NOTICE OF MEETING
VILLAGE OF FOX POINT
AUDIT COMMITTEE

SCHWEMER HALL - MUNICIPAL BUILDING
7200 N. SANTA MONICA BLVD.
FOX POINT, WI 53217

TUESDAY
JUNE 6, 2017
5:00 P.M.

AGENDA

1. **Roll Call**

2. **Approval of the Minutes of the February 15, 2017, Audit Committee Meeting.**

3. **Discussion and Possible Action Re: FY 2016 Village Audit**

4. **Adjourn**

VILLAGE OF FOX POINT
AUDIT COMMITTEE
FEBRUARY 15, 2017

A meeting of the Fox Point Audit Committee was held in Schwemer Hall, 7200 N. Santa Monica Blvd., on Wednesday, February 15, 2017 at 5:00 p.m. Those present included:

Christine Symchych, Trustee, Chair
Terry Rindt, Member
Kenneth Wirth, Member

Absent-William Kravit, Trustee
Absent-Marty Tirado, Trustee

Also present were Village Manager Scott Botcher, Village Financial Manager Mary Carthell and Wendi Unger, Baker Tilly Virchow Krause & Company.

Notice of the meeting was provided to the North Shore Now and to all others as required by State open meetings laws and posted on the official bulletin board at 7200 N Santa Monica Boulevard, as well as the village website at www.villageoffoxpoint.com, as per 2015 Wisconsin Act 79 and as described in Village Ordinance Chapter 116-2, 116-2(C).

Approval of the Minutes of the June 13, 2016 Meeting

On motion of Wirth, seconded by Rindt, and carried 2-0-1 (Rindt abstaining), the Committee approved the June 13, 2016 Audit Committee meeting minutes.

Discussion and Possible Action Re: 2016 Village Audit

Ms. Wendi Unger, partner Baker Tilly Virchow Krause, presented information relating to the 2016 Village Audit, as attached in the Fox Point Baker Tilly Virchow Krause pre-audit meeting outline.

Adjourn

On motion of Rindt, seconded by Wirth, and unanimously carried, the Audit Committee adjourned at 5:20 p.m.

Respectfully submitted,

Scott A Botcher
Village Manager

DRAFT

VILLAGE OF FOX POINT

Fox Point, Wisconsin

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2016

DRAFT

VILLAGE OF FOX POINT

TABLE OF CONTENTS

DRAFT

REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE

DRAFT

To the Village Board
Village of Fox Point
Fox Point, Wisconsin

In planning and performing our audit of the financial statements of the Village of Fox Point ("Village") as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Village's internal control to be a material weakness:

> Internal Control over Financial Reporting

This communication is intended solely for the information and use of management, the Village Board, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Milwaukee, Wisconsin
June XX, 2017

DRAFT

Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the Village's year-end financial reporting process and preparation of your financial statements.

MATERIAL WEAKNESS

Internal Control over Financial Reporting

Properly designed systems of internal control provides your organization with the ability to process and record monthly and year end transactions and prepare annual financial reports.

Our audit includes a review and evaluation of the village's internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout and at the end of the year.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements including footnotes are prepared.

Due to the small staffing of the Village, our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered a material weakness surrounding the preparation of the financial statements and footnotes and adjusting journal entries identified by the auditors. As a result of these deficiencies, management is unable to prepare financial statements that are in conformity with generally accepted accounting principles.

This level of internal control over financial reporting can be a difficult task for governments that operate with only enough staff to process monthly transactions and reports, and often rely on their auditors to prepare certain year-end audit entries and financial statements.

DRAFT

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

DRAFT

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.

b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:

   > Identify types of potential misstatements.
   > Consider factors that affect the risks of material misstatement.
   > Design tests of controls, when applicable, and substantive procedures.

   We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

We are very interested in your views regarding certain matters. Those matters are listed here:

a. We typically will communicate with your top level of management unless you tell us otherwise.

b. We understand that the Village Board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.

c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.

d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

e. Have you had any significant communications with regulators or grantor agencies?

f. Are there other matters that you believe are relevant to the audit of the financial statements?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

Also, is there anything that we need to know about the attitudes, awareness, and actions of the Village concerning:

a. The Village's internal control and its importance in the entity, including how the Village board oversees the effectiveness of internal control?

b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6 - 12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions or wish to provide other feedback. We welcome the opportunity to hear from you.

DRAFT

COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

OTHER COMMENTS AND RECOMMENDATIONS

Library Fiscal Agent

The Village of Fox Point has served as the Fiscal Agent for the North Shore Library since its inception in the mid 1980's. While no independent review has been performed as a part of this audit, Village staff believes the Village may not have recovered the total cost(s) of performing these agency tasks. Further, the impact of having Library employees covered under the Village's workers compensation insurance, unemployment compensation insurance, and as FTE's under the Affordable Care Act creates the possibility of undetermined but potentially substantial expenses moving forward. Therefore, the Village may want to evaluate if it is in the Village's best interest to have the Fiscal Agent responsibility shared among the member communities.

Status of Prior Year Comments and Recommendations

1. Controls over Utility Billing – This point is still valid.
2. Controls over Information Technology – This point is still valid.
3. Identity Theft Prevention Program – This point is still valid.
4. Access to Server Room – This point is still valid.

Departmental Controls

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the Village. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the Village are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the Village are supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the Village treasurer. (For example, this would be the case in a typical municipal swimming pool.) In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system. (For example, this would be the case in a typical municipal court.)

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is usually very difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. Examples in your Village that fit this situation may include the following:

Pool
Police Department
Library

As you might expect, similar situations are common in most governments.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. Departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. Yet, because of the lack of segregation of duties, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the departments mentioned above. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place. As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

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INFORMATIONAL POINTS

Cyber Risk Assessment

Cybersecurity is a growing challenge for many governments as threats and vulnerabilities constantly evolve. Information security is a significant issue for many organizations and is no longer considered to be strictly an Information Technology (IT) issue. The potential impacts of a security breach can be financial, operational, and reputational. Cyber risk should be a high priority and evaluated on a regular basis.

Security breaches can come in a number of forms, which are continually evolving with advances in and increased use of technology. It is important for governments to assess what types of information they have that are vulnerable to cyber-attack. Items to consider include processing, collecting, and/or storing personal information about employees, taxpayers, and/or customers. Social security numbers, bank accounts, addresses, medical information, birth dates, and credit cards are all common examples of information existing in systems of governmental entities. In addition, general ledger data and other supporting files can be compromised. Several instances of ransomware have been reported in governmental entities like yours during the last year. Ransomware restricts access to your files and demands a ransom to the malware operator in order to release the restriction. It is important to take inventory of all the information that flows through your systems in order to properly secure your data.

We recommend performing a cyber-risk assessment to align the internal controls and processes with the organizational objectives, initiatives, resources, and risk appetites with regards to cyber risk. We have cybersecurity experts on staff that are available to assist with this assessment.

Government Fraud Prevention and Detection: Now is the Time to Act

When it comes to preventing and detecting fraud in government, being proactive is critical. In fact, government is the second most likely industry to be impacted by fraud. According to the audit standards, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. To get started, your government should conduct a fraud risk assessment to identify where and how fraud might occur and what individuals may be in a position to commit fraud. Once you've identified your entity's fraud risk areas, the next step is to develop a fraud risk assessment and investigation policy.

As you begin your fraud risk assessment or develop tools to prevent and detect fraud, it is important to keep in mind the following information provided by the Association of Certified fraud Examiners:

- Misappropriation of assets accounts for 80 percent of fraud
- The primary internal control weaknesses observed are lack of internal controls, lack of management review, override of existing internal controls and poor tone at the top
- A tip is the most effective tool to catch a fraudster followed by management review
- The professional requirements and objectives of a financial audit are different than a forensic audit. Due to the nature of a financial audit, less than 10 percent of frauds have been discovered as a result of a financial audit conducted by an independent accounting firm.

If your government has not gone through a fraud risk assessment or does not have a plan to prevent and detect fraud, we recommend that this be done and then updated on a regular basis. We are available to assist you with this process.

WISCONSIN RETIREMENT SYSTEM AND GASB NO. 68

As you begin your second year reporting your pension activity under the requirements of GASB Statement No. 68, let's review how this information affects your financial statements.

Wisconsin Retirement System (WRS) pension information is reported on a one year lag in your financial statements, so current year balances are the WRS amounts reported for the plan year ended December 31, 2015. The following is a summary of the status of the WRS for the current and previous year (amounts are in billions).

