

**CITY OF PEWAUKEE**

**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2013**

**CITY OF PEWAUKEE**  
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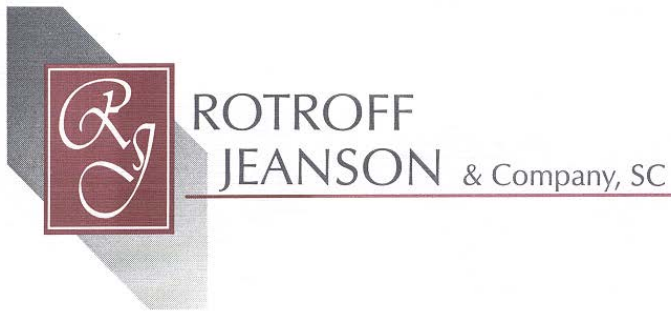
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**CITY OF PEWAUKEE**

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Certified Public Accountants & Consultants

## **Independent Auditors' Report**

Common Council  
City of Pewaukee  
Waukesha County, Wisconsin

Dear Council Members:

### **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 City of Pewaukee, Wisconsin as of and for the year ended December 31, 2013, which collectively comprise the City'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 the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pewaukee, Wisconsin as of December 31, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 6(G), the City adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. The City's net position at December 31, 2012 had included unamortized debt issuance costs of \$82,206. As a result of adopting GASB Statement No. 65 the City's net position reported in the government-wide statement of activities at December 31, 2012 has been restated from \$36,974,351 to \$36,892,145.

## **Other Matters**


### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pewaukee, Wisconsin's basic financial statements. The combining and individual fund financial statements, business-type activities statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



*Rotloff Janson & Company*

Delafield, Wisconsin  
June 2, 2014



The City in the Country

## Office of the Mayor

W240 N3065 Pewaukee Road  
Pewaukee, Wisconsin 53072  
Phone (262) 691-0770 Fax (262) 691-1798

## MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

This discussion and analysis presents the highlights of financial activities and financial position for the City of Pewaukee (City) for the year ended December 31, 2013. The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budgetary comparisons, and specific issues related to funds and the economic factors affecting the City. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements, which follow this section.

### Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$119,959,496 (net position). Of this amount, \$91,837,143 relates to the net investment in capital assets. \$10,173,563 is restricted for debt service, capital projects and other various purposes. \$17,948,790 is considered unrestricted and available to meet the government's ongoing obligations to citizens and creditors.

The City adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. The City's net position at December 31, 2012 had included unamortized debt issuance costs of \$82,206. Net position for the government-wide financial statements has been restated from \$36,974,351 to \$36,892,145 as of December 31, 2012.

During 2013 the City's net position increased by \$8,313,116 or 7.4%. The City's governmental activities increased \$4,848,097 while the business-type activities increased by \$3,465,019.

At December 31, 2013, the City's governmental funds reported combined ending fund balances of \$14,974,269, an increase of \$1,277,873 from the previous year. The Road Construction Fund comprised \$3,775,479, or 25% of the combined fund balances. The Storm Water Management Fund comprised \$3,002,003 or 20% of the combined fund balances, of which \$1,950,718 remains from current year borrowings and is, therefore, considered restricted. Additional restricted funds from various special revenue funds totaled \$915,697.

The Common Council adopted resolutions and ordinances committing \$2,912,103 for future capital projects of which \$1,051,285 is for future storm water management, \$567,534 for road construction projects, \$734,000 for public safety capital equipment and \$559,284 for other capital needs within the City.

The General Fund balance increased by \$55,000 in 2013 to \$4,677,775. Of this amount \$159,112 was assigned by the Common Council for a public safety communication system, playground equipment replacement and repaving of the parking lot at Wagner Park. Other components of the assigned fund balance include \$3,207,945 for road construction, \$664,143 for future capital purchases, \$392,960 for construction of a sports complex, \$16,790 for green space improvements and \$554,674 for future debt service expenditures.

Unassigned fund balance was \$3,947,803 or approximately 32% of current year general fund revenues, down slightly from the prior year's 34%.

During 2013, the City's fixed assets, net of accumulated depreciation, increased \$7,589,581 from \$102,531,813 to \$110,121,394.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

The City's long-term obligations, including \$1,235,134 of vested employee benefits, totaled \$22,258,230 at December 31, 2013. At December 31, 2012 total long-term obligations had been \$15,169,490.

