

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
**Whitefish Bay, Wisconsin**

**FINANCIAL STATEMENTS**  
**December 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

Village Board  
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, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter***

As discussed in Note IV H, to the financial statements, in 2017, the Village of Whitefish Bay, Wisconsin adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation, the Village of Whitefish Bay, Wisconsin reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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

***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 basic financial statements. The supplementary and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Village Board  
Village of Whitefish Bay, Wisconsin

The other information 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.

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

**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
May 29, 2018

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended December 31, 2017**  
**(unaudited)**

The Village of Whitefish Bay's management offers this narrative overview and analysis of the Village's financial statements. 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 2017 were:

- The Village's governmental activities net position increased in 2017 by \$212,628. Unrestricted governmental activities net position increased by a total of \$879,700 from 2016.
- The Village's General Fund fund balance increased \$517,540. The increase is a result of departments ending the year under budget, the Village generating more permit revenue than expected and increase in investment earnings. Committed fund balance increased \$1.7 million as a result of designating over \$1 million for payment of other post employment benefits in future years. The unassigned fund balance of the General Fund remained at a healthy 36% of current year revenues.

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 and other 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. Both of these financial statements distinguish functions of the Village that are principally

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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, conservation and development, health, library, and parks and recreation. 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 2017 and 2016:

|                                  | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 2017                    | 2016                 | 2017                     | 2016                 | 2017                 | 2016                 |
| Current and other assets         | \$ 27,046,543           | \$ 27,849,759        | \$ 4,707,361             | \$ 7,351,882         | \$ 31,753,904        | \$ 35,201,641        |
| Capital Assets                   | <u>29,287,387</u>       | <u>30,300,936</u>    | <u>41,396,006</u>        | <u>39,795,542</u>    | <u>70,683,393</u>    | <u>70,096,478</u>    |
| Total Assets                     | <u>56,333,930</u>       | <u>58,150,695</u>    | <u>46,103,367</u>        | <u>47,147,424</u>    | <u>102,437,297</u>   | <u>105,298,119</u>   |
| Deferred Outflows                | <u>2,442,506</u>        | <u>3,235,576</u>     | <u>311,057</u>           | <u>314,607</u>       | <u>2,753,563</u>     | <u>3,550,183</u>     |
| Long-term Debt                   | 32,016,362              | 34,421,474           | 25,171,301               | 27,067,263           | 57,187,663           | 61,488,737           |
| Other Liabilities                | <u>1,218,779</u>        | <u>1,946,351</u>     | <u>704,589</u>           | <u>807,784</u>       | <u>1,923,368</u>     | <u>2,754,135</u>     |
| Total Liabilities                | <u>33,235,141</u>       | <u>36,367,825</u>    | <u>25,875,890</u>        | <u>27,875,047</u>    | <u>59,111,031</u>    | <u>64,242,872</u>    |
| Deferred Inflows                 | <u>12,807,664</u>       | <u>12,845,225</u>    | <u>106,011</u>           | <u>96,252</u>        | <u>12,913,675</u>    | <u>12,941,477</u>    |
| Net Investment in Capital Assets | 2,960,090               | 3,625,969            | 16,324,332               | 15,538,359           | 19,284,422           | 19,164,328           |
| Restricted                       | 2,695,664               | 2,349,075            | 562,044                  | 489,479              | 3,257,708            | 2,838,554            |
| Unrestricted                     | <u>7,077,877</u>        | <u>6,198,177</u>     | <u>3,546,147</u>         | <u>3,462,894</u>     | <u>10,624,024</u>    | <u>9,661,071</u>     |
| Total Net Position               | <u>\$ 12,733,631</u>    | <u>\$ 12,173,221</u> | <u>\$ 20,432,523</u>     | <u>\$ 19,490,732</u> | <u>\$ 33,166,154</u> | <u>\$ 31,663,953</u> |

**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 pension activity. Total current and other assets decreased by \$800,000. This decrease is largely a result of payment of capital assets from cash on hand.

Deferred outflows are related to the losses on the debt refunding's done in 2010, 2012 and 2016, which will be amortized through 2027, and deferred amounts related to pension.

Other liabilities include accounts payable, accrued payroll, net pension liability and other related liabilities. The decrease is primarily due to decrease in accounts payable and net pension liability of \$252,000.

Deferred inflows represent unavailable revenue for taxes levied in December 2017 and deferred amounts related to pension. These taxes represent revenue for the 2018 fiscal year and accordingly are not considered to be revenue in 2017.

The net investment in capital assets represents the Village's equity in its capital assets which is 7% of the historical cost of assets. This can be thought of as the Village's

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
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ownership in those capital assets. This percentage remained consistent from 2016.

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 current and other assets decreased by \$2.6 million primarily due to payment for capital assets and retirement of debt.

Other liabilities include accounts payable, accrued payroll, net pension liability and other related liabilities. The decrease from 2016 to 2017 is due to large amounts of capital projects payable at year end.

Deferred inflows of resources represent deferred amounts related to pension.

The net investment in capital assets represents the Village's equity in its capital assets which is 39% of the historical cost 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 \$212,628 in 2017. Transfers from the Utilities to the General Fund are to make their annual payment in lieu of taxes (PILOT). The transfers from the General Fund to the Sewer and Storm Water Utility are for annual debt service payments.

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The table below summarizes the Statement of Activities for 2017 and 2016.

|                                  | Governmental Activities |                      | Business-Type Activities |                      | Total                |                      |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
|                                  | 2017                    | 2016                 | 2017                     | 2016                 | 2017                 | 2016                 |
| <b>Revenues</b>                  |                         |                      |                          |                      |                      |                      |
| Program Revenues                 |                         |                      |                          |                      |                      |                      |
| Charges for Services             | \$ 1,119,490            | \$ 1,128,623         | \$ 6,119,859             | \$ 5,213,525         | \$ 7,239,349         | \$ 6,342,148         |
| Operating Grants & Contributions | 989,811                 | 1,026,856            | -                        | -                    | 989,811              | 1,026,856            |
| Capital Grants & Contributions   | 30,167                  | 899,356              | 887,792                  | 196,337              | 917,959              | 1,095,693            |
| General Revenues                 |                         |                      |                          |                      |                      |                      |
| Property Taxes                   | 11,779,064              | 11,550,119           | -                        | -                    | 11,779,064           | 11,550,119           |
| Other Revenues                   | 692,533                 | 690,117              | 40,593                   | 19,768               | 733,126              | 709,885              |
| Total Revenues                   | <u>14,611,065</u>       | <u>15,295,071</u>    | <u>7,048,244</u>         | <u>5,429,630</u>     | <u>21,659,309</u>    | <u>20,724,701</u>    |
| <b>Expenses</b>                  |                         |                      |                          |                      |                      |                      |
| General Government               | 1,995,268               | 1,729,288            | -                        | -                    | 1,995,268            | 1,729,288            |
| Public Safety                    | 6,051,955               | 6,067,688            | -                        | -                    | 6,051,955            | 6,067,688            |
| Public Works                     | 3,759,008               | 4,034,818            | -                        | -                    | 3,759,008            | 4,034,818            |
| Conservation & Development       | 424,988                 | 421,623              | -                        | -                    | 424,988              | 421,623              |
| Health                           | 191,035                 | 190,380              | -                        | -                    | 191,035              | 190,380              |
| Library                          | 945,525                 | 968,508              | -                        | -                    | 945,525              | 968,508              |
| Parks & Recreation               | 267,202                 | 289,426              | -                        | -                    | 267,202              | 289,426              |
| Interest & Fiscal Charges        | 1,043,691               | 948,368              | -                        | -                    | 1,043,691            | 948,368              |
| Water Utility                    | -                       | -                    | 1,630,891                | 1,564,840            | 1,630,891            | 1,564,840            |
| Sewer Utility                    | -                       | -                    | 3,217,115                | 1,999,860            | 3,217,115            | 1,999,860            |
| Stormwater Utility               | -                       | -                    | 890,431                  | 676,836              | 890,431              | 676,836              |
| Parking Utility                  | -                       | -                    | 87,781                   | 92,892               | 87,781               | 92,892               |
| Total Expenses                   | <u>14,678,672</u>       | <u>14,650,099</u>    | <u>5,826,218</u>         | <u>4,334,428</u>     | <u>20,504,890</u>    | <u>18,984,527</u>    |
| Transfers                        | <u>280,235</u>          | <u>101,242</u>       | <u>(280,235)</u>         | <u>(101,242)</u>     | <u>-</u>             | <u>-</u>             |
| Change in Net Position           | 212,628                 | 746,214              | 941,791                  | 993,960              | 1,154,419            | 1,740,174            |
| Net Position, Beginning of Year  | <u>12,173,221</u>       | <u>11,427,007</u>    | <u>19,490,732</u>        | <u>18,496,772</u>    | <u>31,663,953</u>    | <u>29,923,779</u>    |
| Restatement                      | 347,782                 | -                    | -                        | -                    | 347,782              | -                    |
| Net Position, End of Year        | <u>\$ 12,733,631</u>    | <u>\$ 12,173,221</u> | <u>\$ 20,432,523</u>     | <u>\$ 19,490,732</u> | <u>\$ 33,166,154</u> | <u>\$ 31,663,953</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 on the next page compares governmental activities' revenues for 2017 and 2016, and significant changes are discussed below table.

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**(unaudited)**

|                                  | Governmental Activities |                      |                     |            |
|----------------------------------|-------------------------|----------------------|---------------------|------------|
|                                  | 2017                    | 2016                 | \$ Change           | % Change   |
| Program Revenues                 |                         |                      |                     |            |
| Charges for Services             | \$ 1,119,490            | \$ 1,128,623         | \$ (9,133)          | -1%        |
| Operating Grants & Contributions | 989,811                 | 1,026,856            | (37,045)            | -4%        |
| Capital Grants & Contributions   | 30,167                  | 899,356              | (869,189)           | -97%       |
| General Revenues                 |                         |                      |                     |            |
| Property Taxes                   | 11,779,064              | 11,550,119           | 228,945             | 2%         |
| Other Revenues                   | 692,533                 | 690,117              | 2,416               | 0%         |
| Total Revenues                   | <u>\$ 14,611,065</u>    | <u>\$ 15,295,071</u> | <u>\$ (684,006)</u> | <u>-4%</u> |

Capital grants and contributions decreased by \$869,169 in 2017. In 2016 the Village recognized a contribution of approximately \$850,000 for a parking garage in the TID #2 District.

Property tax revenue increased from 2016 by \$228,945. Property taxes are the largest revenue source for governmental activities. Property taxes account for approximately 81% of total governmental activities revenue in 2017, which is consistent with 80% of revenue in 2016.

**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 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 on the next page compares 2017 and 2016 expenses by function. The reasons for fluctuations of more than \$100,000 and 10% of the previous year are described following the table.

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|                            | Governmental Activities |                      |                  |           |
|----------------------------|-------------------------|----------------------|------------------|-----------|
|                            | 2017                    | 2016                 | \$ Change        | % Change  |
| Expenses                   |                         |                      |                  |           |
| General Government         | 1,995,268               | 1,729,288            | 265,980          | 15%       |
| Public Safety              | 6,051,955               | 6,067,688            | (15,733)         | 0%        |
| Public Works               | 3,759,008               | 4,034,818            | (275,810)        | -7%       |
| Conservation & Development | 424,988                 | 421,623              | 3,365            | 1%        |
| Health                     | 191,035                 | 190,380              | 655              | 0%        |
| Library                    | 945,525                 | 968,508              | (22,983)         | -2%       |
| Parks & Recreation         | 267,202                 | 289,426              | (22,224)         | -8%       |
| Interest & Fiscal Charges  | 1,043,691               | 948,368              | 95,323           | 10%       |
| Total Expenses             | <u>\$ 14,678,672</u>    | <u>\$ 14,650,099</u> | <u>\$ 28,573</u> | <u>0%</u> |

The most significant cause for expense increase in all functions was related to pension expense items during 2017. General government significantly increased as a result of capital outlays in that function that did not meet the Village's capitalization threshold.

**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 |                     |                     |            |
|--------------------|--------------------------|---------------------|---------------------|------------|
|                    | 2017                     | 2016                | \$ Change           | % Change   |
| Program Revenues   |                          |                     |                     |            |
| Water Utility      | \$ 2,150,949             | \$ 2,267,053        | \$ (116,104)        | -5%        |
| Sewer Utility      | 3,274,483                | 2,253,117           | 1,021,366           | 45%        |
| Stormwater Utility | 1,509,732                | 623,833             | 885,899             | 142%       |
| Parking Utility    | 72,487                   | 69,522              | 2,965               | 4%         |
| Other Revenues     | 40,593                   | 216,105             | (175,512)           | -81%       |
| Total Revenues     | <u>\$ 7,048,244</u>      | <u>\$ 5,429,630</u> | <u>\$ 1,618,614</u> | <u>30%</u> |

Sewer Utility charges for services increased due to a sewer rate increase of 3% that was effective January 1, and additional intergovernmental charges to line laterals on personal property. Water consumption which is used for both water and sewer variable charges remained consistent with usage in 2017. The Stormwater Utility is based on ERU's, which do not vary significantly on annual basis, therefore revenue from the Stormwater Utility should remain consistent from year to year. The large fluctuation in stormwater revenue is a result of a federal grant for stormwater retention received during 2017.

Other revenues largely represent investment income and capital contributions for utility infrastructure.

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**(unaudited)**

*Business-Type Activities – Expenses*

The table below compares business-type activities expenses from 2017 to 2016.

|                    | Business-Type Activities |                     |                     |            |
|--------------------|--------------------------|---------------------|---------------------|------------|
|                    | 2017                     | 2016                | \$ Change           | % Change   |
| Expenses           |                          |                     |                     |            |
| Water Utility      | 1,630,891                | 1,564,840           | 66,051              | 4%         |
| Sewer Utility      | 3,217,115                | 1,999,860           | 1,217,255           | 61%        |
| Stormwater Utility | 890,431                  | 676,836             | 213,595             | 32%        |
| Parking Utility    | 87,781                   | 92,892              | (5,111)             | -6%        |
| Total Expenses     | <u>\$ 5,826,218</u>      | <u>\$ 4,334,428</u> | <u>\$ 1,491,790</u> | <u>34%</u> |

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. The large increase in Sewer Utility expenses is a result of a Village wide personal property inflow and infiltration program to line laterals on personal property .

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, business-type activities, and fiduciary funds.

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**Management's Discussion and Analysis**  
**As of and for the Year Ended December 31, 2017**  
**(unaudited)**

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 18 and 20 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 twelve 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 nine 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, 2017, the Village's governmental funds reported combined ending fund balance of \$12.9 million, a \$279,000 decrease from the previous year. Approximately 20% 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 increase in committed fund balance is a result of designating a portion of fund balance aside annual to fund future post retirement benefits.

The General Fund is the main operating fund of the Village. At year end, total fund balance in the General Fund was \$6,764,100 of which \$3,681,698 was unassigned. The General Fund unassigned fund balance represents 35% of total General Fund revenues. This was a decrease of \$1.2 million from a total unassigned fund balance of \$4,914,887 in 2016. The decrease is a result of designating funds for future payments of other post retirement benefits. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund.