	Current Year 2015	Previous Year 2014	Change
Total Pension Liability	$ 90.1	$ 89.7	$ 0.4
Net Assets Available for Benefits	88.5	92.1	(3.6)
Net Pension Liability (Asset)	1.6	(2.4)	4.0

As noted above, for the current year, WRS reports a net pension liability compared to a net pension asset for the previous year. Although 2015 contributions to WRS from employers and employees was consistent with the 2014 amounts, net investment income for 2015 decreased from $4.9 billion to a net loss of $0.7 billion, a $5.6 billion swing. This decrease in net investment income was primarily due to declines in investment returns and market values as a result of the 2015 market closing at its lowest point since 2008. In addition, benefit payments increased $0.3 billion or 6.3% from 2014 to 2015 partially as a result of an additional 6,200 retirees receiving benefits. Your government's proportionate share of the current year net pension liability is reported in your government-wide financial statements.

It should be noted that since the net pension liability (asset) is heavily dependent upon the market value of the net assets available for benefits, increases and decreases in the market can and will significantly change the amounts reported on your financial statements in the future.

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REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

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To the Village Board
Village of Fox Point
Fox Point, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the Village of Fox Point for the year ended December 31, 2016 and have issued our report thereon dated June XX, 2017. This letter presents communications required by our professional standards.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or the Village Board of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

Other Information in Documents Containing Audited Financial Statements

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our prior year Communication to Those Charged with Governance and Management dated June 27, 2016.

DRAFT

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note I to the financial statements. No new account policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Pension and other post-employment health care benefits actuarial accrued liabilities which impacts the annual required contributions are based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain cost amortization periods.
>
> Management's estimate of the net pension liability and deferred outflows and deferred inflows of resources related to pension amounts is based on information received from the Wisconsin Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no difficulties in dealing with management in performing our audit.

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CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following is a summary of material financial statement misstatements (audit adjustments):

	Amount
To record utility fixed asset additions and deletions	$ 781,043
To adjust property tax equivalent	71,786
To move debt proceeds	176,074
To record GASB 68 impact in utility funds	199,160
To record depreciation	537,835

In addition, we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

DRAFT

Independence

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the Village of Fox Point that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the Village of Fox Point for the year ended December 31, 2016, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the Village in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the Village other than audit services provided in connection with the audit of the current year's financial statements and the following nonaudit services which in our judgment do not impair our independence.

- Financial statement preparation
- Adjusting journal entries
- Compiled regulatory reports
- CIVIC Systems software

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards.*

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Village Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We welcome the opportunity to discuss the information included in this letter and any other matters. Thank you for allowing us to serve you.

Milwaukee, Wisconsin
June XX, 2017

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MANAGEMENT REPRESENTATIONS

DRAFT

June 27, 2016

Baker Tilly Virchow Krause, LLP
777 E Wisconsin Ave
32nd Floor
Milwaukee, WI 53202

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the Village of Fox Point as of December 31, 2016 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fox Point and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.

2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5. Significant assumptions we used in making accounting estimates, if any, are reasonable.

6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

8. All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.

9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.

10. Guarantees, whether written or oral, under which the Village of Fox Point is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data , documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the Village Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

    a. Management,
    b. Employees who have significant roles in internal control, or
    c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.

15. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16. There are no known related parties or related party relationships and transactions of which we are aware.

Other

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

18. We have a process to track the status of audit findings and recommendations.

19. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20. The Village of Fox Point has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

21. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

22. There are no:

    a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.

    b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.

    c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.

    d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.

    e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.

23. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

    a. Financial statement preparation
    b. Adjusting journal entries
    c. Compiled regulatory reports
    d. Civic Systems software

    None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24. The Village of Fox Point has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

25. The Village of Fox Point has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

26. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any.

27. The financial statements properly classify all funds and activities.

28. All funds that meet the quantitative criteria in GASB Statement No. 34 [illegible]o. [illegible] for [illegible]ta[illegible] [illegible]ajor [illegible] identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

29. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

30. Provisions for uncollectible receivables, if any, have been properly identified and recorded.

31. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

32. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

33. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

34. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).

35. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.

36. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.

37. Tax-exempt bonds issued have retained their tax-exempt status.

38. We have appropriately disclosed the Village of Fox Point's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40. With respect to the supplementary information, (SI):

    a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

    a. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

41. We assume responsibility for, and agree with, the findings of specialists in evaluating the pension and other post-employment benefit liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

42. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

Sincerely,

Village of Fox Point

Signed: ______________________________

Signed: ______________________________

Signed: ______________________________

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VILLAGE OF FOX POINT

Fox Point, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

VILLAGE OF FOX POINT DRAFT

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS (cont.)
As of and for the Year Ended December 31, 2016

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Fox Point
Fox Point, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Fox Point, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Fox Point's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Village Board
Village of Fox Point

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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, each major fund, and the aggregate remaining fund information of the Village of Fox Point, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

Milwaukee, Wisconsin
June xx, 2017

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VILLAGE OF FOX POINT

STATEMENT OF NET POSITION
As of December 31, 2016

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	$ 3,232,471	$ 2,657,299	$ 5,889,770
Taxes receivable	7,107,495	-	7,107,495
Delinquent personal property taxes	15,867	-	15,867
Accounts receivable	76,264	841,221	917,485
Internal balances	(150,563)	150,563	-
Prepaid items	67,894	-	67,894
Inventories	-	34,339	34,339
Equity in North Shore Water Commission	-	109,752	109,752
Other assets	-	86	86
Capital Assets			
Land and right of way	5,791,053	26,561	5,817,614
Other capital assets	19,177,153	22,915,959	42,093,112
Less: Accumulated depreciation	(6,447,993)	(8,872,489)	(15,320,482)
Total Assets	28,869,641	17,863,291	46,732,932
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	130,422	97,167	227,589
Deferred outflows related to pensions	2,264,386	181,898	2,446,284
Total Deferred Outflows of Resources	2,394,808	279,065	2,673,873
LIABILITIES			
Accounts payable and accrued expenses	608,929	215,897	824,826
Due to other governmental units	27,004	-	27,004
Deposits	20,000	-	20,000
Noncurrent Liabilities			
Due within one year	1,564,958	396,563	1,961,521
Due in more than one year	10,714,860	2,159,154	12,874,014
Net pension liability	410,432	32,270	442,702
Total Liabilities	13,346,183	2,803,884	16,150,067
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	6,948,111	-	6,948,111
Deferred gain on refunding	97,167	-	97,167
Deferred inflows of resources related to pensions	863,748	67,911	931,659
Total Deferred Inflows of Resources	7,909,026	67,911	7,976,937
NET POSITION			
Net investment in capital assets	10,633,944	11,918,345	22,552,289
Unrestricted (Deficit)	(624,704)	3,352,216	2,727,512
TOTAL NET POSITION	$ 10,009,240	$ 15,270,561	$ 25,279,801

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 1,185,395	$ 45,909	$ -	$ -
Public safety	4,170,451	233,720	30,275	-
Public works	2,271,789	241,267	554,514	48,000
Health and human services	35,292	-	-	-
Culture, education and recreation	479,564	134,076	-	-
Conservation and development	45,329	475	-	-
Interest and fiscal charges	352,821	-	-	-
Total Governmental Activities	8,540,641	655,447	584,789	48,000
Business-type Activities				
Sewer Utility	870,145	1,111,029	-	22,500
Water Utility	799,376	1,496,910	-	-
Storm Water Utility	453,926	687,815	-	-
Total Business-type Activities	2,123,447	3,295,754	-	22,500
Total	$ 10,664,088	$ 3,951,201	$ 584,789	$ 70,500

General Revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Other taxes
Intergovernmental revenues not restricted to specific programs
Investment income
Miscellaneous
Total General Revenues
Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

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Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Totals
$ (1,139,486)	$ -	$ (1,139,486)
(3,906,456)	-	(3,906,456)
(1,428,008)	-	(1,428,008)
(35,292)	-	(35,292)
(345,488)	-	(345,488)
(44,854)	-	(44,854)
(352,821)	-	(352,821)
(7,252,405)	-	(7,252,405)
-	263,384	263,384
-	697,534	697,534
-	233,889	233,889
-	1,194,807	1,194,807
(7,252,405)	1,194,807	(6,057,598)
5,421,380	-	5,421,380
1,530,051	-	1,530,051
54,025	-	54,025
245,804	124,103	369,907
29,114	1,729	30,843
235,578	-	235,578
7,515,952	125,832	7,641,784
170,542	(170,542)	-
434,089	1,150,097	1,584,186
9,575,151	14,120,464	23,695,615
$ 10,009,240	$ 15,270,561	$ 25,279,801

