capital Equipment Fund	Public Improvement Fund	Library Expansion Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ 751,874	\$ 1,194,380	\$ 262,878
Taxes receivable	-	-	339,628	-	-
Special assessments receivable	-	-	-	530,036	-
TOTAL ASSETS	\$ -	\$ -	\$ 1,091,502	\$ 1,724,416	\$ 262,878
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 58,201	\$ -	\$ -
Due to other funds	7,615	209,072	-	-	-
Total Liabilities	7,615	209,072	58,201	-	-
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for subsequent year's budget	-	-	339,628	-	-
Unavailable revenues	-	-	-	539,783	-
Total Deferred Inflows of Resources	-	-	339,628	539,783	-
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	-	262,878
Committed	-	-	693,673	-	-
Assigned	-	-	-	1,184,633	-
Unassigned	(7,615)	(209,072)	-	-	-
Total Fund Balances (deficit)	(7,615)	(209,072)	693,673	1,184,633	262,878
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ -	\$ -	\$ 1,091,502	\$ 1,724,416	\$ 262,878

VILLAGE OF WHITEFISH BAY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Donation Fund	TIF #1 Fund	TIF #2 Fund	Library Fund	
ASSETS					
Cash and investments	\$ 9,875	\$ 1,457,940	\$ -	\$ 98,100	\$ 3,775,047
Taxes receivable	-	487,173	22,601	687,677	1,537,079
Due from other funds	-	7,615	-	-	7,615
Special assessments receivable	-	-	-	-	530,036
TOTAL ASSETS	<u>\$ 9,875</u>	<u>\$ 1,952,728</u>	<u>\$ 22,601</u>	<u>\$ 785,777</u>	<u>\$ 5,849,777</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 25,169	\$ 83,370
Accrued liabilities	-	-	-	16,932	16,932
Due to other funds	-	-	52,188	-	268,875
Total liabilities	<u>-</u>	<u>-</u>	<u>52,188</u>	<u>42,101</u>	<u>369,177</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for subsequent year's budget	-	487,173	22,601	687,677	1,537,079
Unavailable revenues	-	-	-	-	539,783
Total Deferred Inflows of Resources	<u>-</u>	<u>487,173</u>	<u>22,601</u>	<u>687,677</u>	<u>2,076,862</u>
Fund Balances (Deficit)					
Restricted	9,875	1,465,555	-	-	1,738,308
Committed	-	-	-	-	693,673
Assigned	-	-	-	55,999	1,240,632
Unassigned	-	-	(52,188)	-	(268,875)
Total fund balances (deficit)	<u>9,875</u>	<u>1,465,555</u>	<u>(52,188)</u>	<u>55,999</u>	<u>3,403,738</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 9,875</u>	<u>\$ 1,952,728</u>	<u>\$ 22,601</u>	<u>\$ 785,777</u>	<u>\$ 5,849,777</u>

VILLAGE OF WHITEFISH BAY, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Capital Project Funds					
	Community Development Block Grant	TIF #1 Fund	TIF #2 Fund	Capital Equipment Fund	Public Improvement Fund	Library Expansion Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 794,450	\$ -	\$ -
Special assessments	-	-	-	-	456,096	-
Miscellaneous	21,777	-	-	-	87,865	208
Total revenues	<u>21,777</u>	<u>-</u>	<u>-</u>	<u>794,450</u>	<u>543,961</u>	<u>208</u>
EXPENDITURES						
Current						
Conservation and development	-	69,909	15,121	-	-	-
Capital outlay	-	5,582	3,053	425,528	116,316	3,984
Total expenditures	<u>-</u>	<u>75,491</u>	<u>18,174</u>	<u>425,528</u>	<u>116,316</u>	<u>3,984</u>
Excess (deficiency) of revenues over expenditures	<u>21,777</u>	<u>(75,491)</u>	<u>(18,174)</u>	<u>368,922</u>	<u>427,645</u>	<u>(3,776)</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	(653,781)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(653,781)</u>	<u>-</u>
Net change in fund balances	21,777	(75,491)	(18,174)	368,922	(226,136)	(3,776)
Fund balances (deficit) - beginning of year	<u>(21,777)</u>	<u>67,876</u>	<u>(190,898)</u>	<u>324,751</u>	<u>1,410,769</u>	<u>266,654</u>
Fund balances (deficit) - end of year	<u>\$ -</u>	<u>\$ (7,615)</u>	<u>\$ (209,072)</u>	<u>\$ 693,673</u>	<u>\$ 1,184,633</u>	<u>\$ 262,878</u>