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The Borrowed Money Capital Projects Fund had a decrease in fund balance of approximately \$634,000 for payment on capital projects from 2016 borrowing.

The Debt Service Fund levies for scheduled principal and interest payments.

*General Fund Budgetary Highlights*

The Village adopts an annual budget for its General Fund. A budgetary comparison schedule can be found on page 68 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 was less than budget by \$30,185. The Village received approximately \$50,000 less in transportation aid than what was expected.
- Licenses and permits exceeded budget by \$32,652. Primary source of increase was business permits and overnight parking permits generating revenue in excess of budget.
- The Village's investment earnings increased significantly in 2017 by approximately \$50,000.
- Transfers in for the General Fund included payments in lieu of taxes from the water, sewer, and parking utilities. Transfers from the General Fund to Sewer & Stormwater Utility funds were for debt service as indicated in budget. Transfer from the General Fund to Borrowed Money Fund was for a capital contribution.
- Overall actual revenues, sales of property, and transfers in exceeded budget by \$55,754.
- General Government expenditures were under budget by approximately \$47,000. Much of the savings were from decreased wages and benefits from unfilled positions and utility costs less than anticipated.
- Public Safety activities were under budget by approximately \$46,000. Much of the savings were from decreased wages and benefits from unfilled positions.
- Public Works activities were under budget by approximately \$300,000. This was because of approximately \$300,000 of vehicle replacement costs that were carried into 2018.
- Transfers out from the general fund were below budget as expenses in the Sewer and Stormwater were also below budget
- Overall expenditures and transfers out were under budget by \$461,786.
- Total revenues, expenditures and transfers resulted in an increase in general fund balance of \$517,540.

*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 22-24 of this report.

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The net position of the Water, Sewer, Stormwater and Parking Utilities at the end of the year was \$7,282,161, \$8,008,268, \$4,869,167 and \$272,927, 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 \$1,056,168, \$1,515,656, \$905,763, and \$68,650.

*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 25 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 an increase in net position of \$10,923 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.

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
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| Statement of Net Position | BID       |           | Statement of Activities   | BID        |           |
|---------------------------|-----------|-----------|---------------------------|------------|-----------|
|                           | 2017      | 2016      |                           | 2017       | 2016      |
| Cash                      | \$ 70,046 | \$ 59,123 | Program Revenues          |            |           |
| Other Assets              | -         | -         | Operating Grants          | \$ 124,881 | \$ 93,261 |
| Total Assets              | \$ 70,046 | \$ 59,123 | Total Revenues            | 124,881    | 93,261    |
| Unrestricted net position | 70,046    | 59,123    | Expenses                  | 113,958    | 66,504    |
| Total Net Position        | \$ 70,046 | \$ 59,123 | Changes in Net Position   | 10,923     | 26,757    |
|                           |           |           | Net Position, January 1   | 59,123     | 32,366    |
|                           |           |           | Net Position, December 31 | \$ 70,046  | \$ 59,123 |

Combined financial information is presented as a discrete column in the statement of net position and statement of activities on pages 16-17 of this report. Additional information for the BID can be found on page 54 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 26-67 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 2017 and 2016 is summarized below:

| Description                         | Governmental Activities |              | Business-type Activities |              |
|-------------------------------------|-------------------------|--------------|--------------------------|--------------|
|                                     | 2017                    | 2016         | 2017                     | 2016         |
| Land                                | \$ 1,305,706            | \$ 1,305,706 | \$ 174,084               | \$ 174,084   |
| Construction in progress            | 329,723                 | 1,856,832    | 727,574                  | 2,644,898    |
| Buildings                           | 8,420,658               | 8,880,716    | 961,728                  | 963,099      |
| Improvements                        | 1,110,836               | 1,110,836    | 409,028                  | 403,758      |
| Machinery and equipment             | 6,087,673               | 6,171,810    | 4,400,321                | 4,317,510    |
| Infrastructure                      | 46,766,447              | 44,426,200   | 45,598,798               | 40,877,543   |
| Total capital assets                | 64,021,043              | 63,752,100   | 52,271,533               | 49,380,892   |
| Less accumulated depreciation       | (34,733,656)            | (33,451,164) | (10,875,527)             | (9,585,350)  |
| Capital assets, net of depreciation | \$29,287,387            | \$30,300,936 | \$41,396,006             | \$39,795,542 |

Significant projects undertaken during the year include the following:

- \$450,000 in annual sidewalk and mill & overlay projects
- \$400,000 in stormwater work on Cramer Street
- \$1.5 million in sanitary work on Palisades & Woodruff

Additional information on the Village's capital assets can be found on pages 43-44.

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended December 31, 2017**  
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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 \$112,114,875 which exceeds the Village's current outstanding general obligation debt of \$47,861,147. This debt is entirely backed by the full faith and credit of the government. At year end, the outstanding debt equaled 43% of the Village's state authorized debt limit.

The Village issued \$7,770,000 in new debt during 2017 which was used to refinance prior debt. Total general obligation debt increased \$3.7 million in 2017. The below table summarizes the ending balances for 2017 and 2016:

|                             | Governmental Activities |               | Business-type Activities |               |
|-----------------------------|-------------------------|---------------|--------------------------|---------------|
|                             | 2017                    | 2016          | 2017                     | 2016          |
| General obligation debt     | \$ 29,337,857           | \$ 31,470,091 | \$ 19,833,747            | \$ 21,410,951 |
| Revenue bonds               | -                       | -             | 5,337,554                | 5,656,312     |
| OPEB Liability              | 2,260,615               | 2,202,988     | -                        | -             |
| Compensated absences        | 417,890                 | 400,612       | -                        | -             |
| Total Long-term liabilities | \$ 32,016,362           | \$ 34,073,691 | \$ 25,171,301            | \$ 27,067,263 |

Additional information on the Village's long-term debt can be found on pages 47-51.

**Supplementary 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 72-75 of this report.

**Other Information**

The historical summary of project costs, project revenues, and net cost to be recovered through tax increments and the historical summary of sources, uses, and status of funds for Tax Incremental District No. 1 and Tax Incremental District No. 2 can be found on pages 76-79.

**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, 2017

|  | Primary Government         |                                |                      | Component Unit                      |
|--|----------------------------|--------------------------------|----------------------|-------------------------------------|
|  | Governmental<br>Activities | Business<br>Type<br>Activities | Total                | Business<br>Improvement<br>District |
| <b>Assets</b>  |                            |                                |                      |                                     |
| Cash and investments                                 | \$ 12,323,928              | \$ 1,590,562                   | \$ 13,914,490        | \$ 70,046                           |
| Taxes receivable                                     | 12,012,991                 | -                              | 12,012,991           | -                                   |
| Accounts receivable                                  | 178,364                    | 2,442,100                      | 2,620,464            | -                                   |
| Interest receivable                                  | 8,098                      | 2,494                          | 10,592               | -                                   |
| Special assessments receivable                       | 55,327                     | 63,991                         | 119,318              | -                                   |
| Loan receivable                                      | 1,369,662                  | -                              | 1,369,662            | -                                   |
| Prepaid items and inventories                        | 601,466                    | 46,170                         | 647,636              | -                                   |
| Restricted assets                                    |                            |                                |                      |                                     |
| Cash and investments                                 | -                          | 244,221                        | 244,221              | -                                   |
| Deposits with North Shore Water Commission           | -                          | 317,823                        | 317,823              | -                                   |
| Investment in CVMIC                                  | 496,707                    | -                              | 496,707              | -                                   |
| Capital assets                                       |                            |                                |                      |                                     |
| Land   | 1,305,706                  | 174,084                        | 1,479,790            | -                                   |
| Construction in process                              | 329,723                    | 727,574                        | 1,057,297            | -                                   |
| Other capital assets, net of depreciation            | 27,651,958                 | 40,494,348                     | 68,146,306           | -                                   |
| Total Assets   | <u>56,333,930</u>          | <u>46,103,367</u>              | <u>102,437,297</u>   | <u>70,046</u>                       |
| <b>Deferred Outflows of Resources</b>                |                            |                                |                      |                                     |
| Deferred amounts related to pension                  | 1,959,057                  | 211,431                        | 2,170,488            | -                                   |
| Deferred amounts related to post retirement benefits | 83,217                     | -                              | 83,217               | -                                   |
| Deferred amount on refundings                        | 400,232                    | 99,626                         | 499,858              | -                                   |
| Total Deferred Inflows of Resources                  | <u>2,442,506</u>           | <u>311,057</u>                 | <u>2,753,563</u>     | <u>-</u>                            |
| <b>Liabilities</b>                                   |                            |                                |                      |                                     |
| Accounts payable and accrued expenses                | 696,679                    | 518,391                        | 1,215,070            | -                                   |
| Accrued interest payable                             | 267,639                    | 162,477                        | 430,116              | -                                   |
| Net pension liability                                | 254,461                    | 23,721                         | 278,182              | -                                   |
| Noncurrent liabilities                               |                            |                                |                      |                                     |
| Due within one year                                  | 2,397,589                  | 2,005,378                      | 4,402,967            | -                                   |
| Due in more than one year                            | 29,618,773                 | 23,165,923                     | 52,784,696           | -                                   |
| Total Liabilities                                    | <u>33,235,141</u>          | <u>25,875,890</u>              | <u>59,111,031</u>    | <u>-</u>                            |
| <b>Deferred Inflows of Resources</b>                 |                            |                                |                      |                                     |
| Deferred amounts related to pension                  | 768,851                    | 106,011                        | 874,862              | -                                   |
| Deferred amounts related to post retirement benefits | 25,822                     | -                              | 25,822               | -                                   |
| Taxes levied for subsequent year's budget            | 12,012,991                 | -                              | 12,012,991           | -                                   |
| Total Deferred Inflows of Resources                  | <u>12,807,664</u>          | <u>106,011</u>                 | <u>12,913,675</u>    | <u>-</u>                            |
| <b>Net Position</b>                                  |                            |                                |                      |                                     |
| Net investment in capital assets                     | 2,960,090                  | 16,324,332                     | 19,284,422           | -                                   |
| Restricted for                                       |                            |                                |                      |                                     |
| Equipment replacement                                | -                          | 244,221                        | 244,221              | -                                   |
| North Shore Water Commission                         | -                          | 317,823                        | 317,823              | -                                   |
| TIF projects and debt service                        | 2,480,811                  | -                              | 2,480,811            | -                                   |
| Library expansion                                    | 204,878                    | -                              | 204,878              | -                                   |
| Donations  | 9,975                      | -                              | 9,975                | -                                   |
| Unrestricted   | <u>7,077,877</u>           | <u>3,546,147</u>               | <u>10,624,024</u>    | <u>70,046</u>                       |
| Total Net Position                                   | <u>\$ 12,733,631</u>       | <u>\$ 20,432,523</u>           | <u>\$ 33,166,154</u> | <u>\$ 70,046</u>                    |

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Statement of Activities  
Year Ended December 31, 2017

| Functions/Programs   | Expenses             | Program Revenues     |                                    |                                  | Net (Expenses) Revenues and Changes in Net Position |                          |                      | Component Unit<br>Business Improvement District |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|---|
|  |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                             | Business-Type Activities | Total                |   |
| Governmental activities  |                      |                      |                                    |                                  |   |                          |                      |   |
| General government   | \$ 1,995,268         | \$ 262,562           | \$ -                               | \$ -                             | \$ (1,732,706)                                      | \$ -                     | \$ (1,732,706)       | \$ -  |
| Public safety  | 6,051,955            | 769,363              | 16,524                             | -                                | (5,266,068)   | -                        | (5,266,068)          | -   |
| Public works   | 3,759,008            | 32,681               | 917,730                            | 30,167                           | (2,778,430)   | -                        | (2,778,430)          | -   |
| Conservation and development                                   | 424,988              | -                    | -                                  | -                                | (424,988)   | -                        | (424,988)            | -   |
| Health   | 191,035              | -                    | -                                  | -                                | (191,035)   | -                        | (191,035)            | -   |
| Library  | 945,525              | 54,884               | 55,557                             | -                                | (835,084)   | -                        | (835,084)            | -   |
| Parks and recreation   | 267,202              | -                    | -                                  | -                                | (267,202)   | -                        | (267,202)            | -   |
| Interest and fiscal charges                                    | 1,043,691            | -                    | -                                  | -                                | (1,043,691)   | -                        | (1,043,691)          | -   |
| Total governmental activities                                  | <u>14,678,672</u>    | <u>1,119,490</u>     | <u>989,811</u>                     | <u>30,167</u>                    | <u>(12,539,204)</u>                                 | <u>-</u>                 | <u>(12,539,204)</u>  | <u>-</u>  |
| Business-type activities                                       |                      |                      |                                    |                                  |   |                          |                      |   |
| Water Utility  | 1,630,891            | 2,148,049            | -                                  | 2,900                            | -   | 520,058                  | 520,058              | -   |
| Sewer Utility  | 3,217,115            | 3,273,523            | -                                  | 960                              | -   | 57,368                   | 57,368               | -   |
| Stormwater Utility   | 890,431              | 625,800              | -                                  | 883,932                          | -   | 619,301                  | 619,301              | -   |
| Parking Utility  | 87,781               | 72,487               | -                                  | -                                | -   | (15,294)                 | (15,294)             | -   |
| Total business-type activities                                 | <u>5,826,218</u>     | <u>6,119,859</u>     | <u>-</u>                           | <u>887,792</u>                   | <u>-</u>  | <u>1,181,433</u>         | <u>1,181,433</u>     | <u>-</u>  |
| Total primary government                                       | <u>\$ 20,504,890</u> | <u>\$ 7,239,349</u>  | <u>\$ 989,811</u>                  | <u>\$ 917,959</u>                | <u>(12,539,204)</u>                                 | <u>1,181,433</u>         | <u>(11,357,771)</u>  | <u>-</u>  |
| Component Unit   |                      |                      |                                    |                                  |   |                          |                      |   |
| Business Improvement District                                  | \$ 113,958           | \$ -                 | \$ 124,881                         | \$ -                             |   |                          |                      | 10,923  |
| General revenues   |                      |                      |                                    |                                  |   |                          |                      |   |
| Taxes  |                      |                      |                                    |                                  |   |                          |                      |   |
| Property taxes, levied for general purposes                    |                      |                      |                                    |                                  | 7,722,180   | -                        | 7,722,180            | -   |
| Property taxes, levied for library services                    |                      |                      |                                    |                                  | 680,011   | -                        | 680,011              | -   |
| Property taxes, levied for debt services                       |                      |                      |                                    |                                  | 2,340,084   | -                        | 2,340,084            | -   |
| Property taxes, levied for capital items and development       |                      |                      |                                    |                                  | 1,036,789   | -                        | 1,036,789            | -   |
| Intergovernmental revenues not restricted to specific programs |                      |                      |                                    |                                  | 210,877   | -                        | 210,877              | -   |
| Investment income  |                      |                      |                                    |                                  | 171,298   | 40,593                   | 211,891              | -   |
| Other income   |                      |                      |                                    |                                  | 310,358   | -                        | 310,358              | -   |
| Total general revenues   |                      |                      |                                    |                                  | <u>12,471,597</u>                                   | <u>40,593</u>            | <u>12,512,190</u>    | <u>-</u>  |
| Transfers  |                      |                      |                                    |                                  | <u>280,235</u>                                      | <u>(280,235)</u>         | <u>-</u>             | <u>-</u>  |
| Change in net position   |                      |                      |                                    |                                  | 212,628   | 941,791                  | 1,154,419            | 10,923  |
| Net position - beginning of year (restated)                    |                      |                      |                                    |                                  | <u>12,521,003</u>                                   | <u>19,490,732</u>        | <u>32,011,735</u>    | <u>59,123</u>                                   |
| Net position - end of year                                     |                      |                      |                                    |                                  | <u>\$ 12,733,631</u>                                | <u>\$ 20,432,523</u>     | <u>\$ 33,166,154</u> | <u>\$ 70,046</u>                                |