### **Overview of the Financial Statements**

The City's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the City. The components of the report include the following:

#### **Management's Discussion and Analysis**

This section of the report is intended to serve as an introduction to the City's basic financial statements providing an overview of financial highlights and economic factors affecting the City.

#### **Financial Report Overview**

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements and notes to these financial statements. They also contain other supplementary information including combining and individual fund financial statements and schedules.

#### **Government-Wide Financial Statements**

The government-wide financial statements, found on pages 16 - 17, are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a picture of the assets the City owns, the liabilities it owes and the net difference as of December 31, 2013. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities focuses on gross and net costs of City activities. This statement summarizes and simplifies the user's analysis to determine the extent to which activities are self-supporting and/or subsidized by general revenues, including local tax revenues. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, net of amounts estimated to be uncollectible, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods (e.g., uncollected billings and earned but unused employee benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and judicial, health and sanitation, public works, culture and recreation, and economic development. Business-type activities include operations of the City's water and sewer utility.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds and can be found in the statements on pages 18 - 26.



**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

***Governmental funds***

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Although the City of Pewaukee maintains the following thirteen governmental funds, only the general, storm water management, debt service and road construction funds are considered to be "major" funds.

- General
- Special Revenue:
  - Storm water management
  - Park dedication
  - Impact fee
  - Tourism and convention
  - Green space facilities
  - Public safety grants
  - Expendable cemetery
- Debt Service
- Capital Projects:
  - Road construction
  - Sports complex
  - Capital equipment
- Permanent:
  - Non-expendable cemetery – Perpetual care

Fund financial statements focus separately on major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the City's four major funds – general, storm water management, debt service and road construction. The other special revenue funds, capital project funds and the permanent fund are considered "non-major" and are combined into a column titled "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

In accordance with GASB 34, budgetary comparison statements are required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The budgetary comparison statement for 2013 includes the general fund and the storm water management fund. The City does budget for several non-major funds and this information is included elsewhere in this report.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

***Proprietary funds***

The financial statements for the City's proprietary funds follow the governmental funds and include statements of net position, revenues, expenses and changes in fund net position, and cash flows for the City's water and sewer utilities.

Proprietary funds provide the same type of information as the "business-type" activities in the government-wide statements, only in more detail. They include operations for the City's water and sewer utility.

***Fiduciary funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Pewaukee's own programs.

The fiduciary fund maintained by the City is used to account for assets held by the City as an agent for individuals, private organizations, or other governments but is primarily related to current year taxes levied and collected on behalf of other taxing jurisdictions. These "agency" funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 51 of this report.

**Supporting Schedules**

Readers desiring additional supplementary information can find it in the supporting schedules found on pages 52 – 75, immediately following the notes to the basic financial statements. These schedules include information and data about the City's non-major funds as well as providing additional detail about the City's major funds including:

- Combining statements including balance sheets and statements of revenues, expenditures and changes in fund balances
- Budgetary information
- Capital Assets

**Government-Wide Financial Analysis**

**Statement of Net Position**

As previously mentioned the City adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Net position for the governmental activities in the government-wide financial statements has been restated from \$36,974,351 to \$36,892,145 as of December 31, 2012.

The Statement also established accounting and financial reporting standards that reclassify, as deferred inflows of resources, certain items that were previously reported as liabilities. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, property taxes, special assessments and storm water fees. These amounts will be recognized as an inflow of resources in the subsequent year for which they were levied and/or assessed.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Pewaukee, assets exceeded liabilities by \$119,959,496 and \$111,728,586 at the close of the most recent fiscal years.