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	$ 2,186,661	$ 22,102	$ 731,203	$ 292,505	$ 3,232,471
Receivables					
Taxes	5,586,028	1,521,467	-	-	7,107,495
Delinquent personal property tax	15,867	-	-	-	15,867
Accounts	35,367	-	-	40,897	76,264
Prepaid items	67,894	-	-	-	67,894
TOTAL ASSETS	$ 7,891,817	$ 1,543,569	$ 731,203	$ 333,402	$10,499,991
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 37,710	$ -	$ 125,265	$ 49,807	$ 212,782
Accrued liabilities	313,861	-	-	13,627	327,488
Special deposits	20,000	-	-	-	20,000
Due to other funds	148,606	-	-	1,957	150,563
Due to other governments	27,004	-	-	-	27,004
Total Liabilities	547,181	-	125,265	65,391	737,837
Deferred Inflows of Resources					
Unearned property taxes	5,426,644	1,521,467	-	-	6,948,111
Fund Balances					
Nonspendable	83,761	-	-	-	83,761
Restricted	-	22,102	605,938	-	628,040
Committed	-	-	-	268,011	268,011
Assigned	218,445	-	-	-	218,445
Unassigned	1,615,786	-	-	-	1,615,786
Total Fund Balances	1,917,992	22,102	605,938	268,011	2,814,043
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,891,817	$ 1,543,569	$ 731,203	$ 333,402	$10,499,991

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
As of December 31, 2016

Total Fund Balances - Governmental Funds	$ 2,814,043
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Land	1,138,498
Land improvements	4,652,555
Other capital assets	19,177,153
Less: Accumulated depreciation	(6,447,993)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(410,432)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,264,386
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(863,748)
Unamortized loss/(gain) on refunding	33,255
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	(10,537,341)
Compensated absences	(818,717)
Accrued interest	(68,659)
Net OPEB obligation	(295,033)
Sick leave insurance liability	(181,505)
Unamortized debt premium	(167,405)
North Shore Fire Department obligations	(310,659)
Net pension obligation	30,842
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 10,009,240

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	$ 5,475,405	$ 1,530,051	$ -	$ -	$ 7,005,456
Intergovernmental	745,713	-	-	55,423	801,136
Licenses and permits	156,910	-	-	149,290	306,200
Fines, forfeitures and penalties	82,464	-	-	-	82,464
Public charges for services	14,610	-	-	329,122	343,732
Intergovernmental charges for services	69,125	-	-	-	69,125
Investment income	29,114	-	-	-	29,114
Other revenues	91,262	-	48,000	-	139,262
Total Revenues	6,664,603	1,530,051	48,000	533,835	8,776,489
EXPENDITURES					
Current					
General government	985,485	-	-	-	985,485
Public safety	3,550,295	-	-	182,860	3,733,155
Public works	1,486,224	-	-	287,540	1,773,764
Health and human services	35,292	-	-	-	35,292
Culture, recreation and education	258,009	-	-	187,159	445,168
Conservation and development	45,254	-	-	75	45,329
Capital outlay	-	-	587,980	23,784	611,764
Debt Service					
Principal	-	3,156,153	-	-	3,156,153
Interest and fiscal charges	-	394,724	-	-	394,724
Total Expenditures	6,360,559	3,550,877	587,980	681,418	11,180,834
Excess (deficiency) of revenues over expenditures	304,044	(2,020,826)	(539,980)	(147,583)	(2,404,345)

See accompanying notes to financial statements.

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	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)					
Transfers in	170,542	33,695	71,163	45,852	321,252
Transfers out	(45,852)	-	-	(90,863)	(136,715)
Sales of fixed assets	-	-	13,704	-	13,704
Premium on debt issued	-	32,219	-	-	32,219
Proceeds of general obligation debt	-	3,002,661	848,041	-	3,850,702
Payments to refunding escrow	-	(1,056,766)	-	-	(1,056,766)
Total Other Financing Sources (Uses)	124,690	2,011,809	932,908	(45,011)	3,024,396
Net Change in Fund Balances	428,734	(9,017)	392,928	(192,594)	620,051
FUND BALANCES - Beginning of Year	1,489,258	31,119	213,010	460,605	2,193,992
FUND BALANCES - END OF YEAR	$ 1,917,992	$ 22,102	$ 605,938	$ 268,011	$ 2,814,043

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	$ 620,051
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 net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	611,764
Some items reported as capital outlay were not capitalized	(393,551)
Depreciation is reported in the government-wide financial statements	(566,989)
Net book value of assets retired	(16,277)
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	(3,850,702)
Payments to refunded bond escrow	984,479
Principal repaid	3,156,153
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Debt premium on issuance	(32,219)
Amortization of loss/gain on refunding	60,759
Amortization of premium on debt issued	20,410
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.	
Compensated absences	(49,655)
Sick leave insurance liability	38,921
North Shore Fire Department obligations	53,799
Net pension asset	(1,039,150)
Deferred outflows of resources related to pensions	741,869
Net pension obligation	72,424
Net OPEB obligation	(15,331)
Accrued interest on debt	37,334
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 434,089

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water	Totals
ASSETS				
Current Assets				
Cash and investments	$ 1,521,159	$ 678,890	$ 457,250	$ 2,657,299
Accounts receivables	306,102	401,847	133,272	841,221
Due from other funds	57,182	69,867	23,514	150,563
Materials and supplies	34,339	-	-	34,339
Total Current Assets	1,918,782	1,150,604	614,036	3,683,422
Noncurrent Assets				
Capital Assets				
Land and land rights	26,561	-	-	26,561
Property and equipment	12,949,662	7,249,912	2,716,385	22,915,959
Less: Accumulated depreciation	(6,327,483)	(2,012,830)	(532,176)	(8,872,489)
Other Assets				
Unamortized debt issuance costs	-	-	97,167	97,167
Equity in North Shore Water Commission	109,752	-	-	109,752
Non-utility property	86	-	-	86
Total Noncurrent Assets	6,758,578	5,237,082	2,281,376	14,277,036
Total Assets	8,677,360	6,387,686	2,895,412	17,960,458
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	56,917	51,834	73,147	181,898
Total Deferred Outflows of Resources	56,917	51,834	73,147	181,898

See accompanying notes to financial statements.

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	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	45,945	87,500	29,719	163,164
Accrued wages	1,567	1,095	956	3,618
Accrued interest	2,227	8,735	6,283	17,245
Compensated absences	15,783	6,844	9,243	31,870
Current portion of long-term debt	62,134	185,042	149,387	396,563
Total Current Liabilities	127,656	289,216	195,588	612,460
Noncurrent Liabilities				
Long-Term Debt				
General obligation bonds payable	162,044	814,480	1,069,568	2,046,092
Unamortized premium	2,649	7,357	-	10,006
Net pension liability	9,521	9,648	13,101	32,270
Compensated absences	37,230	26,036	39,790	103,056
Total Noncurrent Liabilities	211,444	857,521	1,122,459	2,191,424
Total Liabilities	339,100	1,146,737	1,318,047	2,803,884
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources	20,038	20,303	27,570	67,911
Total Deferred Inflows of Resources	20,038	20,303	27,570	67,911
NET POSITION				
Net investment in capital assets	6,421,912	4,230,201	1,266,232	11,918,345
Unrestricted (Deficit)	1,953,227	1,042,279	356,710	3,352,216
TOTAL NET POSITION	$ 8,375,139	$ 5,272,480	$ 1,622,942	$ 15,270,561

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Totals
OPERATING REVENUES				
Public charges for services	$ 1,450,859	$ 1,111,029	$ 669,005	$ 3,230,893
Other operating revenues	46,051	-	18,810	64,861
Total Operating Revenues	1,496,910	1,111,029	687,815	3,295,754
OPERATING EXPENSES				
Operation and maintenance	478,120	715,481	303,453	1,497,054
Depreciation	304,614	116,069	105,465	526,148
Taxes	6,453	2,932	-	9,385
Total Operating Expenses	789,187	834,482	408,918	2,032,587
Operating Income	707,723	276,547	278,897	1,263,167
NONOPERATING REVENUES (EXPENSES)				
Investment income	645	1,084	-	1,729
Sewer lateral charges	-	22,500	-	22,500
Grants from local governments	-	124,103	-	124,103
Interest and fiscal charges	(10,566)	(36,502)	(34,008)	(81,076)
Amortization	378	838	(11,000)	(9,784)
Total Nonoperating Revenues (Expenses)	(9,543)	112,023	(45,008)	57,472
Income Before Transfers	698,180	388,570	233,889	1,320,639
TRANSFERS				
Transfers out	(170,542)	-	-	(170,542)
Change in Net Position	527,638	388,570	233,889	1,150,097
NET POSITION - Beginning of Year	7,847,501	4,883,910	1,389,053	14,120,464
NET POSITION - END OF YEAR	$ 8,375,139	$ 5,272,480	$ 1,622,942	$ 15,270,561

See accompanying notes to financial statements.