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Balance Sheet - Governmental Funds  
December 31, 2017

|   | General<br>Fund      | Debt Service<br>Fund | Borrowed<br>Money<br>Fund | Nonmajor<br>Governmental<br>Funds | Total                |
|---|----------------------|----------------------|---------------------------|-----------------------------------|----------------------|
| <b>Assets</b>   |                      |                      |                           |                                   |                      |
| Cash and investments  | \$ 5,922,745         | \$ 119,023           | \$ 2,569,105              | \$ 3,713,055                      | \$ 12,323,928        |
| Current receivables   |                      |                      |                           |                                   |                      |
| Taxes   | 7,723,748            | 2,331,921            | -                         | 1,957,322                         | 12,012,991           |
| Accounts receivable   | 147,517              | -                    | 30,847                    | -                                 | 178,364              |
| Interest receivable   | 6,924                | -                    | 1,174                     | -                                 | 8,098                |
| Special assessments   | -                    | -                    | 7,057                     | 48,270                            | 55,327               |
| Loan receivable   | -                    | 1,369,662            | -                         | -                                 | 1,369,662            |
| Due from other funds  | -                    | -                    | -                         | 1,126,889                         | 1,126,889            |
| Prepaid expenditures  | 601,466              | -                    | -                         | -                                 | 601,466              |
| Investment in CVMIC   | 496,707              | -                    | -                         | -                                 | 496,707              |
| <b>Total Assets</b>   | <b>\$ 14,899,107</b> | <b>\$ 3,820,606</b>  | <b>\$ 2,608,183</b>       | <b>\$ 6,845,536</b>               | <b>\$ 28,173,432</b> |
| <b>Liabilities</b>  |                      |                      |                           |                                   |                      |
| Accounts payable  | \$ 128,124           | \$ -                 | \$ 179,673                | \$ 73,645                         | \$ 381,442           |
| Accrued liabilities   | 283,135              | -                    | 14,432                    | 17,670                            | 315,237              |
| Due to other funds  | -                    | -                    | -                         | 1,126,889                         | 1,126,889            |
| <b>Total liabilities</b>  | <b>411,259</b>       | <b>-</b>             | <b>194,105</b>            | <b>1,218,204</b>                  | <b>1,823,568</b>     |
| <b>Deferred Inflows of Resources</b>  |                      |                      |                           |                                   |                      |
| Taxes levied for subsequent year's budget   | 7,723,748            | 2,331,921            | -                         | 1,957,322                         | 12,012,991           |
| Unavailable revenues  | -                    | 1,369,662            | 7,057                     | 56,356                            | 1,433,075            |
| <b>Total Deferred Inflows of Resources</b>  | <b>7,723,748</b>     | <b>3,701,583</b>     | <b>7,057</b>              | <b>2,013,678</b>                  | <b>13,446,066</b>    |
| <b>Fund Balance (Deficit)</b>   |                      |                      |                           |                                   |                      |
| Nonspendable  | 1,098,173            | -                    | -                         | -                                 | 1,098,173            |
| Restricted  | -                    | 119,023              | 2,407,021                 | 2,695,664                         | 5,221,708            |
| Committed   | 1,772,976            | -                    | -                         | 736,804                           | 2,509,780            |
| Assigned  | 211,253              | -                    | -                         | 1,313,960                         | 1,525,213            |
| Unassigned  | 3,681,698            | -                    | -                         | (1,132,774)                       | 2,548,924            |
| <b>Total Fund Balance (Deficit)</b>   | <b>6,764,100</b>     | <b>119,023</b>       | <b>2,407,021</b>          | <b>3,613,654</b>                  | <b>12,903,798</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)</b> | <b>\$ 14,899,107</b> | <b>\$ 3,820,606</b>  | <b>\$ 2,608,183</b>       | <b>\$ 6,845,536</b>               | <b>\$ 28,173,432</b> |

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, 2017

Total fund balances-governmental funds \$ 12,903,798

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       | 329,723      |
| Other capital assets           | 62,385,614   |
| Less: accumulated depreciation | (34,733,656) |

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            | 1,369,662 |
| Special assessments receivable, due after 2017 | 63,413    |

Long-term assets and deferred outflows are not related to the current period and, therefore, not reported in the funds.

|  |           |
|--|-----------|
| Deferred amounts related to pension                  | 1,190,206 |
| Deferred amounts related to post retirement benefits | 57,395    |

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                 | (28,531,832)       |
| Notes payable - Bayside                 | (149,648)          |
| Compensated absences                    | (417,890)          |
| Unamortized debt discounts and premiums | (656,377)          |
| Deferred amounts on refundings          | 400,232            |
| Net pension liability                   | (254,461)          |
| Accrued interest                        | (267,639)          |
| Net OPEB obligation                     | <u>(2,260,615)</u> |

Net position of governmental activities \$ 12,733,631

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, 2017

|  | General<br>Fund     | Debt Service<br>Fund | Borrowed<br>Money<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------|---------------------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                                      |                     |                      |                           |                                   |                                |
| Taxes  | \$ 7,722,180        | \$ 2,340,084         | \$ -                      | \$ 1,716,800                      | \$ 11,779,064                  |
| Intergovernmental                                    | 1,150,131           | 290,714              | -                         | 49,557                            | 1,490,402                      |
| Licenses and permits                                 | 491,302             | -                    | -                         | -                                 | 491,302                        |
| Fines, forfeitures and penalties                     | 297,614             | -                    | -                         | -                                 | 297,614                        |
| Public charges for services                          | 14,087              | -                    | -                         | 54,884                            | 68,971                         |
| Special assessments                                  | -                   | -                    | 14,425                    | 66,492                            | 80,917                         |
| Miscellaneous  | 562,550             | 4,690                | 73,897                    | 29,475                            | 670,612                        |
| Total revenues                                       | <u>10,237,864</u>   | <u>2,635,488</u>     | <u>88,322</u>             | <u>1,917,208</u>                  | <u>14,878,882</u>              |
| <b>Expenditures</b>                                  |                     |                      |                           |                                   |                                |
| <b>Current</b>                                       |                     |                      |                           |                                   |                                |
| General government                                   | 1,462,005           | -                    | -                         | -                                 | 1,462,005                      |
| Public safety  | 5,596,089           | -                    | -                         | -                                 | 5,596,089                      |
| Public works   | 2,175,652           | -                    | -                         | -                                 | 2,175,652                      |
| Health and social services                           | 187,060             | -                    | -                         | -                                 | 187,060                        |
| Conservation and development                         | -                   | -                    | -                         | 303,783                           | 303,783                        |
| Library  | -                   | -                    | -                         | 682,688                           | 682,688                        |
| Capital Outlay                                       | 397,144             | -                    | 950,675                   | 511,798                           | 1,859,617                      |
| <b>Debt service</b>                                  |                     |                      |                           |                                   |                                |
| Principal  | -                   | 5,584,962            | -                         | -                                 | 5,584,962                      |
| Interest and fiscal charges                          | -                   | 1,115,954            | -                         | -                                 | 1,115,954                      |
| Total expenditures                                   | <u>9,817,950</u>    | <u>6,700,916</u>     | <u>950,675</u>            | <u>1,498,269</u>                  | <u>18,967,810</u>              |
| Excess (deficiency) of revenues<br>over expenditures | <u>419,914</u>      | <u>(4,065,428)</u>   | <u>(862,353)</u>          | <u>418,939</u>                    | <u>(4,088,928)</u>             |
| <b>Other financing sources (uses)</b>                |                     |                      |                           |                                   |                                |
| Proceeds from sale of capital assets                 | 45,260              | -                    | -                         | -                                 | 45,260                         |
| Premium on long-term debt issued                     | -                   | 242,770              | -                         | -                                 | 242,770                        |
| Long-term debt issued                                | -                   | 2,821,950            | -                         | 2,558,050                         | 5,380,000                      |
| Payment to escrow agent                              | -                   | (2,138,464)          | -                         | -                                 | (2,138,464)                    |
| Transfer in  | 306,968             | 3,170,942            | 227,869                   | -                                 | 3,705,779                      |
| Transfer out   | (254,602)           | -                    | -                         | (3,170,942)                       | (3,425,544)                    |
| Total other financing sources (uses)                 | <u>97,626</u>       | <u>4,097,198</u>     | <u>227,869</u>            | <u>(612,892)</u>                  | <u>3,809,801</u>               |
| Net change in fund balances                          | 517,540             | 31,770               | (634,484)                 | (193,953)                         | (279,127)                      |
| Fund balances - beginning of year                    | <u>6,246,560</u>    | <u>87,253</u>        | <u>3,041,505</u>          | <u>3,807,607</u>                  | <u>13,182,925</u>              |
| Fund balances - end of year                          | <u>\$ 6,764,100</u> | <u>\$ 119,023</u>    | <u>\$ 2,407,021</u>       | <u>\$ 3,613,654</u>               | <u>\$ 12,903,798</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, 2017

Net change in fund balances-total governmental funds \$ (279,127)

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 | 1,859,617   |
| Some items reported as capital outlay expenditures in the fund financial statements are operating expenses in the government-wide statements | (690,696)   |
| Depreciation expense is reported in the government-wide statements   | (2,182,470) |

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

|   |             |
|---|-------------|
| Debt issued                                 | (5,380,000) |
| Principal retired                           | 7,723,426   |
| Loss on debt refunding                      | 89,480      |
| Debt premium/discounts                      | (242,770)   |
| Amortization of debt premium/discounts      | 31,578      |
| Amortization of book loss on debt refunding | (79,276)    |

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     | (252,237) |
| Special assessments | (60,840)  |

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     | 30,481    |
| Compensated absences | (17,278)  |
| Pension activity     | (337,028) |
| Net OPEB liability   | (232)     |

Change in net position of governmental activities \$ 212,628

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Proprietary Fund  
Statement of Net Position  
December 31, 2017

|   | Business-type Activities - Enterprise |                     |                     |                                  | Totals               |
|---|---------------------------------------|---------------------|---------------------|----------------------------------|----------------------|
|   | Water Utility                         | Sewer Utility       | Stormwater Utility  | Nonmajor Fund<br>Parking Utility |                      |
| <b>Assets</b>                               |                                       |                     |                     |                                  |                      |
| <b>Current Assets</b>                       |                                       |                     |                     |                                  |                      |
| Cash and cash equivalents                   | \$ 600,463                            | \$ 40,390           | \$ 876,891          | \$ 72,818                        | \$ 1,590,562         |
| Accounts receivable                         | 611,003                               | 1,727,879           | 103,218             | -                                | 2,442,100            |
| Interest receivable                         | -                                     | 2,494               | -                   | -                                | 2,494                |
| Special assessments                         | 8,141                                 | 13,452              | -                   | -                                | 21,593               |
| Inventories                                 | 46,170                                | -                   | -                   | -                                | 46,170               |
| <b>Restricted Assets</b>                    |                                       |                     |                     |                                  |                      |
| Cash and investments                        | -                                     | 244,221             | -                   | -                                | 244,221              |
| Deposits with North Shore Water Commission  | 317,823                               | -                   | -                   | -                                | 317,823              |
| <b>Total Current Assets</b>                 | <b>1,583,600</b>                      | <b>2,028,436</b>    | <b>980,109</b>      | <b>72,818</b>                    | <b>4,664,963</b>     |
| <b>Noncurrent Assets</b>                    |                                       |                     |                     |                                  |                      |
| Special assessments                         | 30,520                                | 11,878              | -                   | -                                | 42,398               |
| Land  | 44,084                                | -                   | -                   | 130,000                          | 174,084              |
| Construction in progress                    | 209,478                               | 65,041              | 453,055             | -                                | 727,574              |
| Equipment and infrastructure                | 20,933,434                            | 20,690,025          | 9,337,388           | 409,028                          | 51,369,875           |
| Less: Accumulated depreciation              | (6,659,155)                           | (3,152,306)         | (729,405)           | (334,661)                        | (10,875,527)         |
| <b>Total Noncurrent Assets</b>              | <b>14,558,361</b>                     | <b>17,614,638</b>   | <b>9,061,038</b>    | <b>204,367</b>                   | <b>41,438,404</b>    |
| <b>Total Assets</b>                         | <b>16,141,961</b>                     | <b>19,643,074</b>   | <b>10,041,147</b>   | <b>277,185</b>                   | <b>46,103,367</b>    |
| <b>Deferred Outflows of Resources</b>       |                                       |                     |                     |                                  |                      |
| Deferred amounts related to pension         | 68,071                                | 67,620              | 64,360              | 11,380                           | 211,431              |
| Deferred amount on refundings               | 81,530                                | 18,096              | -                   | -                                | 99,626               |
| <b>Total Deferred Outflows</b>              | <b>149,601</b>                        | <b>85,716</b>       | <b>64,360</b>       | <b>11,380</b>                    | <b>311,057</b>       |
| <b>Liabilities</b>                          |                                       |                     |                     |                                  |                      |
| <b>Current Liabilities</b>                  |                                       |                     |                     |                                  |                      |
| Accounts payable                            | 193,632                               | 249,145             | 53,597              | 658                              | 497,032              |
| Accrued interest                            | 67,635                                | 53,926              | 40,916              | -                                | 162,477              |
| Accrued liabilities                         | 8,228                                 | 6,033               | 7,098               | -                                | 21,359               |
| Net pension liability                       | 7,543                                 | 7,592               | 7,230               | 1,356                            | 23,721               |
| Current portion of long-term debt           | 768,916                               | 999,274             | 237,188             | -                                | 2,005,378            |
| <b>Total Current Liabilities</b>            | <b>1,045,954</b>                      | <b>1,315,970</b>    | <b>346,029</b>      | <b>2,014</b>                     | <b>2,709,967</b>     |
| <b>Noncurrent Liabilities</b>               |                                       |                     |                     |                                  |                      |
| <b>Long-Term Debt</b>                       |                                       |                     |                     |                                  |                      |
| Noncurrent portion of long-term debt        | 7,932,286                             | 10,373,191          | 4,860,446           | -                                | 23,165,923           |
| <b>Total Noncurrent Liabilities</b>         | <b>7,932,286</b>                      | <b>10,373,191</b>   | <b>4,860,446</b>    | <b>-</b>                         | <b>23,165,923</b>    |
| <b>Total Liabilities</b>                    | <b>8,978,240</b>                      | <b>11,689,161</b>   | <b>5,206,475</b>    | <b>2,014</b>                     | <b>25,875,890</b>    |
| <b>Deferred Inflows of Resources</b>        |                                       |                     |                     |                                  |                      |
| Deferred amounts related to pension         | 31,161                                | 31,361              | 29,865              | 13,624                           | 106,011              |
| <b>Total Deferred Inflows of Resources</b>  | <b>31,161</b>                         | <b>31,361</b>       | <b>29,865</b>       | <b>13,624</b>                    | <b>106,011</b>       |
| <b>Net Position</b>                         |                                       |                     |                     |                                  |                      |
| Net investment in capital assets            | 5,908,170                             | 6,248,391           | 3,963,404           | 204,367                          | 16,324,332           |
| Restricted for North Shore Water Commission | 317,823                               | -                   | -                   | -                                | 317,823              |
| Restricted for equipment replacement        | -                                     | 244,221             | -                   | -                                | 244,221              |
| Unrestricted                                | 1,056,168                             | 1,515,656           | 905,763             | 68,560                           | 3,546,147            |
| <b>Total net position</b>                   | <b>\$ 7,282,161</b>                   | <b>\$ 8,008,268</b> | <b>\$ 4,869,167</b> | <b>\$ 272,927</b>                | <b>\$ 20,432,523</b> |