**Statement of Net Position at December 31, 2012 (restated) and 2013  
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Change</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>Dollars</u>	<u>%</u>
Current and other assets	\$26,494	27,841	12,172	18,565	38,666	46,406	7,740	20.0%
Capital assets	33,412	39,014	69,120	71,107	102,532	110,121	7,589	7.4%
Total assets	<u>59,906</u>	<u>66,855</u>	<u>81,292</u>	<u>89,672</u>	<u>141,198</u>	<u>156,527</u>	<u>15,329</u>	<u>10.9%</u>
Current and other liabilities	13,328	3,725	1,863	1,988	15,191	5,713	(9,478)	(62.4)%
Long-term obligations	9,686	11,630	4,675	9,465	14,361	21,095	6,734	46.9%
Total liabilities	<u>23,014</u>	<u>15,355</u>	<u>6,538</u>	<u>11,453</u>	<u>29,552</u>	<u>26,808</u>	<u>(2,744)</u>	<u>(9.3)%</u>
Deferred inflows of resources	-	9,760	-	-	-	9,760	9,760	
Net position:								
Net investment in capital assets	26,024	29,783	65,131	62,054	91,155	91,837	682	0.7%
Restricted	910	980	3,477	9,193	4,387	10,173	5,786	131.9%
Unrestricted	9,958	10,977	6,146	6,972	16,104	17,949	1,845	11.5%
Total net position	<u>\$36,892</u>	<u>41,740</u>	<u>74,754</u>	<u>78,219</u>	<u>111,646</u>	<u>119,959</u>	<u>8,313</u>	<u>7.4%</u>

Capital assets include infrastructure assets of the governmental activities and reflect the cost of the City's streets and roads, storm sewers, bridges, and water and sewer utility improvements. The largest portion of the City's net position (76.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding.

The City uses these capital assets to provide services to citizens, consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the year-end net position is restricted for specific purposes. The restrictions represent legal or contractual limitations on how the assets may be expended. These include development charges and other collections limited to the repayment of debt. Of the amounts shown as "Restricted net assets", \$4,015,959 has been restricted for future debt service payments.

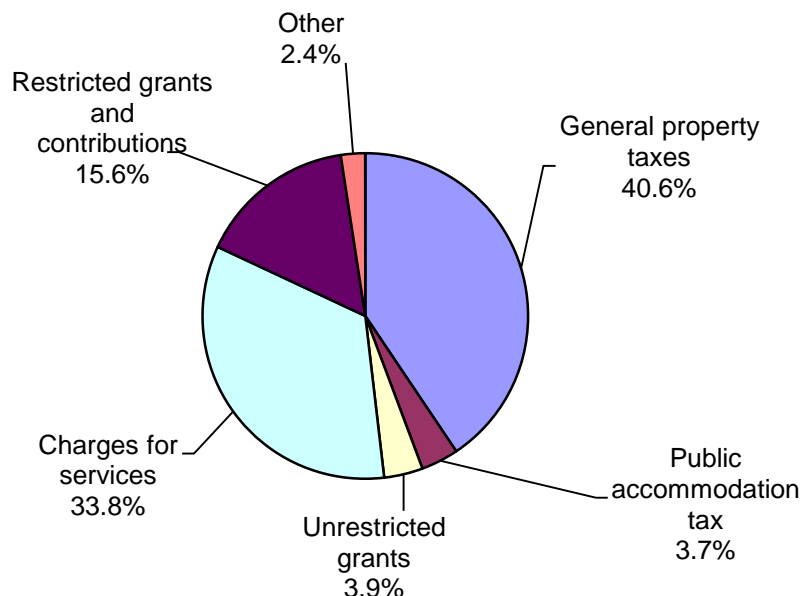
### Statement of Activity

#### ***Governmental Activities***

The City's net position from governmental activities increased \$4,848,097 in 2013. The increase in net position is primarily attributable to increases in program revenues and infrastructure assets contributed to the City by developers. As shown by the following graph, taxes (general property and public accommodation) totaling \$8,621,024 made up 44.3% of the total governmental revenues during the current fiscal year.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

Revenues By Source - Governmental Activities



Program charges for services, which directly offset related program expenses, totaled \$6,582,642 and \$6,263,920 respectively, for the years ended December 31, 2013 and 2012 and included the following:

	<u>2013</u>	<u>2012</u>
Public safety and judicial	\$ 3,305,335	3,285,848
Health and sanitation	894,242	844,098
Public works	1,796,889	1,561,450
Culture and recreation	507,601	525,046
Miscellaneous	78,575	47,478