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STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	$ 1,104,463	$ 1,154,735	$ 688,662	$ 2,947,860
Received from municipality for services	354,340	-	-	354,340
Paid to vendors for goods and services	(714,287)	(618,230)	(217,123)	(1,549,640)
Paid to employees for services	(176,070)	(92,641)	(123,932)	(392,643)
Net Cash Flows From Operating Activities	568,446	443,864	347,607	1,359,917
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	949	1,084	-	2,033
Net Cash Flows From Investing Activities	949	1,084	-	2,033
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to municipality for tax equivalent	(170,542)	-	-	(170,542)
Net Cash Flows From Noncapital Financing Activities	(170,542)	-	-	(170,542)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt issued	75,945	33,381	189,449	298,775
Debt retired	(173,874)	(255,285)	(132,676)	(561,835)
Interest paid	(12,133)	(36,918)	(34,465)	(83,516)
Acquisition and construction of capital assets	(217,556)	(157,963)	(397,912)	(773,431)
Net Cash Flows From Capital and Related Financing Activities	(327,618)	(416,785)	(375,604)	(1,120,007)
Net Change in Cash and Cash Equivalents	71,235	28,163	(27,997)	71,401
CASH AND CASH EQUIVALENTS - Beginning of Year	1,449,924	650,727	485,247	2,585,898
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,521,159	$ 678,890	$ 457,250	$ 2,657,299

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Storm Water Utility	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	$ 702,243	$ 276,547	$ 278,897	$ 1,257,687
Nonoperating revenue	-	124,103	-	124,103
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities				
Depreciation	304,614	116,069	105,465	526,148
Depreciation charged to other funds	11,238	-	-	11,238
Changes in assets and liabilities				
Accounts receivable	(53,014)	(101,308)	(1,220)	(155,542)
Other accounts receivable	3,404	20,911	2,067	26,382
Inventories	(2,982)	-	-	(2,982)
Accounts payable	(412,813)	1,976	(50,508)	(461,345)
Accrued wages	2,777	2,156	3,429	8,362
Other current liabilities	1,504	1,044	1,406	3,954
Pension related deferrals and liabilities	11,475	2,366	8,071	21,912
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 568,446	$ 443,864	$ 347,607	$ 1,359,917
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS				
Cash and investments	$ 1,521,159	$ 678,890	$ 457,250	$ 2,657,299
Restricted cash and investments				
CASH AND CASH EQUIVALENTS	$ 1,521,159	$ 678,890	$ 457,250	$ 2,657,299
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from refunding debt	$ 80,592	$ 197,100	$ 197,830	
Amortization premium	$ 379	$ 838	$ 11,000	

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
As of December 31, 2016

	Agency Funds North Shore Library Operations	Agency Funds North Shore Library Donations	Agency Funds Tax Collection Fund
ASSETS			
Cash and investments	$ 151,141	$ 53,638	$ 16,886,151
Other receivables	3,479	-	-
Taxes receivable	-	-	6,326,501
TOTAL ASSETS	$ 154,620	$ 53,638	$ 23,212,652
LIABILITIES			
Accounts payable	$ 14,108	$ 2,465	$ 1,452
Due to North Shore Library	101,127	51,173	-
Due to other taxing units	-	-	23,211,200
Other liabilities	39,385	-	-
TOTAL LIABILITIES	$ 154,620	$ 53,638	$ 23,212,652

See accompanying notes to financial statements.

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VILLAGE OF FOX POINT

INDEX TO NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

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

Fund Financial Statements (cont.)

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

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and

b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.

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

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

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital program.

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system.
Sewer Utility - accounts for operations of the sewer system.
Stormwater Utility - accounts for operations of the stormwater system.

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

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

Fund Financial Statements (cont.)

The Village reports the following nonmajor governmental funds:

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

Recycling	Pool
Inspection	Community development block grant

In addition, the Village reports the following fund types:

Agency Funds - used to account for and report assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

North Shore Library Operations	North Shore Library Donations
Tax Collection Fund	

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer, and storm water 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.

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

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

Fund Financial Statements

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

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

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

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

Proprietary and fiduciary fund financial statements (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 water, sewer, and storm water utilities 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.

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

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

a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.

b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.

c. Bonds or securities issued or guaranteed by the federal government.

d. The local government investment pool.

e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

g. Repurchase agreements with public depositories, with certain conditions.

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

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

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

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

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note III. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, 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.

2. Receivables

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

Property tax calendar - 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	March 31, 2017
Third installment due	May 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale - 2016 delinquent real estate taxes	October 2019

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 and sewer 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.

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

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

2. Receivables (cont.)

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 governmental-wide financial statements as internal balances.

3. Prepaid Items

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

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

4. 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 $2,500 for general capital assets and $5,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

4. *Capital Assets* (cont.)

Government-Wide Statements (cont.)

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

Buildings	50-75	Years
Land Improvements	20	Years
Machinery and Equipment	7-30	Years
Utility System	50	Years
Infrastructure	40	Years
Intangibles	5	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.

5. *Deferred Outflows of Resources*

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

6. *Compensated Absences*

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

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

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

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

6. *Compensated Absences* (cont.)

The Village provides postemployment health insurance benefits for all eligible employees. Eligibility is based on employee's age and employment status. The benefits are based on contractual agreements with employee groups, local ordinances, or employee benefit policies. Employees may convert of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. by the village until the sick leave bank is exhausted. Funding for those costs is provided out of the current operating budget of the Village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were $38,921. The number of participants currently eligible to receive benefits is 6. The total amount outstanding at year end to be paid in the future is $181,505 and is included in the government-wide statement of net position.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016, are determined on the basis of current salary rates and include salary related payments.

7. *Long-Term Obligations/Conduit Debt*

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

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.There were no IRB's outstanding at year end.

As required by State Statutes Section 66.191, the village is paying a fixed monthly amount to a former employee's widow. The entire obligation has been recorded in the long-term liabilities in the government-wide statements.

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

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

8. Deferred Inflows of Resources

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

9. Equity Classifications

Government-Wide Statements

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

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

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

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

9. Equity Classifications (cont.)

Fund Statements (cont.)

c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Village Manager to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.

e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

The village has a formal minimum fund balance policy. That policy is to maintain the village's General Fund fund balance as of January 1st of each year to be no less than 10% of that year's adopted General Fund operating budget. The General Fund fund balance at year end was $1,917,992, or 28% of the 2016 General Fund operating budget.

See Note III. F. for further information.

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

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

10. Pension

For purposes of measuring the net pension asset (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.

11. Basis for Existing Rates

Water Rates

Current water rates as approved by the PSCW were placed into effect on July 6, 2014.

Sewer Rates

Current sewer rates as approved by the Village Board were placed into effect on January 1, 2013.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. *Excess Expenditures Over Appropriations*

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt service fund	$ 1,563,746	$ 4,607,642	$ 3,043,896
Special Revenue Fund - Community development block grant	-	71,238	71,238

The village controls expenditures at the fund level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. Limitations On The Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	$ 6,290,383	$ 5,658,846	Custodial credit
LGIP	16,689,534	4,674,813	Credit
Petty cash	783	-	N/A
Total Deposits and Investments	$ 22,980,700	$ 10,333,659	

Reconciliation to financial statements	
Per statement of net position	
Unrestricted cash and investments	$ 5,889,770
Per statement of assets and liabilities - agency funds	
Private Purpose Trust	17,090,930
Total Deposits and Investments	$ 22,980,700

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

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

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

As of December 31, 2016, $5,158,846 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 5,158,846
Total	$ 5,158,846

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

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

B. Receivables

All of the receivables on the balance sheet are expected to be collected within one year, except for delinquent personal property taxes.