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, 2017

|  | Business-type Activities - Enterprise Funds |                     |                     |                                  | Totals               |
|--|---|---------------------|---------------------|----------------------------------|----------------------|
|  | Water Utility                               | Sewer Utility       | Stormwater Utility  | Nonmajor Fund<br>Parking Utility |                      |
| <b>Operating Revenues</b>                                |   |                     |                     |                                  |                      |
| Charges for services                                     | \$ 2,130,629                                | \$ 2,281,868        | \$ 614,397          | \$ 72,487                        | \$ 5,099,381         |
| Other operating revenues                                 | 17,420                                      | 17,132              | 11,403              | -                                | 45,955               |
| Total Operating Revenues                                 | <u>2,148,049</u>                            | <u>2,299,000</u>    | <u>625,800</u>      | <u>72,487</u>                    | <u>5,145,336</u>     |
| <b>Operating Expenses</b>                                |   |                     |                     |                                  |                      |
| Operation and maintenance                                | 834,333                                     | 1,104,899           | 435,193             | 79,051                           | 2,453,476            |
| Depreciation   | 498,496                                     | 563,689             | 302,752             | 8,730                            | 1,373,667            |
| Total Operating Expenses                                 | <u>1,332,829</u>                            | <u>1,668,588</u>    | <u>737,945</u>      | <u>87,781</u>                    | <u>3,827,143</u>     |
| Operating Income (Loss)                                  | <u>815,220</u>                              | <u>630,412</u>      | <u>(112,145)</u>    | <u>(15,294)</u>                  | <u>1,318,193</u>     |
| <b>Nonoperating Revenues (Expenses)</b>                  |   |                     |                     |                                  |                      |
| Interest income  | 10,606                                      | 27,627              | 2,360               | -                                | 40,593               |
| Interest expense   | (247,601)                                   | (323,734)           | (148,271)           | -                                | (719,606)            |
| Debt issue costs & amortization                          | (50,461)                                    | (15,629)            | (4,215)             | -                                | (70,305)             |
| Lateral lining proceeds                                  | -   | 974,523             | -                   | -                                | 974,523              |
| Lateral lining on personal property                      | -   | (1,209,164)         | -                   | -                                | (1,209,164)          |
| Total Nonoperating Revenues (Expenses)                   | <u>(287,456)</u>                            | <u>(546,377)</u>    | <u>(150,126)</u>    | <u>-</u>                         | <u>(983,959)</u>     |
| Income (loss) before capital contributions and transfers | 527,764                                     | 84,035              | (262,271)           | (15,294)                         | 334,234              |
| Capital contributions                                    | 2,900                                       | 960                 | 883,932             | -                                | 887,792              |
| Transfers in   | 111,728                                     | 26,733              | -                   | -                                | 138,461              |
| Transfers out  | (294,215)                                   | (111,728)           | -                   | (12,753)                         | (418,696)            |
| Change in net position                                   | 348,177                                     | -                   | 621,661             | (28,047)                         | 941,791              |
| Net position - beginning of year                         | <u>6,933,984</u>                            | <u>8,008,268</u>    | <u>4,247,506</u>    | <u>300,974</u>                   | <u>19,490,732</u>    |
| Net position - end of year                               | <u>\$ 7,282,161</u>                         | <u>\$ 8,008,268</u> | <u>\$ 4,869,167</u> | <u>\$ 272,927</u>                | <u>\$ 20,432,523</u> |

The accompanying notes are an integral part of this statement.

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2017

|   | Business-type Activities - Enterprise |                    |                           |                   | Totals              |
|---|---------------------------------------|--------------------|---------------------------|-------------------|---------------------|
|   | Water Utility                         | Sewer Utility      | Nonmajor Enterprise Funds |                   |                     |
|   |                                       |                    | Storm Utility             | Parking Utility   |                     |
| <b>Cash Flows from Operating Activities</b>   |                                       |                    |                           |                   |                     |
| Received from customers   | \$ 2,208,155                          | \$ 2,274,718       | \$ 691,171                | \$ 72,487         | \$ 5,246,531        |
| Paid to suppliers for goods and services  | (596,397)                             | (1,093,234)        | (207,935)                 | (39,789)          | (1,937,355)         |
| Paid to employees for services  | (250,640)                             | (227,164)          | (197,916)                 | (34,674)          | (710,394)           |
| Net cash provided by (used in) operating activities   | <u>1,361,118</u>                      | <u>954,320</u>     | <u>285,320</u>            | <u>(1,976)</u>    | <u>2,598,782</u>    |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                                       |                    |                           |                   |                     |
| Payments for Private Property Inflow & Infiltration   | -                                     | (1,209,164)        | -                         | -                 | (1,209,164)         |
| Payments to other funds   | (182,487)                             | (84,995)           | -                         | (12,753)          | (280,235)           |
| Net cash used in noncapital financing activities  | <u>(182,487)</u>                      | <u>(1,294,159)</u> | <u>-</u>                  | <u>(12,753)</u>   | <u>(1,489,399)</u>  |
| <b>Cash Flows from Capital and Related Financing Activities</b>                               |                                       |                    |                           |                   |                     |
| Debt principal paid   | (708,853)                             | (1,012,164)        | (220,000)                 | -                 | (1,941,017)         |
| Payment to escrow   | (1,954,285)                           | (517,167)          | -                         | -                 | (2,471,452)         |
| Debt interest paid  | (222,936)                             | (330,292)          | (161,130)                 | -                 | (714,358)           |
| Debt issued   | 1,895,000                             | 495,000            | -                         | -                 | 2,390,000           |
| Special assessments received  | 13,929                                | 20,775             | -                         | -                 | 34,704              |
| Capital contributions and grant proceeds  | 2,900                                 | 960                | 883,932                   | -                 | 887,792             |
| Acquisition and construction of capital assets  | (468,113)                             | (1,701,777)        | (643,630)                 | (5,270)           | (2,818,790)         |
| Net cash used in capital and related financing activities                                     | <u>(1,442,358)</u>                    | <u>(3,044,665)</u> | <u>(140,828)</u>          | <u>(5,270)</u>    | <u>(4,633,121)</u>  |
| <b>Cash Flows from Investing Activities</b>   |                                       |                    |                           |                   |                     |
| Proceeds from sale or maturity of investments and payments to acquire investments             | 738,158                               | 1,702,756          | 387,582                   | -                 | 2,828,496           |
| Investment income   | 10,606                                | 27,627             | 2,360                     | -                 | 40,593              |
| Net cash flows from investing activities  | <u>748,764</u>                        | <u>1,730,383</u>   | <u>389,942</u>            | <u>-</u>          | <u>2,869,089</u>    |
| <b>Net change in cash and cash equivalents</b>  | 485,037                               | (1,654,121)        | 534,434                   | (19,999)          | (654,649)           |
| <b>Cash and cash equivalents - beginning of year</b>  | 115,426                               | 1,694,511          | 342,457                   | 92,817            | 2,245,211           |
| <b>Cash and cash equivalents - end of year</b>  | <u>\$ 600,463</u>                     | <u>\$ 40,390</u>   | <u>\$ 876,891</u>         | <u>\$ 72,818</u>  | <u>\$ 1,590,562</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:</b> |                                       |                    |                           |                   |                     |
| Operating income (Loss)   | \$ 815,220                            | \$ 630,412         | \$ (112,145)              | \$ (15,294)       | \$ 1,318,193        |
| Adjustments to reconcile operating income to net cash flows from operating activities:        |                                       |                    |                           |                   |                     |
| Depreciation expense  | 498,496                               | 563,689            | 302,752                   | 8,730             | 1,373,667           |
| Changes in assets, liabilities, deferred outflows and inflows                                 |                                       |                    |                           |                   |                     |
| Accounts receivable   | 60,106                                | (24,282)           | 65,371                    | -                 | 101,195             |
| Accounts payable  | (24,687)                              | (221,275)          | 21,949                    | (1,012)           | (225,025)           |
| Net pension liability   | (7,864)                               | (6,196)            | (5,501)                   | (2,456)           | (22,017)            |
| Accrued liabilities   | 2,286                                 | (551)              | 1,650                     | (211)             | 3,174               |
| Deferred outflows   | 18,825                                | 10,178             | 8,171                     | 2,662             | 39,836              |
| Deferred inflows  | (1,264)                               | 2,345              | 3,073                     | 5,605             | 9,759               |
| Net cash provided by (used in) operating activities   | <u>\$ 1,361,118</u>                   | <u>\$ 954,320</u>  | <u>\$ 285,320</u>         | <u>\$ (1,976)</u> | <u>\$ 2,598,782</u> |
| <b>Noncash Capital and Related Financing Activities</b>                                       |                                       |                    |                           |                   |                     |
| Construction in Progress reported in accounts payable   | <u>\$ 144,419</u>                     | <u>\$ 10,922</u>   | <u>\$ -</u>               | <u>\$ -</u>       | <u>\$ 155,341</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, 2017

|                           | <u>Tax Collection<br/>Agency Fund</u> |
|---------------------------|---------------------------------------|
| ASSETS                    |                                       |
| Cash and investments      | \$ 34,237,787                         |
| Taxes receivable          | <u>18,652,856</u>                     |
| <br>TOTAL ASSETS          | <br><u>\$ 52,890,643</u>              |
| <br>LIABILITIES           |                                       |
| Due to other taxing units | <u>\$ 52,890,643</u>                  |

The accompanying notes are an integral part of this statement.

**VILLAGE OF WHITEFISH BAY, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**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, 2017. There are no separate financial statements issued.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**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, expenditure/expenses, and other financing sources (uses).

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, 2017**

**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.

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 – used to accounts for operations of the water system  
Sewer Utility – used to 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 – used to account for financial resources to be used for the acquisition of equipment or construction of major capital facilities (other than those financed by Proprietary Funds).

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, 2017**

**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 of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. 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, 2017**

**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, 2017**

**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, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Basis of Accounting

The Village adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2017. The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions, and replaces the requirements of Statements No. 45. The Village implemented the required disclosure early and required disclosures related to the implementation of the standard are disclosed in Note IV. E. The implementation had an impact on beginning net position as disclosed in Note IV. H.

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

Deposits and Investments

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

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

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, 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.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (continued)

Deposits and Investments (continued)

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, 2017, 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.

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 - 2017 tax roll:

|                                 |                  |
|---------------------------------|------------------|
| Lien date and levy date         | December 2017    |
| Tax bills mailed                | December 2017    |
| Payment in full, or             | January 31, 2018 |
| First installment due           | January 31, 2018 |
| Second installment due          | March 31, 2018   |
| Third installment due           | May 31, 2018     |
| Personal property taxes in full | January 31, 2018 |

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".

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (continued)

Receivables (continued)

In the general fund, advances to other funds classified as nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

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 quarterly 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 quarterly 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 net realizable value 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, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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. No 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, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 amounts related to pension, and deferred amounts related to OPEB.

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. The Village also reports deferred inflows for deferred amounts related to pension and deferred amounts related to OPEB.

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.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (continued)

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 funds 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 other postemployment benefits is reported on the government-wide financial statements as a governmental activities liability.

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 financial 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.

Pensions

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

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, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (continued)

Equity Classifications

*Government-Wide Financial 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.

*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 constrained to 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.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity** (continued)

Equity Classifications (continued)

- 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, 2017, 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 Village management 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.

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

**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.

**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 TIF #1 Capital Project Fund and TIF #2 Capital Projects Fund had deficit fund balance of \$883,681 and \$249,093, respectively, which are expected to be funded through future tax increments.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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<br>Value        | Bank<br>Balance          | Associated<br>Risks                                      |
|--|--------------------------|--------------------------|--|
| Petty cash                                   | \$ 1,003                 | \$ -                     | N/A  |
| Demand deposits                              | 33,694,918               | 28,860,624               | Custodial credit risk                                    |
| LGIP   | 10,669,662               | 10,669,662               | Credit and interest rate risk                            |
| US Agency securities                         | 496,220                  | 496,220                  | Custodial credit, credit risk, and<br>interest rate risk |
| Certificates of Deposit                      | <u>3,852,518</u>         | <u>3,852,518</u>         | Custodial credit and interest rate risk                  |
| <br>Total cash and investments               | <br><u>\$ 48,714,321</u> | <br><u>\$ 43,879,024</u> |  |
| Reconciliation to statements of net position |                          |                          |  |
| Per statement of net position                |                          |                          |  |
| Unrestricted cash and investments            | \$ 13,914,490            |                          |  |
| Restricted cash and investments              | 562,044                  |                          |  |
| Per statement of net position - fiduciary    |                          |                          |  |
| Agency Fund                                  | <u>34,237,787</u>        |                          |  |
| <br>Total cash and investments               | <br><u>\$ 48,714,321</u> |                          |  |

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, 2017, none of the Village's bank balance was exposed to custodial credit risk as uninsured, uncollateralized.

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

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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, 2017, \$335,819 of the Village's investment balance was exposed to custodial credit risk.

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, 2017, the Village had \$10,669,662 invested in the LGIP that is not rated and \$496,220 in US Agency Securities that are rated Aaa by Moody's.

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, 2017, the Village's investments were as follows:

| Investment Type         | Fair Value           | Maturity in years    |                     |
|-------------------------|----------------------|----------------------|---------------------|
|                         |                      | < 1 Year             | 1 - 5 Years         |
| LGIP                    | \$ 10,669,662        | \$ 10,669,662        | \$ -                |
| US Agency Securities    | 496,220              | -                    | 496,220             |
| Certificates of deposit | 3,852,518            | 1,427,368            | 2,425,150           |
| Total                   | <u>\$ 15,018,400</u> | <u>\$ 12,097,030</u> | <u>\$ 2,921,370</u> |

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS** (continued)

**B. Receivables**

Governmental funds report deferred inflows or resources 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:

|   | Unavailable  | Tax levy      | Totals        |
|---|--------------|---------------|---------------|
| Property taxes levied for subsequent year | \$ -         | \$ 12,012,991 | \$ 12,012,991 |
| Loan receivable                           | 1,369,662    | -             | 1,369,662     |
| Special assessments                       | 63,413       | -             | 63,413        |
| Total Deferred Inflows                    | \$ 1,433,075 | \$ 12,012,991 | \$ 13,446,066 |

**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, 2017, the Village has reported a \$1,369,662 loan receivable (and deferred inflow in the fund statements) representing amounts due from the other participating municipalities.