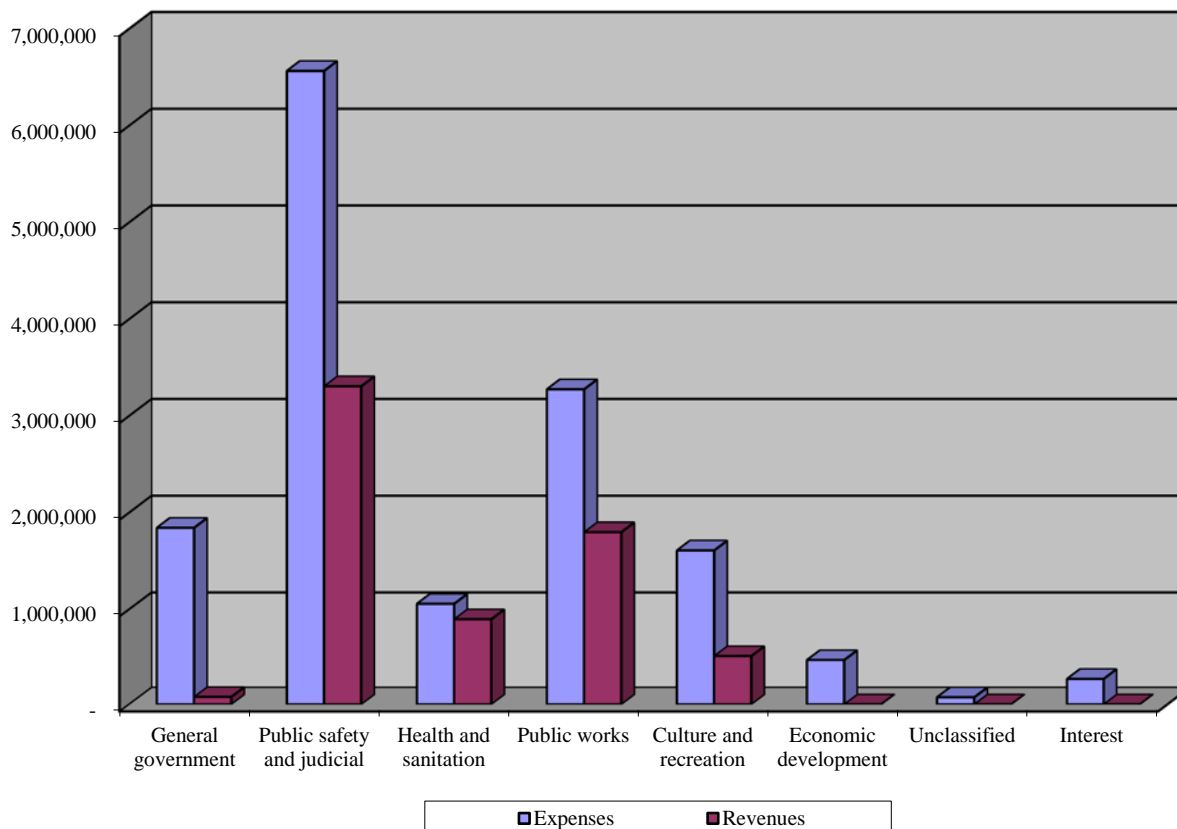
Restricted program grants and contributions include special assessments for road improvements charged to the benefitting property owners, developer financed roads subsequently contributed to the City, aids received from the State of Wisconsin for fire insurance dues, law enforcement, water safety, and highway and transportation, and from Waukesha County for recycling. The majority of unrestricted grants were shared revenues received from the State of Wisconsin.

For governmental activity expenses, 43.3% relate to public safety and judicial operations, which includes police protection, fire, paramedic and rescue protection, building inspection and municipal court operations. An additional 21.6% was spent for public works, i.e. maintenance of City streets, roads and storm water management. The City spent \$1,608,136, or 10.6%, towards its culture and recreation programs in 2013. 85% of health and sanitation program expenses were directly offset by related revenues. Depreciation of the City governmental activity fixed assets of \$2,149,927 was allocated to the various governmental activities during 2013 based upon actual usage of the various capital assets, compared to \$1,964,253 in 2012. 66% of the current year depreciation was related to the City's public works operations, the majority of which related to roads, bridges and storm sewer infrastructure.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

The following graph provides an illustration of the breakdown of the City's governmental activities, the related expenses, and the directly related revenues offsetting these expenses.

**Program Expenses and Revenues -  
Governmental Activities**



***Business-type Activities***

Business-type activities for the City are comprised of its water and sewer utilities. The utilities increased the City of Pewaukee's net position by \$3,465,019, as displayed in Exhibit B. This was primarily the result of grants and contributions of \$3,885,336 which offset the loss on operations and transfers of \$420,317. The table below is a summary of the water and sewer utility operations.