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

	Unearned
Property taxes receivable for subsequent year	$ 6,948,111
Sewer project receivables	105,725
Total Unearned/Unavailable Revenue for Governmental Funds	$ 7,053,836

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	$ 1,138,498	$ -	$ -	$ 1,138,498
Right of way	4,652,555	-	-	4,652,555
Total Capital Assets Not Being Depreciated/Amortized	5,791,053	-	-	5,791,053
Capital assets being depreciated/amortized				
Land Improvements	782,587	-	-	782,587
Buildings	5,184,059	-	-	5,184,059
Machinery and equipment	4,384,818	175,262	109,726	4,450,354
Streets	5,444,474	-	-	5,444,474
Bridges	3,199,822	-	-	3,199,822
Software	106,706	42,951	33,800	115,857
Total Capital Assets Being Depreciated/Amortized	19,102,466	218,213	143,526	19,177,153
Total Capital Assets	24,893,519	218,213	143,526	24,968,206
Less: Accumulated depreciation/amortization for				
Land Improvements	(274,039)	(47,055)	-	(321,094)
Buildings	(1,007,237)	(92,662)	-	(1,099,899)
Machinery and equipment	(2,098,195)	(231,031)	96,829	(2,232,397)
Streets	(2,130,935)	(134,436)	-	(2,265,371)
Bridges	(419,023)	(54,304)	-	(473,327)
Software	(78,824)	(7,501)	30,420	(55,905)
Total Accumulated Depreciation/Amortization	(6,008,253)	(566,989)	127,249	(6,447,993)
Net Capital Assets Being Depreciated/Amortized	13,094,213	(348,776)	16,277	12,729,160
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	$ 18,885,266	$ (348,776)	$ 16,277	$ 18,520,213

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. Capital Assets (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	$ 42,240
Public Safety	126,171
Public works	376,293
Leisure	22,285
Total Governmental Activities Depreciation/Amortization Expense	$ 566,989

Business-type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Sewer				
Capital assets being depreciated/amortized				
Collection system	$ 6,795,305	$ 157,963	$ -	$ 6,953,268
Treatment and disposal	50,000	-	-	50,000
General	132,381	-	-	132,381
Software	114,263	-	-	114,263
Total Capital Assets Being Depreciated/Amortized	7,091,949	157,963	-	7,249,912
Less: Accumulated depreciation/amortization for Sewer Capital Assets	(1,896,761)	(116,069)	-	(2,012,830)
Total Accumulated Depreciation/Amortization	(1,896,761)	(116,069)	-	(2,012,830)
Net Capital Assets Being Depreciated/Amortized	5,195,188	41,894	-	5,237,082
Net Sewer Capital Assets	$ 5,195,188	$ 41,894	$ -	$ 5,237,082

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. *Capital Assets* (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
Capital assets not being depreciated/amortized				
Land and land rights	$ 26,562	$ -	$ -	$ 26,562
Total Capital Assets Not Being Depreciated/Amortized	26,562	-	-	26,562
Capital assets being depreciated/amortized				
Source of supply	267,178	11,364	-	278,542
Pumping	894,845	2,549	3,191	894,203
Water treatment	1,703,101	15,200	-	1,718,301
Transmission and distribution	8,901,400	103,867	26,638	8,978,629
General	944,868	136,748	1,629	1,079,987
Total Capital Assets Being Depreciated/Amortized	12,711,392	269,728	31,458	12,949,662
Total Capital Assets	12,737,954	269,728	31,458	12,976,224
Less: Accumulated depreciation/amortization for Water Capital Assets	(6,042,905)	(304,614)	20,036	(6,327,483)
Total Accumulated Depreciation/Amortization	(6,042,905)	(304,614)	20,036	(6,327,483)
Net Capital Assets Being Depreciated/Amortized	6,668,487	(34,886)	11,422	6,622,179
Net Water Capital Assets	$ 6,695,049	$ (34,886)	$ 11,422	$ 6,648,741

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. *Capital Assets* (cont.)

Business-type Activities (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater				
Capital assets being depreciated/amortized				
Storm Water System	$ 2,122,478	$ 326,714	$ -	$ 2,449,192
Software	121,269	83,619	-	204,888
Equipment	62,305	-	-	62,305
Total Capital Assets Being Depreciated/Amortized	2,306,052	410,333	-	2,716,385
Less: Accumulated depreciation/amortization for				
Storm Water System	(362,809)	(93,226)	-	(456,035)
Software	(48,276)	(8,085)	-	(56,361)
Equipment	(15,626)	(4,154)	-	(19,780)
Total Accumulated Depreciation/Amortization	(426,711)	(105,465)	-	(532,176)
Net Capital Assets Being Depreciated/Amortized	1,879,341	304,868	-	2,184,209
Net Stormwater Capital Assets	$ 1,879,341	$ 304,868	$ -	$ 2,184,209
Business-type Capital Assets, Net of Accumulated Depreciation/Amortization	$ 13,769,578	$ 311,876	$ 11,422	$ 14,070,032

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Sewer	$ 116,069
Water	304,614
Storm	105,465
Total Business-type Activities Depreciation / Amortization Expense	$ 526,148

Depreciation expense is different from additions because of joint metering, salvage cost of removal, internal allocations, and cost associated with the disposal of assets.

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. 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:

Receivable Fund	Payable Fund	Amount
Water utility	General fund	$ 57,182
Sewer utility	General fund	69,867
Storm Water utility	General fund	23,514
Special Revenue - Recycling fund	General fund	1,957
		152,520
Less: Fund eliminations		(1,957)
Total Internal Balances - Government-Wide Statement of Net Position		$ 150,563

Receivable Fund	Payable Fund	Amount
Governmental Activities	Business-type Activities	$ -
Business-type Activities	Governmental Activities	150,563
Total Government-Wide Financial Statements		$ 150,563

All amounts are due within one year.

The principal purpose of these interfunds are due to delinquent utility bills collected during the tax collection process of the general fund. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. Interfund Receivables/Payables and Transfers (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
General fund	Water utility	$ 170,542	Payment in lieu of taxes
Debt service fund	Special Revenue - Pool fund	19,700	Debt service requirements
Debt service fund	Special Revenue - Library Fund	13,995	Debt service requirements
Special Revenue - Recycling fund	General fund	33,857	Reimbursement for expenditures
Special Revenue - Inspection fund	General fund	11,995	Reimbursement for expenditures
Total - Fund Financial Statements		250,089	
Less: Fund eliminations		(79,547)	
Total Transfers - Government-Wide Statement of Activities		$ 170,542	

Fund Transferred To	Fund Transferred From	Amount
Governmental Activities	Business-type Activities	$ 170,542
Business-type Activities	Governmental Activities	-
Total Government-wide Financial Statements		$ 170,542

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

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	$ 10,827,271	$ 3,850,702	$ 4,140,632	$ 10,537,341	$ 1,312,337
(Discounts)/Premiums	155,596	32,219	20,410	167,405	-
Sub-totals	10,982,867	3,882,921	4,161,042	10,704,746	1,312,337
Other Liabilities					
Vested compensated absences	769,062	128,293	78,638	818,717	204,679
North Shore Fire Department obligations	364,458	-	53,799	310,659	47,942
Sick leave insurance liability	220,426	-	38,921	181,505	-
Net pension liabiliy (asset)	(628,718)	1,039,150	-	410,432	-
Net pension obligation (asset)	41,582	12,928	85,352	(30,842)	-
Net OPEB obligation	279,702	54,252	38,921	295,033	-
Total Other Liabilities	1,046,512	1,234,623	295,631	1,985,504	252,621
Total Governmental Activities Long-Term Liabilities	$ 12,029,379	$ 5,117,544	$ 4,456,673	$ 12,690,250	$ 1,564,958
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	$ 2,705,715	$ 774,297	$ 1,037,357	$ 2,442,655	$ 396,563
(Discounts)/Premiums	11,223	-	1,217	10,006	-
Sub-totals	2,716,938	774,297	1,038,574	2,452,661	396,563
Other Liabilities					
Vested compensated absences	94,694	8,362	-	103,056	-
Net pension liability (asset)	(50,898)	83,168	-	32,270	-
Total Other Liabilities	43,796	91,530	-	135,326	-
Total Business-type Activities Long-Term Liabilities	$ 2,760,734	$ 865,827	$ 1,038,574	$ 2,587,987	$ 396,563

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, 2016, was $55,388,045. Total general obligation debt outstanding at year end was $12,979,996.