**D. Restricted Assets**

Following is a list of restricted assets at December 31, 2017:

| Fund                                       | Restricted<br>Assets |
|--|----------------------|
| Water Utility                              |                      |
| Deposits with North Shore Water Commission | \$ 317,823           |
| Total Restricted                           | 317,823              |
| Sewer Utility                              |                      |
| Restricted for equipment replacement       | 244,221              |
| Total Restricted                           | 244,221              |
| Total Business-Type Activities             | \$ 562,044           |

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS (continued)**

**E. Capital Assets**

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

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Deletions</u>    | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|---------------------|---------------------------|
| Governmental activities                               |                              |                   |                     |                           |
| Capital assets not being depreciated                  |                              |                   |                     |                           |
| Land  | \$ 1,305,706                 | \$ -              | \$ -                | \$ 1,305,706              |
| Construction in progress                              | 1,856,832                    | 390,172           | 1,917,281           | 329,723                   |
| Total capital assets, not being depreciated           | <u>3,162,538</u>             | <u>390,172</u>    | <u>1,917,281</u>    | <u>1,635,429</u>          |
| Capital assets being depreciated                      |                              |                   |                     |                           |
| Buildings   | 8,880,716                    | -                 | 460,058             | 8,420,658                 |
| Improvements  | 1,110,836                    | -                 | -                   | 1,110,836                 |
| Machinery and equipment                               | 6,171,810                    | 306,033           | 390,170             | 6,087,673                 |
| Infrastructure  | <u>44,426,200</u>            | <u>2,389,997</u>  | <u>49,750</u>       | <u>46,766,447</u>         |
| Total capital assets being depreciated                | <u>60,589,562</u>            | <u>2,696,030</u>  | <u>899,978</u>      | <u>62,385,614</u>         |
| Less accumulated depreciation                         |                              |                   |                     |                           |
| Buildings   | 2,461,272                    | 250,087           | 460,058             | 2,251,301                 |
| Improvements  | 734,212                      | 33,266            | -                   | 767,478                   |
| Machinery and equipment                               | 3,837,627                    | 517,069           | 390,170             | 3,964,526                 |
| Infrastructure  | <u>26,418,053</u>            | <u>1,382,048</u>  | <u>49,750</u>       | <u>27,750,351</u>         |
| Total accumulated depreciation                        | <u>33,451,164</u>            | <u>2,182,470</u>  | <u>899,978</u>      | <u>34,733,656</u>         |
| Capital assets being depreciated, net of depreciation | <u>27,138,398</u>            | <u>513,560</u>    | <u>-</u>            | <u>27,651,958</u>         |
| Total capital assets, net of depreciation             | <u>\$30,300,936</u>          | <u>\$ 903,732</u> | <u>\$ 1,917,281</u> | <u>\$29,287,387</u>       |

Depreciation expense was charged to functions as follows:

|  |                     |
|--|---------------------|
| Governmental Activities                                      |                     |
| General government   | \$ 85,751           |
| Public safety  | 116,940             |
| Public works, which includes depreciation for infrastructure | 1,681,037           |
| Conservation & development                                   | 28,447              |
| Library  | 237,168             |
| Parks and recreation   | <u>33,127</u>       |
| Total Government-type depreciation expense                   | <u>\$ 2,182,470</u> |

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS (continued)**

**E. Capital Assets (continued)**

|   | Beginning<br>Balance | Additions           | Deductions          | Ending<br>Balance   |
|---|----------------------|---------------------|---------------------|---------------------|
| <b>Business-type Activities</b>                       |                      |                     |                     |                     |
| Capital assets not being depreciated                  |                      |                     |                     |                     |
| Land  | \$ 174,084           | \$ -                | \$ -                | \$ 174,084          |
| Construction in progress                              | 2,644,898            | 2,557,275           | 4,474,599           | 727,574             |
| Total capital assets not being depreciated            | <u>2,818,982</u>     | <u>2,557,275</u>    | <u>4,474,599</u>    | <u>901,658</u>      |
| Capital assets being depreciated                      |                      |                     |                     |                     |
| Land improvements and parking meters                  | 403,758              | 5,270               | -                   | 409,028             |
| Structures and improvements                           | 963,099              | -                   | 1,371               | 961,728             |
| Water distribution system                             | 15,353,350           | 839,625             | 60,144              | 16,132,831          |
| Sewer collection system                               | 17,517,858           | 2,725,559           | -                   | 20,243,417          |
| Stormwater collection system                          | 8,006,335            | 1,216,215           | -                   | 9,222,550           |
| Water machinery and equipment                         | 3,809,623            | 51,227              | 21,975              | 3,838,875           |
| Sewer machinery and equipment                         | 423,891              | 22,717              | -                   | 446,608             |
| Stormwater equipment                                  | 83,996               | 30,842              | -                   | 114,838             |
| Total capital assets being depreciated                | <u>46,561,910</u>    | <u>4,891,455</u>    | <u>83,490</u>       | <u>51,369,875</u>   |
| Less accumulated depreciation                         |                      |                     |                     |                     |
| Land improvements and parking meters                  | 325,931              | 8,730               | -                   | 334,661             |
| Structures and improvements                           | 812,790              | 30,797              | 1,371               | 842,216             |
| Water distribution system                             | 2,725,253            | 336,347             | 60,144              | 3,001,456           |
| Sewer collection system                               | 2,321,567            | 519,999             | -                   | 2,841,566           |
| Stormwater collection system                          | 424,730              | 292,579             | -                   | 717,309             |
| Water machinery and equipment                         | 2,706,106            | 131,352             | 21,975              | 2,815,483           |
| Sewer machinery and equipment                         | 267,050              | 43,690              | -                   | 310,740             |
| Stormwater equipment                                  | 1,923                | 10,173              | -                   | 12,096              |
| Total accumulated depreciation                        | <u>9,585,350</u>     | <u>1,373,667</u>    | <u>83,490</u>       | <u>10,875,527</u>   |
| Capital assets being depreciated, net of depreciation | <u>36,976,560</u>    | <u>3,517,788</u>    | <u>-</u>            | <u>40,494,348</u>   |
| Total capital assets, net of depreciation             | <u>\$39,795,542</u>  | <u>\$ 6,075,063</u> | <u>\$ 4,474,599</u> | <u>\$41,396,006</u> |

Depreciation expense was charged to functions as follows:

|   |                     |
|---|---------------------|
| <b>Business-Type Activities</b>                     |                     |
| Water   | \$ 498,496          |
| Sewer   | 563,689             |
| Stormwater  | 302,752             |
| Parking   | <u>8,730</u>        |
| Total Business-type activities depreciation expense | <u>\$ 1,373,667</u> |

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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           |                           |
|---|---------------------------|---------------------------|
|   | TIF #1 Special<br>Revenue | TIF #2 Special<br>Revenue |
| TIF #1 - Capital Projects Fund                      | \$ 877,796                | \$ -                      |
| TIF #2 - Capital Projects Fund                      | -                         | 249,093                   |
| Subtotal  | 877,796                   | 249,093                   |
| Less: Fund eliminations                             |                           | (1,126,889)               |
| 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, 2017**

**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                 | \$ 294,215  | Payment in lieu of taxes |
| General Fund   | Parking Utility               | 12,753      | Payment in lieu of taxes |
| Subtotal General Fund                                    |                               | 306,968     |                          |
| Debt Service Fund  | TIF #1 - Special Revenue Fund | 2,489,660   | Debt service             |
| Debt Service Fund  | TIF #2 - Special Revenue Fund | 115,013     | Debt service             |
| Debt Service Fund  | Public Improvement            | 566,269     | Debt service             |
| Subtotal Debt Service Fund                               |                               | 3,170,942   |                          |
| Borrowed Money Fund                                      | General Fund                  | 227,869     | Capital expenditures     |
| Subtotal Borrowed Money Fund                             |                               | 227,869     |                          |
| Sewer Utility  | General Fund                  | 26,733      | Debt service             |
| Subtotal Sewer Utility                                   |                               | 26,733      |                          |
| Water Utility  | Sewer Utility                 | 111,728     | Cost sharing             |
| Subtotal Water Utility                                   |                               | 111,728     |                          |
| Subtotal Proprietary Funds                               |                               | 138,461     |                          |
| Total - Fund Financial Statements                        |                               | 3,844,240   |                          |
| Less: Fund Eliminations                                  |                               | (3,564,005) |                          |
| Total Transfer - Government-Wide Statement of Activities |                               | \$ 280,235  |                          |

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. Transfers from General Fund to Sewer Utility are for debt service and General Fund to Borrowed Money Fund is contribution for capital project. 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, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS (continued)**

**G. Long-term Obligations**

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

|   | Beginning<br>Balance | Increases           | Decreases           | Ending<br>Balance    | Amounts<br>Due Within<br>One Year |
|---|----------------------|---------------------|---------------------|----------------------|-----------------------------------|
| <b>Governmental Activities</b>                          |                      |                     |                     |                      |                                   |
| Bonds and notes payable                                 |                      |                     |                     |                      |                                   |
| General obligation debt                                 | \$ 30,847,562        | \$ 5,380,000        | \$ 7,695,730        | \$ 28,531,832        | \$ 2,325,233                      |
| Notes payable - Village of Bayside                      | 177,344              | -                   | 27,696              | 149,648              | 27,696                            |
| Add(Subtract) deferred amount for                       |                      |                     |                     |                      |                                   |
| Premium   | 480,037              | 242,770             | 47,931              | 674,876              | 46,448                            |
| Discounts   | (34,852)             | -                   | (16,353)            | (18,499)             | (1,788)                           |
| Total general obligation debt                           | <u>31,470,091</u>    | <u>5,622,770</u>    | <u>7,755,004</u>    | <u>29,337,857</u>    | <u>2,397,589</u>                  |
| Other Liabilities                                       |                      |                     |                     |                      |                                   |
| Net OPEB liability                                      | 2,202,988            | 196,096             | 138,469             | 2,260,615            | -                                 |
| Compensated absences                                    | 400,612              | 105,478             | 88,200              | 417,890              | -                                 |
| Total other liabilities                                 | <u>2,603,600</u>     | <u>301,574</u>      | <u>226,669</u>      | <u>2,678,505</u>     | <u>-</u>                          |
| Total Governmental Activities<br>long-term liabilities  | <u>\$ 34,073,691</u> | <u>\$ 5,924,344</u> | <u>\$ 7,981,673</u> | <u>\$ 32,016,362</u> | <u>\$ 2,397,589</u>               |
| <b>Business-Type Activities</b>                         |                      |                     |                     |                      |                                   |
| Bonds and notes payable                                 |                      |                     |                     |                      |                                   |
| General obligation debt                                 | \$ 20,986,927        | \$ 2,390,000        | \$ 4,047,612        | \$ 19,329,315        | \$ 1,645,670                      |
| Revenue bonds   | 5,656,312            | -                   | 318,758             | 5,337,554            | 326,433                           |
| Add(Subtract) deferred amount for                       |                      |                     |                     |                      |                                   |
| Premium   | 511,291              | 108,154             | 43,414              | 576,031              | 41,442                            |
| Discounts   | (87,267)             | -                   | (15,668)            | (71,599)             | (8,167)                           |
| Total Business-Type activities<br>long-term liabilities | <u>\$ 27,067,263</u> | <u>\$ 2,498,154</u> | <u>\$ 4,394,116</u> | <u>\$ 25,171,301</u> | <u>\$ 2,005,378</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, 2017**

**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, 2017, was \$112,114,875. Total general obligation debt outstanding at year end was \$47,861,147.

| Governmental Activities                                 | Date of Issue | Final Maturity | Interest Rates | Original Amount | Balance 12/31/2017   |
|---|---------------|----------------|----------------|-----------------|----------------------|
| General obligation debt                                 |               |                |                |                 |                      |
| Corporate Purpose Bonds                                 | 02/09/10      | 02/01/30       | 1.9-5.9%       | \$ 3,759,750    | \$ 170,444           |
| Corporate Purpose Bonds                                 | 05/04/11      | 05/01/31       | 2.0-4.0%       | 3,681,760       | 780,000              |
| Refunding Bonds   | 02/09/10      | 02/01/21       | 2.0-3.5%       | 3,068,720       | 1,336,100            |
| Refunding Bonds   | 11/09/10      | 04/01/24       | 2.0-3.0%       | 4,996,480       | 2,785,202            |
| Refunding Bonds   | 10/23/12      | 03/21/26       | 1.0-2.9%       | 1,555,000       | 1,560,000            |
| Corporate Purpose Bonds                                 | 04/09/13      | 04/01/33       | 2.0-3.5%       | 2,585,000       | 2,160,000            |
| State Trust Fund Loan                                   | 09/20/13      | 03/15/33       | 3.75%          | 3,006,150       | 2,695,086            |
| Corporate Purpose Bonds                                 | 07/08/15      | 03/31/35       | 1.0-3.25%      | 6,355,000       | 6,045,000            |
| Corporate Purpose Bonds                                 | 06/22/16      | 06/01/36       | 2.0-2.75%      | 5,620,000       | 5,620,000            |
| Corporate Purpose Bonds                                 | 01/26/17      | 03/01/31       | 2.0-3.0%       | 5,380,000       | 5,380,000            |
| Total Governmental Activities - general obligation debt |               |                |                |                 | <u>\$ 28,531,832</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 \$149,648 on December 31, 2017. 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, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS (continued)**

**G. Long-term Obligations (continued)**

Business-Type Activities Debt

The Water, Sewer and Stormwater Utilities have \$19,329,315 in Bonds Payable General Obligation Debt outstanding on December 31, 2017.