VILLAGE OF WHITEFISH BAY, WISCONSIN
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Donation Fund	TIF #1 Fund	TIF #2 Fund	Library Fund	
REVENUES					
Taxes	\$ -	\$ 537,728	\$ -	\$ 691,916	\$ 2,024,094
Intergovernmental	-	-	-	36,944	36,944
Public charges for services	-	-	-	64,372	64,372
Special assessments	-	-	-	-	456,096
Miscellaneous	-	39,737	-	4,310	153,897
Total revenues	-	577,465	-	797,542	2,735,403
EXPENDITURES					
Current					
Conservation and development	-	-	-	-	85,030
Library	-	-	-	665,932	665,932
Capital outlay	-	-	-	134,154	688,617
Total expenditures	-	-	-	800,086	1,439,579
Excess (deficiency) of revenues over expenditures	-	577,465	-	(2,544)	1,295,824
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(317,443)	(52,188)	-	(1,023,412)
Total other financing sources (uses)	-	(317,443)	(52,188)	-	(1,023,412)
Net change in fund balances	-	260,022	(52,188)	(2,544)	272,412
Fund balances (deficit) - beginning of year	9,875	1,205,533	-	58,543	3,131,326
Fund balances (deficit) - end of year	\$ 9,875	\$ 1,465,555	\$ (52,188)	\$ 55,999	\$ 3,403,738

VILLAGE OF WHITEFISH BAY, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2014

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 5,582	\$ 4,536,507
Administration	9,926	721,862
Interest and fiscal charges	120,494	850,256
Developers grants/incentives	59,983	814,882
Total Project Costs	195,985	6,923,507
PROJECT REVENUES		
Tax increments	537,728	4,097,292
Investment income	-	37,010
Exempt computer aid	19,737	121,190
Miscellaneous revenues	20,000	101,750
Transfer from other funds	-	772,041
Total Project Revenues	577,465	5,129,283
Net Cost Recoverable Through TIF Increments - December 31, 2014	\$ 381,480	\$ (1,794,224)

VILLAGE OF WHITEFISH BAY, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 1
HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS
From Date of Creation Through December 31, 2014

	2014	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ 537,728	\$ 4,097,292
Investment income	-	37,010
Exempt computer aid	19,737	121,190
Miscellaneous revenue	20,000	101,750
Transfer from other funds	-	772,041
Proceeds from long-term debt	-	4,393,549
	<u>577,465</u>	<u>9,522,832</u>
USE OF FUNDS		
Capital expenditures	\$ 5,582	\$ 4,536,507
Administration	9,926	721,862
Interest and fiscal charges	120,494	850,256
Principal on long-term debt	196,949	1,141,385
Development grants/incentives	59,983	814,882
	<u>392,934</u>	<u>8,064,892</u>
Total Uses		
	<u>1,273,409</u>	<u>-</u>
Beginning Fund Balance		
Ending Fund Balance	<u>\$ 1,457,940</u>	<u>\$ 1,457,940</u>
Reconciliation of Recoverable Costs		
Fund balance		\$ 1,457,940
Principal balance of outstanding long-term debt		<u>(3,252,164)</u>
Net Cost Recoverable through TIF		
Increments - December 31, 2014		<u>\$ (1,794,224)</u>

VILLAGE OF WHITEFISH BAY, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUES
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2014

	Year Ended	From Date of Creation
PROJECT COSTS		
Capital expenditures	\$ 3,053	\$ 3,053
Administration	15,121	30,050
Interest and fiscal charges	52,188	93,224
Developers grants/incentives	-	1,898,000
Total Project Costs	70,362	2,024,327
PROJECT REVENUES		
Tax increments	-	-
Investment income	-	-
Exempt computer aid	-	-
Premium on long-term debt	-	28,067
Miscellaneous revenues	-	-
Transfer from other funds	-	-
Total Project Revenues	-	28,067
Net Cost Recoverable Through TIF Increments - December 31, 2014	\$ (70,362)	\$ (1,996,260)

VILLAGE OF WHITEFISH BAY, WISCONSIN
TAX INCREMENTAL DISTRICT NO. 2
HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS
From Date of Creation Through December 31, 2014

	2014	From Date of Creation
SOURCES OF FUNDS		
Tax increments	\$ -	\$ -
Investment income	-	-
Exempt computer aid	-	-
Premium on long-term debt	-	28,067
Miscellaneous revenue	-	-
Transfer from other funds	-	-
Proceeds from long-term debt	-	1,735,000
Total Sources	-	1,763,067
USE OF FUNDS		
Capital expenditures	\$ 3,053	\$ 3,053
Administration	15,121	30,050
Interest and fiscal charges	52,188	93,224
Principal on long-term debt	-	-
Development grants/incentives	-	1,898,000
Total Uses	70,362	2,024,327
Beginning Fund Balance	(190,898)	-
Ending Fund Balance	\$ (261,260)	\$ (261,260)
Reconciliation of Recoverable Costs		
Fund balance		\$ (261,260)
Principal balance of outstanding long-term debt		(1,735,000)
Net Cost Recoverable through TIF		
Increments - December 31, 2014		\$ (1,996,260)