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. Long-Term Obligations (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by 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.

Governmental Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
2008 G.O. Debt	April 2, 2008	April 1, 2023	4.00%	$ 2,830,000	$ 343,222
2010 G.O. Debt	January 22, 2010	April 1, 2019	2.25 - 3.95%	730,000	275,000
2011 G.O. Debt	June 2, 2011	April 1, 2026	1.10 - 3.50%	1,640,000	780,402
2011 G.O. Debt	November 23, 2011	November 1, 2021	2.00 - 2.50%	245,000	195,000
2012 G.O. Debt	May 2, 2012	April 1, 2027	1.00 - 2.50%	2,500,000	2,055,000
2012 G.O. Refunding Debt	May 2, 2012	April 1, 2027	1.00%	1,630,003	256,765
2015 G.O. Debt	November 3, 2015	April 1, 2025	2.00 %	2,888,050	2,781,250
2016 G.O. Debt	August 1, 2016	April 1, 2026	1.50 - 1.65%	1,901,254	1,901,254
2016 G.O. Refunding Debt	August 1, 2016	April 1, 2032	2.00 - 2.375%	1,949,448	1,949,448
Total Governmental Activities - General Obligation Debt					$ 10,537,341

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
Sewer 2008 G.O. Debt	April 2, 2008	April 1, 2023	4.00%	$ 470,000	$ 72,900
Sewer 2011 G.O. Debt	June 2, 2011	April 1, 2026	1.10 - 3.50%	835,000	605,000
Sewer 2012 G.O. Refunding Debt	May 2, 2012	April 1, 2027	1.00%	578,634	91,142
Sewer 2016 G.O. Debt	August 1, 2016	April 1, 2026	1.50 - 1.65%	210,426	210,426
Sewer 2016 G.O. Refunding	August 1, 2016	April 1, 2032	2.00 - 2.375%	20,055	20,055
Water 2008 G.O. Debt	April 2, 2008	April 1, 2023	4.00%	185,000	24,408
Water 2012 G.O. Refunding Debt	May 2, 2012	April 1, 2027	1.00%	274,568	43,234
Water 2016 G.O. Debt	August 1, 2016	April 1, 2026	1.50 - 1.65%	86,041	86,041
Water 2016 G.O. Refunding	August 1, 2016	April 1, 2032	2.00 - 2.375%	70,496	70,496
Stormwater 2008 G.O. Debt	April 2, 2008	April 1, 2023	4.00%	475,200	69,470
Stormwater 2011 G.O. Debt	May 2, 2012	April 1, 2026	1.10-3.50%	510,000	409,597
Stormwater 2012 G.O. Refunding Debt	December 20, 2012	April 1, 2027	1.00%	56,795	8,857
Stormwater 2015 G.O Debt	November 3, 2015	April 1, 2025	2.00%	356,950	343,750
Stormwater 2016 G.O. Debt	August 1, 2016	April 1, 2026	1.50 - 1.65%	387,279	387,279
Total Business-type Activities - General Obligation Debt					$ 2,442,655

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. *Long-Term Obligations* (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt Principal	Governmental Activities General Obligation Debt Interest	Business-type Activities General Obligation Debt Principal	Business-type Activities General Obligation Debt Interest
2017	$ 1,312,337	$ 266,649	$ 392,663	$ 73,957
2018	1,184,453	225,609	260,545	64,317
2019	1,212,799	159,283	267,201	39,194
2020	1,146,249	135,695	268,751	33,829
2021	1,322,108	113,260	277,891	28,161
2022-2026	3,250,846	311,739	934,153	63,736
2027-2031	940,800	79,080	34,200	3,548
2032-2036	167,749	2,502	7,251	123
Totals	$ 10,537,341	$ 1,293,817	$ 2,442,655	$ 306,865

Other Long-Term Obligations

Other Long-Term Obligations at December 31, 2016 consists of the following:

Governmental Activities Other Long-Term Obligations	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2016
NSFD debt obligation	8/1/03	8/1/23	2.50-4.20%	$ 254,012	$ 139,317
NSFD debt obligation	11/1/10	4/1/22	0.51-2.91%	331,641	171,342
Total Governmental Activities Other Long-Term Obligations					$ 310,659

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

Other Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities Other Long-Term Obligations	
Years	Principal	Interest
2017	$ 47,942	$ 6,876
2018	48,973	5,998
2019	49,488	4,989
2020	50,519	3,879
2021	51,550	2,657
2022-2026	62,187	2,383
Totals	$ 310,659	$ 26,782

Other Debt Information

Estimated payments of compensated absences and other post employment benefits are not included in the debt service requirement schedules. The accumulated vacation payable, accumulated sick leave payable and other post employment benefits obligation attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

Advance Refunding

On August 1, 2016, the Village issued $2,585,000 in general obligation bonds with an average coupon rate of 2% to advance refund $1,460,000 of outstanding bonds with an average coupon rate of 4%. The net proceeds along with existing funds of the Village were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The cash flow requirements on the refunded debt prior to the advance refunding was $2,837,022 from 2016 through 2032. The cash flow requirements on the refunding bonds are $2,656,541 from 2016 through 2032. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $150,819.

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. Long-Term Obligations (cont.)

Current Refunding

On , the Village issued $2,040,000 in general obligation bonds with an average coupon rate of 1.50% to refund $2,042,988 of outstanding bonds with an average coupon rate of 3.75%. The net proceeds along with existing funds of the Village were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was $2,581,200 from 2016 through 2023. The cash flow requirements on the refunding bonds are $2,500,125 from 2017 through 2027. The current refunding resulted in an economic (difference between the present values of the debt service payments on the old and new debt) of $76,911.

F. Net Position/Fund Balances

Net position reported on the government wide statement of net position at December 31, 2016, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	$ 1,138,498
Right of way	4,652,555
Other capital assets, net of accumulated depreciation	12,729,160
Less: Long-term debt outstanding	(10,537,342)
Plus: Unspent capital related debt proceeds	605,938
Plus: Noncapital debt proceeds	2,179,285
Plus: Unamortized loss on advanced refunding	33,255
Less: Premium on long-term debt	(167,405)
Total Net Investment in Capital Assets	$ 10,633,944

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2016, include the following:

Nonspendable	
Major Funds	
General Fund	
Delinquent personal property taxes	$ 15,867
Prepaid items	67,894
Total	$ 83,761

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Restricted		
Major Funds		
Debt Service Fund		
Debt Service	$	22,102
Capital Projects Fund		
Unspent debt proceeds		605,938
Total	$	628,040
Committed		
Special Revenue Funds		
Recycling	$	15,557
Pool		133,054
Inspection		119,400
Total	$	268,011
Assigned		
Major Fund		
General Fund		
Subsequent Year Budget	$	218,445
Unassigned		
Major Funds		
General fund	$	1,615,786

Business-type Activities

Net Investment in Capital Assets		
Land	$	26,561
Other capital assets, net of accumulated depreciation		14,043,469
Less: Long-term debt outstanding		(2,442,657)
Plus: Noncapital debt proceeds		300,978
Less: Unamortized debt premium		(10,006)
Total Net Investment in Capital Assets	$	11,918,345

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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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.

NOTE IV - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

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
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

NOTE IV - OTHER INFORMATION (cont.)

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

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

During the reporting period, the WRS recognized $260,244 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At December 31, 2016, the Village reported a liability of $442,702 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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, 2015, the Village's proportion was 0.02724353%, which was a decrease of 0.00042507% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of $545,946.

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 74,893	$ 931,659
Changes in assumptions	309,734	-
Net differences between projected and actual earnings on pension plan investments	1,812,548	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,747	-
Employer contributions subsequent to the measurement date	233,362	-
Totals	$ 2,446,284	$ 931,659

$233,362 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	$ 574,539	$ 225,463
2018	574,539	225,463
2019	574,537	225,463
2020	479,045	225,463
2021	10,262	29,807

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
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 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

NOTE IV - OTHER INFORMATION (cont.)

A. *EMPLOYEES' RETIREMENT SYSTEM* (cont.)

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

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

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

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

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

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village's proportionate share of the net pension liability	$3,105,121	$442,702	$(1,636,694)

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

At December 31, 2016, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

In accordance with its collective bargaining agreement with the Village Police Department, the village provides pension benefits through a non-contributory single employer defined pension plan covering eligible employees. The village makes monthly supplemental payments to those employees who retire after January 1, 2002. To be eligible for this supplement, the employee must have at least fifteen years of service as a village employee, receive a pension from the Wisconsin Retirement System, and not be eligible to receive Medicare benefits. The plan is administered by the village and it does not issue a stand alone report.