| Business-Type Activities Debt                                   | Date of Issue | Final Maturity | Interest Rates | Original Amount | Balance 12/31/2017                 |
|---|---------------|----------------|----------------|-----------------|------------------------------------|
| <b>Water Utility</b>  |               |                |                |                 |                                    |
| Corporate Purpose Bonds   | 02/09/10      | 02/01/30       | 1.9-5.9%       | \$ 1,865,250    | \$ 84,564                          |
| Corporate Purpose Bonds   | 05/04/11      | 05/01/31       | 2.0-4.0%       | 1,084,798       | 230,026                            |
| Corporate Purpose Bonds   | 10/23/12      | 09/01/32       | 1.0-2.5%       | 1,980,000       | 1,685,000                          |
| Refunding Bonds   | 02/09/10      | 02/01/21       | 2.0-3.5%       | 491,280         | 213,900                            |
| Refunding Bonds   | 11/09/10      | 04/01/24       | 2.0-3.0%       | 512,080         | 285,449                            |
| Corporate Purpose Bonds   | 04/09/13      | 04/01/33       | 2.0-3.5%       | 2,415,000       | 2,000,000                          |
| Corporate Purpose Bonds   | 07/08/15      | 03/31/35       | 1.0-3.25%      | 1,210,000       | 1,195,000                          |
| Corporate Purpose Bonds   | 06/22/16      | 06/01/36       | 2.0-2.75%      | 895,000         | 885,000                            |
| Corporate Purpose Bonds   | 01/26/17      | 03/01/31       | 2.0-3.0%       | 1,895,000       | 1,895,000                          |
| <b>Total Water Utility - general obligation debt</b>            |               |                |                |                 | <u><b>8,473,939</b></u>            |
| <b>Stormwater Utility</b>                                       |               |                |                |                 |                                    |
| Corporate Purpose Bonds   | 10/23/12      | 09/01/32       | 1.0-2.5%       | 415,000         | 215,000                            |
| Corporate Purpose Bonds   | 04/09/13      | 04/01/33       | 2.0-3.5%       | 3,325,000       | 2,985,000                          |
| Corporate Purpose Bonds   | 07/08/15      | 03/31/35       | 1.0-3.25%      | 2,005,000       | 1,820,000                          |
| <b>Total Stormwater Utility - general obligation debt</b>       |               |                |                |                 | <u><b>5,020,000</b></u>            |
| <b>Sewer Utility</b>  |               |                |                |                 |                                    |
| Corporate Purpose Bonds   | 05/04/11      | 05/01/31       | 2.0-4.0%       | 778,442         | 164,970                            |
| Promissory Note   | 02/27/08      | 05/01/27       | 2.365%         | 2,521,944       | 1,446,057                          |
| Refunding Bond  | 11/09/10      | 04/01/24       | 2.0-3.0%       | 411,440         | 229,349                            |
| Corporate Purpose Bonds   | 04/09/13      | 04/01/33       | 2.0-3.5%       | 2,410,000       | 1,030,000                          |
| Corporate Purpose Bonds   | 06/22/16      | 06/01/36       | 2.0-2.75%      | 2,615,000       | 2,470,000                          |
| Corporate Purpose Bonds   | 01/26/17      | 03/01/31       | 2.0-3.0%       | 495,000         | 495,000                            |
| <b>Total Sewer Utility - general obligation debt</b>            |               |                |                |                 | <u><b>5,835,376</b></u>            |
| <b>Total business-type activities - general obligation debt</b> |               |                |                |                 | <u><u><b>\$ 19,329,315</b></u></u> |

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS (continued)**

**G. Long-term Obligations (continued)**

Debt service requirements to maturity are as follows:

| Year      | Governmental Activities<br>Long-Term Debt |                     |                      | Business-Type Activities<br>General Obligation Debt |                     |                      |
|-----------|---|---------------------|----------------------|---|---------------------|----------------------|
|           | Principal                                 | Interest            | Total                | Principal   | Interest            | Total                |
| 2018      | \$ 2,325,233                              | \$ 843,472          | \$ 3,168,705         | \$ 1,645,670  | \$ 539,838          | \$ 2,185,508         |
| 2019      | 2,372,486                                 | 785,503             | 3,157,989            | 1,601,207   | 498,715             | 2,099,922            |
| 2020      | 2,457,730                                 | 724,858             | 3,182,588            | 1,633,761   | 457,838             | 2,091,599            |
| 2021      | 2,463,451                                 | 581,914             | 3,045,365            | 1,316,586   | 381,766             | 1,698,352            |
| 2022      | 2,148,965                                 | 523,501             | 2,672,466            | 1,299,644   | 351,963             | 1,651,607            |
| 2023-2027 | 8,713,951                                 | 1,797,563           | 10,511,514           | 5,927,447   | 1,263,552           | 7,190,999            |
| 2028-2032 | 5,876,136                                 | 743,742             | 6,619,878            | 4,385,000   | 552,173             | 4,937,173            |
| 2033-2038 | 2,173,880                                 | 107,409             | 2,281,289            | 1,520,000   | 66,394              | 1,586,394            |
| Total     | <u>\$ 28,531,832</u>                      | <u>\$ 6,107,962</u> | <u>\$ 34,639,794</u> | <u>\$ 19,329,315</u>                                | <u>\$ 4,112,239</u> | <u>\$ 23,441,554</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 \$5,337,554, in sewer revenue bonds currently outstanding. The total principal and interest remaining to be paid on the bonds is \$6,644,542. Principal and interest paid for the current year and total customer net revenues were \$482,743 and \$1,176,969, respectively.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE III - DETAILED NOTES TO ALL FUNDS** (continued)

**G. Long-term Obligations** (continued)

The Sewer Utility has \$5,337,554 in revenue debt outstanding on December 31, 2017.

|   |          |          |        |              |                     |
|---|----------|----------|--------|--------------|---------------------|
| Sewer Utility                           |          |          |        |              |                     |
| Sewerage System Revenue Bond            | 12/23/09 | 05/01/29 | 2.91%  | \$ 5,509,861 | \$ 3,832,554        |
| Sewerage System Revenue Bond            | 04/09/13 | 05/01/38 | 2-3.7% | 1,710,000    | <u>1,505,000</u>    |
| Total Sewer Utility - revenue bond debt |          |          |        |              | <u>\$ 5,337,554</u> |

Debt service requirements to maturity are as follows:

| Year      | Business-Type Activities<br>Revenue Debt |                     |                     |
|-----------|--|---------------------|---------------------|
|           | Principal                                | Interest            | Total               |
| 2018      | \$ 326,433                               | \$ 155,098          | \$ 481,531          |
| 2019      | 334,332                                  | 145,984             | 480,316             |
| 2020      | 342,461                                  | 136,568             | 479,029             |
| 2021      | 355,826                                  | 126,787             | 482,613             |
| 2022      | 364,434                                  | 116,629             | 481,063             |
| 2023-2027 | 1,985,326                                | 416,540             | 2,401,866           |
| 2028-2032 | 1,108,742                                | 150,533             | 1,259,275           |
| 2033-2037 | 430,000                                  | 57,184              | 487,184             |
| 2038-2041 | <u>90,000</u>                            | <u>1,665</u>        | <u>91,665</u>       |
| Total     | <u>\$ 5,337,554</u>                      | <u>\$ 1,306,988</u> | <u>\$ 6,644,542</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.

Current and Advance Refunding

During 2017, the Village issued \$7,770,000 of General Obligation Corporate Purpose Bonds. The Village deposited \$3,220,579 with an escrow agent to refund \$3,085,000 of 2011 General Obligation Corporate Purpose Bonds. As of December 31, 2017, \$3,085,000 remains outstanding to be retired by the escrow agent. The Village also received \$4,815,474 cash to refund \$1,095,000 and \$3,895,000 of current 2008 and 2009 General Obligation Corporate Purpose Bonds, respectively. The debt service requirements on the old debt balance totaled \$12,138,910. The debt service requirement on the new debt balance total \$11,481,852. The economic gain on the refunding using an effective interest rate of 2.106% is \$565,252.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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, 2017 includes the following:

***Government Activities***

|   |                             |
|---|-----------------------------|
| Net Investment in Capital Assets                      |                             |
| Land  | \$ 1,305,706                |
| Construction in progress                              | 329,723                     |
| Other capital assets, net of accumulated depreciation | 27,651,958                  |
| Less: Capital Related Debt Outstanding                | (28,734,318)                |
| Unspent Capital Related Bond Proceeds                 | <u>2,407,021</u>            |
| Net Investment in Capital Assets                      | <u>2,960,090</u>            |
| Restricted for:                                       |                             |
| TIF projects and debt service                         | 2,480,811                   |
| Library expansion                                     | 204,878                     |
| Donations   | <u>9,975</u>                |
| Total restricted                                      | <u>2,695,664</u>            |
| Unrestricted  | <u>7,077,877</u>            |
| Total Governmental Activities net position            | <u><u>\$ 12,733,631</u></u> |

***Business Type Activities***

|   |                             |
|---|-----------------------------|
| Net Investment in Capital Assets                      |                             |
| Land  | \$ 174,084                  |
| Construction in progress                              | 727,574                     |
| Other capital assets, net of accumulated depreciation | 40,494,348                  |
| Less: Capital Related Debt Outstanding                | <u>(25,071,674)</u>         |
| Net Investment in Capital Assets                      | 16,324,332                  |
| Restricted for North Shore Water Commission           | 317,823                     |
| Restricted for sewer equipment replacement            | 244,221                     |
| Unrestricted  | <u>3,546,147</u>            |
| Total Business-type Activities net position           | <u><u>\$ 20,432,523</u></u> |

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**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, 2017 include the following:

|                                   | <u>General</u>      | <u>Debt Service</u> | <u>Capital Projects<br/>Borrowed Money</u> | <u>Nonmajor</u>     | <u>Total</u>         |
|-----------------------------------|---------------------|---------------------|--|---------------------|----------------------|
| Nonspendable                      |                     |                     |  |                     |                      |
| Investment in CVMIC               | \$ 496,707          | \$ -                | \$ -                                       | \$ -                | \$ 496,707           |
| Prepaid expenditures              | <u>601,466</u>      | <u>-</u>            | <u>-</u>                                   | <u>-</u>            | <u>601,466</u>       |
|                                   | <u>1,098,173</u>    | <u>-</u>            | <u>-</u>                                   | <u>-</u>            | <u>1,098,173</u>     |
| Restricted                        |                     |                     |  |                     |                      |
| Capital improvements              | -                   | -                   | 2,407,021                                  | -                   | 2,407,021            |
| TID plan purposes                 | -                   | -                   | -  | 2,189,778           | 2,189,778            |
| Donations                         | -                   | -                   | -  | 9,975               | 9,975                |
| Debt service                      | -                   | 119,023             | -  | 291,033             | 410,056              |
| Library expansion                 | <u>-</u>            | <u>-</u>            | <u>-</u>                                   | <u>204,878</u>      | <u>204,878</u>       |
|                                   | <u>-</u>            | <u>119,023</u>      | <u>2,407,021</u>                           | <u>2,695,664</u>    | <u>5,221,708</u>     |
| Committed                         |                     |                     |  |                     |                      |
| Post retirement benefits          | 1,227,138           | -                   | -  | -                   | 1,227,138            |
| Capital purchases                 | <u>545,838</u>      | <u>-</u>            | <u>-</u>                                   | <u>736,804</u>      | <u>1,282,642</u>     |
|                                   | <u>1,772,976</u>    | <u>-</u>            | <u>-</u>                                   | <u>736,804</u>      | <u>2,509,780</u>     |
| Assigned                          |                     |                     |  |                     |                      |
| Capital improvements/debt service | -                   | -                   | -  | 1,264,600           | 1,264,600            |
| Equipment replacement             | 211,253             | -                   | -  | -                   | 211,253              |
| General library activity          | <u>-</u>            | <u>-</u>            | <u>-</u>                                   | <u>49,360</u>       | <u>49,360</u>        |
|                                   | <u>211,253</u>      | <u>-</u>            | <u>-</u>                                   | <u>1,313,960</u>    | <u>1,525,213</u>     |
| Unassigned                        | <u>3,681,698</u>    | <u>-</u>            | <u>-</u>                                   | <u>(1,132,774)</u>  | <u>2,548,924</u>     |
| Total Governmental Fund Balances  | <u>\$ 6,764,100</u> | <u>\$ 119,023</u>   | <u>\$ 2,407,021</u>                        | <u>\$ 3,613,654</u> | <u>\$ 12,903,798</u> |

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**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 \$70,046 and bank statement balances was \$70,046.

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**

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

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

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

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

The WRS also provides death and disability benefits for employees.

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------|--------------------------|
| 2007 | 3.0%                 | 10%                      |
| 2008 | 6.6                  | 0                        |
| 2009 | (2.1)                | (42)                     |
| 2010 | (1.3)                | 22                       |
| 2011 | (1.2)                | 11                       |
| 2012 | (7.0)                | (7)                      |
| 2013 | (9.6)                | 9                        |
| 2014 | 4.7                  | 25                       |
| 2015 | 2.9                  | 2                        |
| 2016 | 0.5                  | (5.0)                    |

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

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

During the reporting period, the WRS recognized \$319,771 contributions from the employer.

Contribution rates as of December 31, 2017 are:

| <b>Employee Category</b>   | <b>Employee</b> | <b>Employer</b> |
|--|-----------------|-----------------|
| General (including teachers, executives, and elected officials ) | 6.6%            | 6.6%            |
| Protective with Social Security                                  | 6.6%            | 9.4%            |
| Protective without Social Security                               | 6.6%            | 13.2%           |

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

At December 31, 2017, the Village reported a liability of \$278,182, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the Village's proportion was 0.03375031%, which was a decrease of 0.03399123%, from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Village recognized pension expense of \$726,394

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 106,071                        | \$ 874,862                       |
| Changes in assumptions   | 290,851                           | -                                |
| on pension plan investments  | 1,384,708                         | -                                |
| Changes in proportion and differences between employer<br>contributions and proportionate share of contributions | 30,095                            | -                                |
| Employer contributions subsequent to the measurement date  | <u>358,763</u>                    | <u>-</u>                         |
| Total  | <u>\$ 2,170,488</u>               | <u>\$ 874,862</u>                |

The \$358,763 reported as deferred outflows related to pension resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018 for the Village. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases and decreases in pension expense, respectively, as follows:

| <u>Year ended December 31:</u> | <u>Net Amortization of<br/>Deferred Outflows<br/>and Deferred Inflows<br/>of Resources</u> |
|--------------------------------|--|
| 2018                           | \$ 379,481   |
| 2019                           | 379,481  |
| 2020                           | 258,981  |
| 2021                           | (81,610)   |
| 2022                           | 530  |

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

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

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

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

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

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

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

| <u><b>Core Fund Asset Class</b></u>         | <b>Current Asset</b>       | <b>Destination</b>                     | <b>Long-Term</b>                                | <b>Long-Term</b>                             |
|---|----------------------------|--|---|--|
|   | <u><b>Allocation %</b></u> | <u><b>Target Asset Allocation%</b></u> | <u><b>Expected Nominal Rate of Return %</b></u> | <u><b>Expected Real Rate of Return %</b></u> |
| Global Equities                             | 50.00%                     | 45.00%                                 | 8.30%   | 5.40%  |
| Fixed Income                                | 24.50%                     | 37.00%                                 | 4.20%   | 1.40%  |
| Inflation Sensitive Assets                  | 15.50%                     | 20.00%                                 | 4.30%   | 1.50%  |
| Real Estate                                 | 8.00%                      | 7.00%                                  | 6.50%   | 3.60%  |
| Private Equity/Debt                         | 8.00%                      | 7.00%                                  | 9.40%   | 6.50%  |
| Multi-Asset                                 | <u>4.00%</u>               | <u>4.00%</u>                           | <u>6.60%</u>                                    | <u>3.70%</u>                                 |
| <b>Total Core Fund</b>                      | <u><b>110.00%</b></u>      | <u><b>120.00%</b></u>                  | <u><b>7.40%</b></u>                             | <u><b>4.50%</b></u>                          |
| <br><u><b>Variable Fund Asset Class</b></u> |                            |  |   |  |
| U.S. Equities                               | 70.00%                     | 70.00%                                 | 7.60%   | 4.70%  |
| International Equities                      | <u>30.00%</u>              | <u>30.00%</u>                          | <u>8.50%</u>                                    | <u>5.60%</u>                                 |
| <b>Total Variable Fund</b>                  | <u><b>100.00%</b></u>      | <u><b>100.00%</b></u>                  | <u><b>7.90%</b></u>                             | <u><b>5.00%</b></u>                          |

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

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

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

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**A. Employees' Retirement System** (continued)

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

|  | 1% Decrease to<br>Discount Rate<br>(6.20%) | Current Discount<br>Rate<br>(7.20%) | 1% Increase to<br>Discount Rate<br>(8.20%) |
|--|--|-------------------------------------|--|
| Village's proportionate share of the net pension liability (asset) | \$ 3,659,678                               | \$ 278,182                          | \$ (2,325,721)                             |

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

**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. The village purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company ("CVMIC"). The Village purchases commercial insurance for all other risk. 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.