**Summary of water and sewer operations  
(in thousands)**

	<u>Water Operations</u>		<u>Sewer Operations</u>		<u>Total</u>		<u>Total Change</u>	
	2012	2013	2012	2013	2012	2013	Dollars	%
Operations:							2012 - 2013	
Revenues	\$ 1,979	1,897	2,900	3,044	4,879	4,941	62	1.3%
Expenses	2,198	2,014	3,033	2,924	5,231	4,938	(293)	(5.6)%
Operating income (loss)	\$ (219)	(117)	(133)	120	(352)	3	355	

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

The following is a summary of the Statement of Activity for the current fiscal year.

**Statement of Activities for the Years Ended December 31, 2012 (restated) and 2013  
(in thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>		<u>Total Change</u>	
	2012	2013	2012	2013	2012	2013	Dollars	%
<b>REVENUES</b>								
Program revenues:								
Charges for services	\$ 6,264	6,583	4,879	4,941	11,143	11,524	381	3.4%
Grants and contributions:								
Operating	178	583	-	-	178	583	405	227.5%
Capital	453	2,456	1,816	3,885	2,269	6,341	4,072	179.5%
General revenues:								
General property taxes	7,561	7,897	-	-	7,561	7,897	336	4.4%
Public accommodation taxes	664	724	-	-	664	724	60	9.0%
Unrestricted grants	1,130	749	-	-	1,130	749	(381)	(33.7)%
Interest earnings	33	28	154	169	187	197	10	(5.3)%
Other	(3)	443	(3)	3	(6)	446	452	
Total revenues	<u>16,280</u>	<u>19,463</u>	<u>6,846</u>	<u>8,998</u>	<u>23,126</u>	<u>28,461</u>	<u>5,335</u>	<u>23.1%</u>
<b>EXPENSES</b>								
General government	1,868	1,843	-	-	1,868	1,843	(25)	(1.3)%
Public safety and judicial	6,335	6,565	-	-	6,335	6,565	230	3.6%
Health and sanitation	989	1,056	-	-	989	1,056	67	6.7%
Public works	2,937	3,274	-	-	2,937	3,274	337	11.5%
Culture and recreation	1,576	1,608	-	-	1,576	1,608	32	2.0%
Economic development	365	466	-	-	365	466	101	27.7%
Unclassified	267	74	-	-	267	74	(193)	(72.3)%
Interest and fiscal charges	594	268	-	-	594	268	(326)	(54.8)%
Water utility operations	-	-	2,309	2,004	2,309	2,004	(305)	(13.2)%
Sewer utility operations	-	-	3,133	2,990	3,133	2,990	(143)	(4.6)%
Total expenses	<u>14,931</u>	<u>15,154</u>	<u>5,442</u>	<u>4,994</u>	<u>20,373</u>	<u>20,148</u>	<u>(225)</u>	<u>(1.1)%</u>
Change in net position before transfers	1,349	4,309	1,404	4,004	2,753	8,313	5,560	
Transfers	527	539	(527)	(539)	-	-	-	
Change in net position	<u>1,876</u>	<u>4,848</u>	<u>877</u>	<u>3,465</u>	<u>2,753</u>	<u>8,313</u>	<u>5,560</u>	
Net position – beginning of year	35,016	36,892	73,877	74,754	108,893	111,646	2,753	
Net position – end of year	<u>\$36,892</u>	<u>41,740</u>	<u>74,754</u>	<u>78,219</u>	<u>111,646</u>	<u>119,959</u>	<u>8,313</u>	

### Financial Analysis of the City's Funds

The City of Pewaukee uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,974,269. Approximately 26% of this total amount, or \$3,947,803, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The assigned fund balance, \$4,995,624, indicates that the City has set these balances aside for specific purposes; \$159,112 from the general fund for equipment, \$554,674 for debt service repayments, \$3,207,945 for road construction projects and \$1,073,893 for future capital outlays.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

The following funds have fund balances which have been assigned:

Green space facilities	\$ 16,790
Sports complex construction	392,960
Capital equipment	664,143

Committed fund balances of \$2,912,103 represent amounts which can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances adopted prior to the end of the current fiscal year of the Common Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Common Council removes the specified use by taking the same type of action imposing the commitment. The following funds have fund balances which have been committed:

General fund	\$ 382,859
Storm water management	1,051,285
Road construction	567,534
Capital equipment	842,786
Expendable cemetery	67,639