The Village administers a single-employer defined benefit pension plan ("the plan"). The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments (COLAs) to plan members and beneficiaries. Benefit provisions are established through collective bargaining agreements. The plan issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for the plan. That report may be obtained by writing or calling the plan.

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The contribution requirements of plan members and the Village are established and may be amended by the Village. Plan members are required to contribute 4% of their annual covered salary. The Village is required to contribute at an actuarially determined rate; the current rate is -% of annual covered payroll.

The Village's annual pension cost and net pension obligation to the plan for the current year were as follows:

Annual required contribution	$ 11,265
Interest on net pension obligation	1,663
Annual pension cost	12,928
Contributions made	(85,352)
Decrease in net pension obligation	(72,424)
Net Pension Obligation - Beginning of Year	41,582
Net Pension Obligation - End of Year	$ (30,842)

The Village's annual pension cost, the percentage of annual pension cost contributed to the plan, and the net pension obligation for December 31, 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual Pension Cost	Percentage of Annual Pension Cost Contributed	Net Pension Obligation
December 31, 2014	$ 31,039	84 %	$ 104,562
December 31, 2015	14,550	533 %	41,582
December 31, 2016	12,928	660 %	(30,842)

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 102,920
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 102,920
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

NOTE IV - OTHER INFORMATION (cont.)

A. Employees' Retirement System (cont.)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the January 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4.00% investment rate of return and projected salary increases of 2.00% per year. Both rates include a 3.00% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016, was 30 years.

B. Risk Management

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

C. Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments 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.

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

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The Village has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

NOTE IV - OTHER INFORMATION (cont.)

D. Joint Ventures

North Shore Water Commission

The Village of Fox Point, City of Glendale and the Village of Whitefish Bay jointly operate the local supply and filtration system, which is called the North Shore Water Commission (NSWC), and provides water supply and filtration. The communities share in the operation proportionately based upon water sold to each participant.

The governing body is made up of citizens from each municipality. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the commission.

Debt is repaid with resources of the utility and is secured by the assets and revenues of NSWC. The transactions of the Commission are not reflected in these financial statements. $206,583 of operating costs represents the Village's share for the North Shore Water Commission which is expected to continue to provide services in the future at similar rates. Financial information of the North Shore Water Commission as of December 31, 2016 is available directly from the NSWC office.

North Shore Library

The City of Glendale and the Villages of Fox Point, Bayside, and River Hills operate the North Shore Library under a Joint Library Agreement dated January 1, 1985. Under the joint agreement, a Joint Library Board is created to operate the North Shore Library. The Joint Library Board is composed of ten members: five members from Glendale, two members each from Fox Point and Bayside, one member from River Hills, and the Superintendent of Schools for the Nicolet School District. The Joint Library Board has the powers to repair, maintain and renew physical assets of the library and to prepare and adopt a budget for the library's operating expenses and a budget for the library's capital improvement expenses. The operating budget must be approved by at least three of the four municipalities. In addition, the Joint Library Board has the power to appoint the Library Director and such other assistants and employees as it deems necessary. Operating and capital expenses are shared proportionately based upon population estimates published in October.

The Treasurer of the Village of Fox Point is designated to pay all expenditures approved by the board and to receive all board revenues. The Village of Fox Point accounts for these transactions in an agency fund. The Village accounts for its share of the operations of the North Shore Library in the general fund. The Village's share of operations in 2016 was $229,697. The Village believes that the library will continue to provide services in the future at similar rates.

NOTE IV - OTHER INFORMATION (cont.)

D. Joint Ventures (cont.)

North Shore Fire Department

By agreement dated December 30, 1994, the North Shore Fire Department (NSFD) was created. The NSFD, which provides a unified integrated fire and emergency medical service, began operations on January 1, 1996. The NSFD was created pursuant to the provisions of Wisconsin Statutes 61.65 and 66.30. Participants are the Village of Fox Point, Village of Shorewood, Village of Brown Deer, Village of River Hills, Village of Whitefish Bay, Village of Bayside and City of Glendale. The North Shore Fire Department furnishes fire and emergency medical services. The North Shore Fire Department (NSFD) is operated by a Board of Directors consisting of seven members which includes the Mayor or Village President of each participating municipality. The affirmative vote of a majority of the members of the Board of Directors is required on most matters.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets and recommending adoption of the department's budget. The capital and operating budget of the department must receive approval of at least five of the seven participating municipalities.

Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc. The fiscal agent for the North Shore Fire Department is the Village of Brown Deer. The village's share of operations in 2016 was $1,229,847.

Dispatch Services

The Village of Fox Point, River Hills, and Bayside jointly operate a dispatch service center under a joint service agreement. Under the joint agreement, the Village of Bayside provides dispatch services to the municipalities. The cost of these services is shared between the communities as agreed upon in the individual agreements. A separate board has not been established to govern the dispatch service activities. Changes to the agreements and to the services provided require the approval of all three Village boards. During 2016, the village's share of operations was $269,918. The village does not report an equity interest in this joint venture.

E. Other Postemployment Benefits

The Village administers a single-employer defined benefit healthcare plan The plan provides for eligible retirees and their spouses through the Village's which covers both active and retired members. Benefit provisions are established through and state that eligible retirees and their spouses at established contribution rates.

Contribution requirements are established through personnel policy guidelines and may be amended by the action of the governing body. The village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The village contributes 25% of the current year premiums until Medicare is available. For fiscal year 2016, the village contributed $38,921 to the plan. Plan members receiving benefits contribute 75% of their premium costs. For fiscal year 2016, total member contributions were $77,842.

NOTE IV - OTHER INFORMATION (cont.)

E. Other Postemployment Benefits (cont.)

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the Village's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	$	43,064
Interest on net OPEB obligation		11,188
Adjustment to annual required contribution		-
Annual OPEB cost		54,252
Contributions made		(38,921)
Increase in net OPEB obligation		15,331
Net OPEB Obligation - Beginning of Year		279,702
Net OPEB Obligation - End of Year	$	295,033

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	$ 73,322	44 %	$ 266,174
December 31, 2015	53,903	75 %	279,702
December 31, 2016	54,252	71 %	295,033

NOTE IV - OTHER INFORMATION (cont.)

E. Other Postemployment Benefits (cont.)

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$	539,233
Actuarial value of plan assets		-
Unfunded Actuarial Accrued Liability (UAAL)	$	539,233
Funded ratio (actuarial value of plan assets/AAL)		-%
Covered payroll (active plan members)		N/A
UAAL as a percentage of covered payroll		N/A

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

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

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after 70 years. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2016, was 30 years.

NOTE IV - OTHER INFORMATION (cont.)

F. Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73*

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

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE OF FOX POINT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	$ 5,482,386	$ 5,475,405	$ (6,981)
Intergovernmental	691,163	745,713	54,550
Licenses and permits	135,740	156,910	21,170
Fines, forfeitures and penalties	75,250	82,464	7,214
Public charges for services	9,700	14,610	4,910
Intergovernmental charges for services	113,000	69,125	(43,875)
Investment income	11,000	29,114	18,114
Other revenues	56,200	91,262	35,062
Total Revenues	6,574,439	6,664,603	90,164
EXPENDITURES			
Current:			
General government	1,037,086	985,485	51,601
Public safety	3,683,792	3,550,295	133,497
Public works	1,500,806	1,486,224	14,582
Health and human services	31,536	35,292	(3,756)
Culture, recreation and education	254,697	258,009	(3,312)
Conservation and development	42,000	45,254	(3,254)
Total Expenditures	6,549,917	6,360,559	189,358
Excess (deficiency) of revenues over (under) expenditures	24,522	304,044	279,522
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	170,542	(29,458)
Transfers out	(45,852)	(45,852)	-
Total Other Financing Sources (Uses)	154,148	124,690	(29,458)
Net Change in Fund Balance	$ 178,670	428,734	$ 250,064
FUND BALANCE - Beginning of Year		1,489,258	
FUND BALANCE - END OF YEAR		$ 1,917,992	

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VILLAGE OF FOX POINT

SINGLE EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/12	$ -	$ 200,080	$ 200,080	0%	$ 1,194,991	17%
01/01/13	-	218,311	218,311	0%	N/A	N/A
01/01/15	-	102,920	102,920	0%	N/A	N/A

The village is required to present the above information for the three most recent actuarial studies.