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, 2017.

The CVMIC provides the Village with \$5,000,000 of liability coverage for losses over its self-insured retention level of \$50,000 per occurrence with a \$150,000 aggregate stop loss.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**B. Risk Management** (continued)

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, 2017 was approximately 1.66%. Upon withdrawal, expulsion or dissolution, the Village would be entitled to a lump sum payment which at December 31, 2017 is \$496,707.

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

**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 \$153,549 in 2018.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**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 2017, the Village's fire protection and emergency medical services expenditures incurred in connection with this arrangement were approximately \$2.087 million. The Village's portion of the Department's 2018 budget is approximately \$2.1 million. On December 31, 2017, the Department had a net deficit of approximately \$8,067,448. Complete 2017 financial statements for the Department are available from the Department at 4401 West River Lane, Brown Deer, WI 53223.

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 Village of Glendale. Other members of the Bayside Communications Center include the Village of Bayside, Village of Fox Point, and Village of Brown Deer. During 2017, the Village's total contribution to the Bayside Communications Center was \$372,238 for operations, plus a capital contribution of \$9,619. It is expected that the Village's future contributions will be similar to the current annual operations costs incurred in 2017.

North Shore Water Commission

The Whitefish Bay Water Utility is a member of the North Shore Water Commission along with the Village of Glendale and the Village of Fox Point. The North Shore Water Commission provides for the intake, treatment, and pumping of water furnished by 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.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**E. Postemployment Benefits Other than Pensions (OPEB)**

***General Information about the OPEB Plan***

*Plan description.* The Village's defined OPEB plan, Retiree Medical Insurance Benefits, provides OPEB for all permanent full-time general and public safety employees of the Village. The Retiree Medical Insurance Benefits is a single-employer defined benefit OPEB plan administered by the Village. The State of Wisconsin Administrative Code grants the authority to establish and amend the benefit terms and financing requirements to the Village Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits provided.* The Retiree Medical Insurance Benefits provides healthcare benefits for retirees and dependents. The benefit terms provide for payment of 88 percent of health insurance premiums for non-Medicare-eligible retirees and 50 percent of health insurance premiums for Medicare-eligible retirees.

*Employees covered by benefit terms.* At December 31, 2017, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefit payments | 9  |
| Inactive employees entitled to but not yet receiving benefit payments    | 0  |
| Active employees   | 62 |
|  | 71 |

***Total OPEB Liability***

The Village's total OPEB liability of \$2,260,615 was measured as of December 31, 2016, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                       |  |
|-----------------------|--|
| Valuation date        | December 31, 2016                            |
| Measurement date      | December 31, 2016                            |
| Inflation             | 3.20%  |
| Discount rate         | 3.78%  |
| Healthcare Cost Trend | 4.0% for 2017, with an ultimate rate of 4.0% |
| Mortality             | Wisconsin 2012 Mortality Table               |
| Actuarial cost method | Entry Age Normal                             |

The discount rate was based on the 20-year Bond Buyer GO Index.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**E. Postemployment Benefits Other Than Pensions (OPEB)** (continued)

Mortality rates were based on the following criteria:

- Pre-retirement: This assumption applies to death while in service. Rates are based on the Wisconsin 2012 Mortality table (multiplied by 50% for males and females) as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.
- Post-retirement: This assumption applies to death of participants after retirement. Rates are based on the Wisconsin 2012 Mortality Table as the base table and project future improvements with MP-2015 generational improvement scale (multiplied by 50%), as adopted by the Board in connection with the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System.
- Post-Disability: This assumption applies to death after disablement. Rates are based on the 2012-2014 Experience Study performed by the actuary for the Wisconsin Retirement System (multiplied by the 50% for males and females and set forward one year for males).

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period 2012 – 2014 for the Wisconsin Retirement System (WRS).

**Changes in the Total OPEB Liability**

|  | <u><b>Total OPEB Liability</b></u> |
|--|------------------------------------|
| Balance at January 1, 2017                     | \$ 2,202,988                       |
| Changes for the year:                          |                                    |
| Service Cost                                   | 115,263                            |
| Interest on total OPEB liability               | 80,833                             |
| Effect of plan changes                         | -                                  |
| Effect of economic/demographic gains or losses | -                                  |
| Effect of assumption changes or inputs         | (29,469)                           |
| Benefit payments                               | <u>(109,000)</u>                   |
| Net change in total OPEB liability             | <u>\$ 2,260,615</u>                |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.57 percent in 2016 to 3.78 percent in 2017.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**E. Postemployment Benefits Other Than Pensions (OPEB)** (continued)

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.78 percent) or 1-percentage-point higher (4.78 percent) than the current discount rate:

|                      | <b>1% Decrease<br/>2.78%</b> | <b>Discount Rate<br/>3.78%</b> | <b>1% Increase<br/>4.78%</b> |
|----------------------|------------------------------|--------------------------------|------------------------------|
| Total OPEB Liability | \$ 2,404,012                 | \$ 2,260,615                   | \$ 2,125,191                 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                      | <b>1% Decrease</b> | <b>Current<br/>Trend Rate</b> | <b>1% Increase</b> |
|----------------------|--------------------|-------------------------------|--------------------|
| Total OPEB Liability | \$ 2,068,933       | \$ 2,260,615                  | \$ 2,483,799       |

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

For the year ended December 31, 2017, the Village recognized negative OPEB expense of \$192,449. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Changes of Assumptions                                    | \$ -                                      | \$ (25,822)                              |
| Employer contributions subsequent to the measurement date | 83,217                                    | -  |
| Total   | \$ 83,217                                 | \$ (25,822)                              |

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

|                         |         |
|-------------------------|---------|
| Year ended December 31: |         |
| 2018                    | (3,647) |
| 2019                    | (3,647) |
| 2020                    | (3,647) |
| 2021                    | (3,647) |
| 2022                    | (3,647) |
| Thereafter              | (7,587) |

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**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, 2016 have been conducted in accordance with State and Federal laws.

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.

**G. Fair Value Measurements**

The Village uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The Village follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Village has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

**VILLAGE OF WHITEFISH BAY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017**

**NOTE IV - OTHER INFORMATION** (continued)

**G. Fair Value Measurements** (continued)

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions market participants and would use in pricing the asset.

The Village has the following recurring fair value measurements as of December 31, 2017:

1. Brokered certificate of deposits of \$3,852,518 and US Agency Securities of \$496,220 are valued using a matrix pricing model (Level 2 inputs).

**H. Prior period adjustment**

The Village adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of January 1, 2017. The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions, and replaces the requirements of Statements No. 45. As a result, the Village’s beginning of the year net position has been restated as follows:

|   | Governmental<br>Activities |
|---|----------------------------|
| Net position December 31, 2016 as previously reported                 | \$ 12,173,221              |
| Restatement to record beginning of the year post retirement liability | 347,782                    |
| Net position December 31, 2016 as restated                            | \$ 12,521,003              |

**I. Subsequent Events**

On March 21, 2018, the Village issued \$1,855,000 of General Obligation Corporate Purpose Notes, series 2018A, with maturity dates between March 1, 2019 and March 1, 2028. The notes carry an interest rate of 3% with interest payable March 1 and September 1 annually. The Village also issued \$5,335,000 of General Obligation Corporation Purpose Bonds, series 2018B, with maturity dates between March 1, 2019 and March 1, 2038. The bonds carry interest rates between 3.0% and 3.75%, with interest payable March 1 and September 1 annually. The proceeds were used for capital projects and to refund certain obligations of the Village.

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, 2017

|                                      | Budgeted Amounts   |                   | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|-------------------|---------------------|---|
|                                      | Original<br>Budget | Final<br>Budget   |                     |   |
| Revenues                             |                    |                   |                     |   |
| Taxes                                | \$ 7,722,180       | \$ 7,722,180      | \$ 7,722,180        | \$ -  |
| Intergovernmental                    | 1,180,316          | 1,180,316         | 1,150,131           | (30,185)  |
| Licenses and permits                 | 458,650            | 458,650           | 491,302             | 32,652  |
| Fines, forfeitures and penalties     | 326,300            | 326,300           | 297,614             | (28,686)  |
| Public charges for services          | 60,650             | 60,650            | 14,087              | (46,563)  |
| Miscellaneous                        | 478,742            | 478,742           | 562,550             | 83,808  |
| Total Revenues                       | <u>10,226,838</u>  | <u>10,226,838</u> | <u>10,237,864</u>   | <u>11,026</u>   |
| Expenditures                         |                    |                   |                     |   |
| Current                              |                    |                   |                     |   |
| General government                   | 1,509,134          | 1,509,134         | 1,462,005           | 47,129  |
| Public safety                        | 5,642,795          | 5,642,795         | 5,596,089           | 46,706  |
| Public works                         | 2,472,759          | 2,472,759         | 2,175,652           | 297,107   |
| Health and social services           | 188,717            | 188,717           | 187,060             | 1,657   |
| Capital outlay                       | 397,144            | 397,144           | 397,144             | -   |
| Total Expenditures                   | <u>10,210,549</u>  | <u>10,210,549</u> | <u>9,817,950</u>    | <u>392,599</u>  |
| Excess of revenues over expenditures | <u>16,289</u>      | <u>16,289</u>     | <u>419,914</u>      | <u>403,625</u>  |
| Other Financing Sources (Uses)       |                    |                   |                     |   |
| Proceeds from Sale of Capital Assets | 10,000             | 10,000            | 45,260              | 35,260  |
| Transfers out                        | (323,789)          | (323,789)         | (254,602)           | 69,187  |
| Transfers in                         | 297,500            | 297,500           | 306,968             | 9,468   |
| Total Other Financing Sources (Uses) | <u>(16,289)</u>    | <u>(16,289)</u>   | <u>97,626</u>       | <u>113,915</u>  |
| Net change in fund balance           | <u>\$ -</u>        | <u>\$ -</u>       | 517,540             | <u>\$ 517,540</u>                                       |
| Fund balance - beginning of year     |                    |                   | <u>6,246,560</u>    |   |
| Fund balance - end of year           |                    |                   | <u>\$ 6,764,100</u> |   |

**Village of Whitefish Bay, Wisconsin  
Schedule of Changes in the Village's  
Total OPEB Liability and Related Ratios  
Last 10 Fiscal Years\*  
December 31, 2017**

|   | <b>2017</b>  |
|---|--------------|
| Total OPEB Liability                          |              |
| Service cost                                  | \$ 115,263   |
| Interest on total OPEB liability              | 80,833       |
| Changes in benefit terms                      | -            |
| Effect of economic/demographic gains (losses) | -            |
| Effect of assumption changes or inputs        | (29,469)     |
| Benefit payments                              | (109,000)    |
| Net change in total OPEB liability            | 57,627       |
| Total OPEB liability, beginning               | 2,202,988    |
| Total OPEB liability, ending                  | 2,260,615    |
| Covered payroll                               | \$ 4,011,195 |
| Total OPEB as a % of covered payroll          | 56%          |

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**VILLAGE OF WHITEFISH BAY, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION\*  
Year Ended December 31, 2017**

**Schedule of the Village's Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System**

| Measurement Period   | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|--|-------------------|-------------------|-------------------|
| The Village's proportion of the net pension liability (asset)                      | 0.03375031%       | 0.03399123%       | 0.3461399%        |
| The Village's proportionate share of the net pension liability (asset)             | \$ 278,182        | \$ 552,351        | (850,213)         |
| The Village's covered payroll  | \$ 4,035,387      | \$ 4,033,998      | 3,958,309         |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 99.12%            | 98.20%            | 102.74%           |

**Schedule of the Village's Contributions\*  
Wisconsin Retirement System**

|   | <u>Year ended December 31,</u> |              |             |
|---|--------------------------------|--------------|-------------|
|   | <u>2017</u>                    | <u>2016</u>  | <u>2015</u> |
| Contractually required contributions                                  | \$ 319,771                     | \$ 325,877   | 333,077     |
| Contributions in relation to the contractually required contributions | \$ 319,771                     | \$ 325,877   | 333,077     |
| Contribution deficiency (excess)                                      | \$ -                           | \$ -         | -           |
| Village's covered payroll   | \$ 4,148,292                   | \$ 4,035,387 | 4,033,998   |
| Contributions as a percentage of covered payroll                      | 7.71%                          | 8.08%        | 8.41%       |

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**VILLAGE OF WHITEFISH BAY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2017**

**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.

**NOTE II - OTHER POST EMPLOYMENT BENEFITS INFORMATION**

The Village is required to present the schedule of changes in the Village's total OPEB liability and related ratios for the last 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported. The information presented on the schedule was taken from a valuation performed as of December 31, 2016, except covered payroll information which was obtained from the Village records.

**NOTE III – WISCONSIN RETIREMENT SYSTEM**

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

Changes of assumptions – There were no changes in the assumptions.