See independent auditors' report.

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VILLAGE OF FOX POINT

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/12	$ -	$ 597,770	$ 597,770	0%	$ 3,163,190	19%
01/01/13	-	642,255	642,255	0%	N/A	N/A
01/01/15	-	539,233	539,233	0%	N/A	N/A

The Village is required to present the above information for the three most recent actuarial studies.

See independent auditors' report.

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VILLAGE OF FOX POINT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/15	0.02766856%	$ (679,616)	$ 3,210,928	21.17%	102.74%
12/31/16	0.02724353%	442,702	3,268,655	13.54%	98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2016

Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 277,668	$ 277,668	$ -	$ 3,268,645	8.49%
12/31/16	233,362	233,362	-	3,236,140	7.21%

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

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VILLAGE OF FOX POINT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2016

BUDGETARY INFORMATION

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

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

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

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

	Final Budget	Expenditures	Excess
General Fund			
Health and human services	$ 31,536	$ 35,292	$ 3,756
Culture, recreation and education	254,697	258,009	3,312
Conservation and development	42,000	45,254	3,254

WISCONSIN RETIREMENT SYSTEM

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

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

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

Changes in Assumptions. There were no changes in assumptions.

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SUPPLEMENTARY INFORMATION

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VILLAGE OF FOX POINT

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Budgeted Amounts Original and Final Budget	Actual	Variance with Final Budget
TAXES			
General property taxes	$ 5,421,386	$ 5,421,380	$ (6)
Payment in lieu of taxes	26,000	24,823	(1,177)
Interest and penalties on taxes	35,000	29,202	(5,798)
Total	5,482,386	5,475,405	(6,981)
INTERGOVERNMENTAL			
Federal grants	5,000	-	(5,000)
Shared taxes from state	-	94,087	94,087
Spending restraint	145,000	118,803	(26,197)
Fire insurance tax from state	33,000	30,275	(2,725)
State aid - streets	499,663	499,091	(572)
State aid - exempt computer aid	7,500	3,581	(3,919)
State aid - DARE	1,000	(124)	(1,124)
Total	691,163	745,713	54,550
LICENSES AND PERMITS			
Beverage licenses	10,500	7,344	(3,156)
Bicycle licenses	40	40	-
Pet licenses	3,000	1,928	(1,072)
Cable TV franchise fee	99,000	116,617	17,617
Other permits	23,200	30,981	7,781
Total	135,740	156,910	21,170
FINES, FORFEITURES AND PENALTIES			
Court penalties and costs	75,000	82,414	7,414
Other ordinance fines	250	50	(200)
Total	75,250	82,464	7,214
PUBLIC CHARGES FOR SERVICES			
Miscellaneous service revenues	650	1,000	350
Job orders	5,500	9,625	4,125
Pavilion rental	3,000	3,225	225
Fingerprint fee	200	285	85
Administrative warrant fee	350	475	125
Total	9,700	14,610	4,910
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Fire protection - school district	6,000	6,421	421
Utility equipment rental	107,000	62,704	(44,296)
Total	113,000	69,125	(43,875)

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VILLAGE OF FOX POINT

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
INVESTMENT INCOME			
Investment income	$ 11,000	$ 29,114	$ 18,114
Total	11,000	29,114	18,114
MISCELLANEOUS REVENUES			
Sale of equipment	2,500	-	(2,500)
Insurance recoveries	15,000	25,220	10,220
Miscellaneous revenues	38,700	66,042	27,342
Total	56,200	91,262	35,062
OTHER FINANCING SOURCES			
Transfer in	200,000	170,542	(29,458)
Total revenues and other financing sources	$ 6,774,439	$ 6,835,145	$ 60,706

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VILLAGE OF FOX POINT

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT			
Board	$ 8,973	$ 9,969	$ (996)
Manager	176,041	174,156	1,885
Clerk	124,580	135,210	(10,630)
Treasurer/financial manager	108,706	107,411	1,295
Elections	12,500	31,656	(19,156)
Assessor	90,000	37,470	52,530
Legal	104,000	81,201	22,799
Judicial	49,910	50,527	(617)
Municipal court	27,354	25,609	1,745
General buildings and plant	43,212	62,220	(19,008)
Insurance	270,731	256,452	14,279
Other general government	150	13,604	(13,454)
Contingency	20,929	-	20,929
Total	1,037,086	985,485	51,601
PUBLIC SAFETY			
Police	2,364,925	2,227,557	137,368
Fire	1,232,571	1,229,847	2,724
Other public safety and joint charges	84,691	91,286	(6,595)
Protective inspection	1,200	1,200	-
Disaster control	405	405	-
Total	3,683,792	3,550,295	133,497
PUBLIC WORKS			
Village engineer	91,017	101,881	(10,864)
Machinery and equipment	131,500	105,060	26,440
Building and grounds	1,023,009	1,018,761	4,248
DPW fringe benefits	9,930	11,722	(1,792)
Storm sewer maintenance	250	857	(607)
Highway and streets	46,000	50,354	(4,354)
Snow/ice removal	76,000	75,317	683
Sanitation	111,100	110,539	561
Traffic control	11,000	11,412	(412)
Job orders	1,000	321	679
Total	1,500,806	1,486,224	14,582
HEALTH AND HUMAN SERVICES			
Health department and welfare	31,536	35,292	(3,756)
Total	31,536	35,292	(3,756)

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VILLAGE OF FOX POINT

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
CULTURE, RECREATION AND EDUCATION			
Library	$ 229,697	$ 229,697	$ -
Skating rink/shelter	15,250	19,027	(3,777)
Parks and recreation	3,750	3,280	470
Culture and recreation	6,000	6,005	(5)
Total	254,697	258,009	(3,312)
CONSERVATION AND DEVELOPMENT			
Forestry	42,000	45,254	(3,254)
OTHER FINANCING USES			
Transfers out	45,852	45,852	-
Total Expenditures and Other Financing Uses	$ 6,595,769	$ 6,406,411	$ 189,358

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VILLAGE OF FOX POINT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Special Revenue Funds				
	Recycling	Pool	Inspection	Community Development Block Grant	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	$ -	$ 135,545	$ 156,960	$ -	$ 292,505
Receivables					
Accounts	40,897	-	-	-	40,897
TOTAL ASSETS	$ 40,897	$ 135,545	$ 156,960	$ -	$ 333,402
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 23,361	$ 54	$ 26,392	$ -	$ 49,807
Accrued liabilities	22	2,437	11,168	-	13,627
Due to other funds	1,957	-	-	-	1,957
Total Liabilities	25,340	2,491	37,560	-	65,391
Fund Balances					
Committed	15,557	133,054	119,400	-	268,011
Total Fund Balances	15,557	133,054	119,400	-	268,011
TOTAL LIABILITIES AND FUND BALANCES	$ 40,897	$ 135,545	$ 156,960	$ -	$ 333,402

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VILLAGE OF FOX POINT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue Funds				
	Recycling	Pool	Inspection	Community Development Block Grant	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	$ 55,423	$ -	$ -	$ -	$ 55,423
Licenses and permits	-	-	149,290	-	149,290
Public charges for services	198,271	130,851	-	-	329,122
Total Revenues	253,694	130,851	149,290	-	533,835
EXPENDITURES					
Current					
Public safety	-	-	182,860	-	182,860
Public works	287,540	-	-	-	287,540
Leisure activities	-	187,159	-	-	187,159
Conservation and development	-	-	-	75	75
Capital outlay	-	23,784	-	-	23,784
Total Expenditures	287,540	210,943	182,860	75	681,418
Excess (deficiency) of revenues over expenditures	(33,846)	(80,092)	(33,570)	(75)	(147,583)
OTHER FINANCING SOURCES (USES)					
Transfers in	33,857	-	11,995	-	45,852
Transfer out	-	(19,700)	-	(71,163)	(90,863)
Total Other Financing Sources (Uses)	33,857	(19,700)	11,995	(71,163)	(45,011)
Net Change in Fund Balances	11	(99,792)	(21,575)	(71,238)	(192,594)
FUND BALANCES - Beginning of Year	15,546	232,846	140,975	71,238	460,605
FUND BALANCES - END OF YEAR	$ 15,557	$ 133,054	$ 119,400	$ -	$ 268,011