**SUPPLEMENTARY INFORMATION**

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Combining Balance Sheet  
Nonmajor Governmental Funds  
Year Ended December 31, 2017

|  | Capital Project Funds |                  |                              |                               |                              |
|--|-----------------------|------------------|------------------------------|-------------------------------|------------------------------|
|  | TIF #1 Fund           | TIF #2 Fund      | Capital<br>Equipment<br>Fund | Public<br>Improvement<br>Fund | Library<br>Expansion<br>Fund |
| <b>Assets</b>  |                       |                  |                              |                               |                              |
| Cash and investments   | \$ -                  | \$ -             | \$ 768,313                   | \$ 1,272,686                  | \$ 214,609                   |
| Taxes receivable   | -                     | -                | 331,605                      | -                             | -                            |
| Special assessments receivable   | -                     | -                | -                            | 48,270                        | -                            |
| <b>Total Assets</b>  | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ 1,099,918</b>          | <b>\$ 1,320,956</b>           | <b>\$ 214,609</b>            |
| <b>Liabilities</b>   |                       |                  |                              |                               |                              |
| Accounts payable   | \$ 5,885              | \$ -             | \$ 31,509                    | \$ -                          | \$ 9,731                     |
| Due to other funds   | 877,796               | 249,093          | -                            | -                             | -                            |
| <b>Total Liabilities</b>   | <b>883,681</b>        | <b>249,093</b>   | <b>31,509</b>                | <b>-</b>                      | <b>9,731</b>                 |
| <b>Deferred Inflows of Resources</b>   |                       |                  |                              |                               |                              |
| Taxes levied for subsequent year's budget  | -                     | -                | 331,605                      | -                             | -                            |
| Unavailable revenues   | -                     | -                | -                            | 56,356                        | -                            |
| <b>Total Deferred Inflows of Resources</b>   | <b>-</b>              | <b>-</b>         | <b>331,605</b>               | <b>56,356</b>                 | <b>-</b>                     |
| <b>Fund Balance (Deficit)</b>  |                       |                  |                              |                               |                              |
| Restricted   | -                     | -                | -                            | -                             | 204,878                      |
| Committed  | -                     | -                | 736,804                      | -                             | -                            |
| Assigned   | -                     | -                | -                            | 1,264,600                     | -                            |
| Unassigned   | (883,681)             | (249,093)        | -                            | -                             | -                            |
| <b>Total Fund Balance (Deficit)</b>  | <b>(883,681)</b>      | <b>(249,093)</b> | <b>736,804</b>               | <b>1,264,600</b>              | <b>204,878</b>               |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b> | <b>\$ -</b>           | <b>\$ -</b>      | <b>\$ 1,099,918</b>          | <b>\$ 1,320,956</b>           | <b>\$ 214,609</b>            |

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Combining Statement of Net Position  
Nonmajor Governmental Funds  
Year Ended December 31, 2017

|   | Special Revenue Funds  |                            |                          |                          | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|------------------------|----------------------------|--------------------------|--------------------------|--|
|   | Donation<br>Fund       | TIF #1 Fund                | TIF #2 Fund              | Library<br>Fund          |  |
| <b>Assets</b>   |                        |                            |                          |                          |  |
| Cash and investments  | \$ 9,975               | \$ 1,311,982               | \$ 41,940                | \$ 93,550                | \$ 3,713,055                               |
| Taxes receivable  | -                      | 607,871                    | 337,824                  | 680,022                  | 1,957,322                                  |
| Special assessments receivable  | -                      | -                          | -                        | -                        | 48,270                                     |
| Due from other funds  | -                      | 877,796                    | 249,093                  | -                        | 1,126,889                                  |
| <b>Total Assets</b>   | <b><u>\$ 9,975</u></b> | <b><u>\$ 2,797,649</u></b> | <b><u>\$ 628,857</u></b> | <b><u>\$ 773,572</u></b> | <b><u>\$ 6,845,536</u></b>                 |
| <b>Liabilities</b>  |                        |                            |                          |                          |  |
| Accounts payable  | \$ -                   | \$ -                       | \$ -                     | \$ 26,520                | \$ 73,645                                  |
| Accrued liabilities   | -                      | -                          | -                        | 17,670                   | 17,670                                     |
| Due to other funds  | -                      | -                          | -                        | -                        | 1,126,889                                  |
| <b>Total Liabilities</b>  | <b><u>-</u></b>        | <b><u>-</u></b>            | <b><u>-</u></b>          | <b><u>44,190</u></b>     | <b><u>1,218,204</u></b>                    |
| <b>Deferred Inflows of Resources</b>  |                        |                            |                          |                          |  |
| Taxes levied for subsequent year's budget   | -                      | 607,871                    | 337,824                  | 680,022                  | 1,957,322                                  |
| Unavailable revenues  | -                      | -                          | -                        | -                        | 56,356                                     |
| <b>Total Deferred Inflows of Resources</b>  | <b><u>-</u></b>        | <b><u>607,871</u></b>      | <b><u>337,824</u></b>    | <b><u>680,022</u></b>    | <b><u>2,013,678</u></b>                    |
| <b>Fund Balance (Deficit)</b>   |                        |                            |                          |                          |  |
| Restricted  | 9,975                  | 2,189,778                  | 291,033                  | -                        | 2,695,664                                  |
| Committed   | -                      | -                          | -                        | -                        | 736,804                                    |
| Assigned  | -                      | -                          | -                        | 49,360                   | 1,313,960                                  |
| Unassigned  | -                      | -                          | -                        | -                        | (1,132,774)                                |
| <b>Total Fund Balance (Deficit)</b>   | <b><u>9,975</u></b>    | <b><u>2,189,778</u></b>    | <b><u>291,033</u></b>    | <b><u>49,360</u></b>     | <b><u>3,613,654</u></b>                    |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balance (Deficit)</b> | <b><u>\$ 9,975</u></b> | <b><u>\$ 2,797,649</u></b> | <b><u>\$ 628,857</u></b> | <b><u>\$ 773,572</u></b> | <b><u>\$ 6,845,536</u></b>                 |

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year Ended December 31, 2017

|  | TIF #1 Fund         | TIF #2 Fund         | Capital<br>Equipment<br>Fund | Public<br>Improvement<br>Fund | Library<br>Expansion<br>Fund |
|--|---------------------|---------------------|------------------------------|-------------------------------|------------------------------|
| Revenues   |                     |                     |                              |                               |                              |
| Taxes  | \$ -                | \$ -                | \$ 208,716                   | \$ -                          | \$ -                         |
| Special assessments                                  | -                   | -                   | -                            | 66,492                        | -                            |
| Miscellaneous  | 13,000              | -                   | -                            | 13,400                        | 2,075                        |
| Total Revenues                                       | <u>13,000</u>       | <u>-</u>            | <u>208,716</u>               | <u>79,892</u>                 | <u>2,075</u>                 |
| Expenditures   |                     |                     |                              |                               |                              |
| Current  |                     |                     |                              |                               |                              |
| Conservation and development                         | 108,419             | 195,364             | -                            | -                             | -                            |
| Capital outlay                                       | 92,758              | -                   | 303,043                      | -                             | 18,456                       |
| Total Expenditures                                   | <u>201,177</u>      | <u>195,364</u>      | <u>303,043</u>               | <u>-</u>                      | <u>18,456</u>                |
| Excess (deficiency) of revenues<br>over expenditures | <u>(188,177)</u>    | <u>(195,364)</u>    | <u>(94,327)</u>              | <u>79,892</u>                 | <u>(16,381)</u>              |
| Other Financing Sources (Uses)                       |                     |                     |                              |                               |                              |
| Long-term debt issued                                | -                   | -                   | -                            | 418,480                       | -                            |
| Transfers out  | -                   | -                   | -                            | (566,269)                     | -                            |
| Total Other Financing Sources (Uses)                 | <u>-</u>            | <u>-</u>            | <u>-</u>                     | <u>(147,789)</u>              | <u>-</u>                     |
| Net change in fund balances                          | (188,177)           | (195,364)           | (94,327)                     | (67,897)                      | (16,381)                     |
| Fund balances (deficit) - beginning of year          | <u>(695,504)</u>    | <u>(53,729)</u>     | <u>831,131</u>               | <u>1,332,497</u>              | <u>221,259</u>               |
| Fund balances (deficit) - end of year                | <u>\$ (883,681)</u> | <u>\$ (249,093)</u> | <u>\$ 736,804</u>            | <u>\$ 1,264,600</u>           | <u>\$ 204,878</u>            |

VILLAGE OF WHITEFISH BAY, WISCONSIN  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year Ended December 31, 2017

|  | Special Revenue Funds |              |             |                 | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|--------------|-------------|-----------------|--|
|  | Donation<br>Fund      | TIF #1 Fund  | TIF #2 Fund | Library<br>Fund |  |
| Revenues   |                       |              |             |                 |  |
| Taxes  | \$ -                  | \$ 561,694   | \$ 266,379  | \$ 680,011      | \$ 1,716,800                               |
| Intergovernmental                                    | -                     | -            | -           | 49,557          | 49,557                                     |
| Public charges for services                          | -                     | -            | -           | 54,884          | 54,884                                     |
| Special assessments                                  | -                     | -            | -           | -               | 66,492                                     |
| Contributions and donations                          | -                     | -            | -           | 1,000           | 1,000                                      |
| Miscellaneous  | -                     | -            | -           | -               | 28,475                                     |
| Total Revenues                                       | -                     | 561,694      | 266,379     | 785,452         | 1,917,208                                  |
| Expenditures   |                       |              |             |                 |  |
| Current  |                       |              |             |                 |  |
| Conservation and development                         | -                     | -            | -           | -               | 303,783                                    |
| Library  | -                     | -            | -           | 682,688         | 682,688                                    |
| Capital outlay                                       | -                     | -            | -           | 97,541          | 511,798                                    |
| Total Expenditures                                   | -                     | -            | -           | 780,229         | 1,498,269                                  |
| Excess (deficiency) of revenues<br>over expenditures | -                     | 561,694      | 266,379     | 5,223           | 418,939                                    |
| Other Financing Sources (Uses)                       |                       |              |             |                 |  |
| Long-term debt issued                                | -                     | 2,139,570    | -           | -               | 2,558,050                                  |
| Transfers out  | -                     | (2,489,660)  | (115,013)   | -               | (3,170,942)                                |
| Total Other Financing Sources (Uses)                 | -                     | (350,090)    | (115,013)   | -               | (612,892)                                  |
| Net change in fund balances                          | -                     | 211,604      | 151,366     | 5,223           | (193,953)                                  |
| Fund balances (deficit) - beginning of year          | 9,975                 | 1,978,174    | 139,667     | 44,137          | 3,807,607                                  |
| Fund balances - end of year                          | \$ 9,975              | \$ 2,189,778 | \$ 291,033  | \$ 49,360       | \$ 3,613,654                               |

## **OTHER INFORMATION**

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, 2017

|  | <b>Year Ended</b> | <b>From Date<br/>of Creation</b> |
|--|-------------------|----------------------------------|
| <b>PROJECT COSTS</b>   |                   |                                  |
| Capital expenditures   | \$ 92,758         | \$ 5,088,583                     |
| Administration   | 55,418            | 868,894                          |
| Interest and fiscal charges  | 363,598           | 1,445,039                        |
| Developers grants/incentives                                       | 53,000            | 1,033,317                        |
| Total Project Costs  | 564,774           | 8,435,833                        |
| <b>PROJECT REVENUES</b>  |                   |                                  |
| Tax increments   | 561,694           | 5,729,964                        |
| Investment income  | -                 | 37,010                           |
| Exempt computer aid  | 13,000            | 162,996                          |
| Premium on long-term debt  | -                 | 9,657                            |
| Miscellaneous revenues   | -                 | 189,337                          |
| Transfer from other funds  | -                 | 772,041                          |
| Total Project Revenues   | 574,694           | 6,901,005                        |
| Net Cost Recoverable Through TIF Increments -<br>December 31, 2017 | \$ 9,920          | \$ (1,534,828)                   |

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, 2017

|   | 2017         | From Date<br>of Creation |
|---|--------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                         |              |                          |
| Tax increments                                  | \$ 561,694   | \$ 5,729,964             |
| Investment income                               | -            | 37,010                   |
| Exempt computer aid                             | 13,000       | 162,996                  |
| Premium on long-term debt                       | -            | 9,657                    |
| Miscellaneous revenue                           | -            | 189,337                  |
| Transfer from other funds                       | -            | 772,041                  |
| Proceeds from long-term debt                    | 2,139,570    | 6,828,119                |
| Total Sources                                   | 2,714,264    | 13,729,124               |
| <b>USE OF FUNDS</b>                             |              |                          |
| Capital expenditures                            | \$ 92,758    | \$ 5,088,583             |
| Administration                                  | 55,418       | 868,894                  |
| Interest and fiscal charges                     | 363,598      | 1,445,039                |
| Principal on long-term debt                     | 2,126,063    | 3,987,194                |
| Development grants/incentives                   | 53,000       | 1,033,317                |
| Total Uses                                      | 2,690,837    | 12,423,027               |
| Beginning Fund Balance                          | 1,282,670    | -                        |
| Ending Fund Balance                             | \$ 1,306,097 | \$ 1,306,097             |
| <b>Reconciliation of Recoverable Costs</b>      |              |                          |
| Fund balance                                    |              | \$ 1,306,097             |
| Principal balance of outstanding long-term debt |              | (2,840,925)              |
| <b>Net Cost Recoverable through TIF</b>         |              |                          |
| Increments - December 31, 2017                  |              | \$ (1,534,828)           |

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, 2017

|  | Year Ended | From Date<br>of Creation |
|--|------------|--------------------------|
| <b>PROJECT COSTS</b>   |            |                          |
| Capital expenditures   | \$ -       | \$ 5,595                 |
| Administration   | 6,339      | 42,318                   |
| Interest and fiscal charges  | 50,013     | 247,011                  |
| Developers grants/incentives                                       | 189,025    | 1,923,212                |
| Total Project Costs  | 245,377    | 2,218,136                |
| <b>PROJECT REVENUES</b>  |            |                          |
| Tax increments   | 266,379    | 492,699                  |
| Investment income  | -          | -                        |
| Exempt computer aid  | -          | -                        |
| Premium on long-term debt  | -          | 28,068                   |
| Miscellaneous revenues   | -          | -                        |
| Transfer from other funds  | -          | 129,309                  |
| Total Project Revenues   | 266,379    | 650,076                  |
| Net Cost Recoverable Through TIF Increments -<br>December 31, 2017 | \$ 21,002  | \$ (1,568,060)           |

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, 2017

|   | 2017             | From Date<br>of Creation |
|---|------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>                         |                  |                          |
| Tax increments                                  | \$ 266,379       | \$ 492,699               |
| Investment income                               | -                | -                        |
| Exempt computer aid                             | -                | -                        |
| Premium on long-term debt                       | -                | 28,068                   |
| Miscellaneous revenue                           | -                | -                        |
| Transfer from other funds                       | -                | 129,309                  |
| Proceeds from long-term debt                    | -                | 1,735,000                |
|   | <u>266,379</u>   | <u>2,385,076</u>         |
| <b>USE OF FUNDS</b>                             |                  |                          |
| Capital expenditures                            | \$ -             | \$ 5,595                 |
| Administration                                  | 6,339            | 42,318                   |
| Interest and fiscal charges                     | 50,013           | 247,011                  |
| Principal on long-term debt                     | 65,000           | 125,000                  |
| Development grants/incentives                   | 189,025          | 1,923,212                |
|   | <u>310,377</u>   | <u>2,343,136</u>         |
| <b>Total Uses</b>                               | <u>310,377</u>   | <u>2,343,136</u>         |
| Beginning Fund Balance                          | <u>85,938</u>    | <u>-</u>                 |
| Ending Fund Balance                             | <u>\$ 41,940</u> | <u>\$ 41,940</u>         |
| <b>Reconciliation of Recoverable Costs</b>      |                  |                          |
| Fund balance                                    |                  | \$ 41,940                |
| Principal balance of outstanding long-term debt |                  | <u>(1,610,000)</u>       |
| <b>Net Cost Recoverable through TIF</b>         |                  |                          |
| Increments - December 31, 2017                  |                  | <u>\$ (1,568,060)</u>    |