The restricted fund balance of \$2,866,415 is constrained by creditors, contributors and laws or regulations of other governments, or imposed by law through constitutional provisions and enabling legislation. The following funds have fund balances which are restricted:

Storm water management –	
Unexpended debt proceeds	\$ 1,950,718
Park dedication	158,660
Impact fees	245,834
Tourism and convention	511,203

Although the Common Council originally budgeted to use \$543,050 of its general fund surplus in 2013, the fund balance actually increased by \$55,000. General fund revenues exceeded the originally approved 2013 budget by \$790,253 and general fund expenditures were \$282,573 less than budgeted. These were partially offset by net transfers between the general fund and other funds which exceeded originally budgeted amounts by \$474,776. The general fund transferred \$534,560 more to the capital equipment fund than originally planned.

Regulation and compliance revenue exceeded budgeted amounts by \$145,814. This was primarily due to court fine collections, budgeted at \$450,000, totaling \$585,757. Charges for services exceeded budgeted amounts by \$466,064. This was the result of engineering review fees and intergovernmental fire and ambulance service contract revenues exceeding budgeted amounts by \$232,529 and \$200,325, respectively.

Various departmental expenditures were less than originally budgeted. These were partially offset by excess public work expenditures of \$310,809. Engineering costs relating to developer financed projects were \$248,945 over budget. Sand and salt was \$93,811 over budget due to the harsh winter. Overall the general fund expenditures totaled \$11,717,462, 2.4% less than budgeted. The City also spent \$2,489,744 and \$2,577,534 on storm water management and road construction projects, respectively, during 2013. This included the Green Road reconstruction costs of \$4,509,791.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

The individual fund balance increases (decreases) are as follows:

General	\$ 55,000
Storm water management	1,979,988
Debt service fund	166,170
Road construction	(2,070,152)
Park dedication	78
Impact fee	128,232
Tourism and convention	(58,804)
Green space facilities	8
Expendable cemetery	24,272
Sports complex	100,171
Capital equipment	952,910

**Capital Assets and Debt Administration**

**Capital Assets**

As of December 31, 2013 the City had invested \$110,121,394 in capital assets, net of accumulated depreciation. During 2013 the City's gross capital assets increased \$11,926,133, as \$6,161,292 were completed and funded by the City in 2013 in the form of roads, storm sewers, equipment and additions to the water and sewer utility's system. In addition, developer donated assets of \$5,764,841 were contributed to the City in the form of roads, storm sewers, and water and sewer utility's system.

**Capital Assets at December 31, 2013  
(in thousands)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Government</b>
Land	\$ 3,936	530	4,466
Buildings	11,230	8,651	19,881
Furniture and equipment	7,652	980	8,632
Infrastructure and improvements other than buildings	41,596	87,947	129,543
Construction in progress	13	1,254	1,267
Total capital assets	64,427	99,362	163,789
Less: Accumulated depreciation	25,413	28,255	53,668
Total net assets	<u>\$ 39,014</u>	<u>71,107</u>	<u>110,121</u>

The following table reconciles the change in capital assets. Additions include assets acquired or under construction at year-end.

**Change in Capital Assets, Net of Accumulated Depreciation  
(in thousands)**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Government</b>
Beginning balance	\$ 33,412	69,120	102,532
Additions	7,811	4,115	11,926
Disposals, net	(59)	-	(59)
Depreciation	(2,150)	(2,128)	(4,278)
Ending balance	<u>\$ 39,014</u>	<u>71,107</u>	<u>110,121</u>



**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

Depreciation for governmental assets for the current fiscal year was allocated and included in the direct expenses for the following activities:

General government	\$ 239,565
Public safety	391,281
Public works, including infrastructure	1,426,565
Culture and recreation	<u>92,516</u>
	<u>\$ 2,149,927</u>

**Debt Outstanding**

The City borrowed \$8,975,000 in 2013 to provide financing for storm water management projects of \$3,060,000 and water and sewer projects in the amount of \$5,915,000.

The City has \$22,258,230 in outstanding debt at December 31, 2013, including long-term employee benefits of \$1,235,134. \$2,561,546 of the debt comes due within one year.

**Outstanding Debt at Fiscal Year End  
(in thousands)**

**Governmental:**

General obligation notes	\$ 5,595
General obligation bonds	6,375
Compensated absences	413
Other postemployment benefits	<u>727</u>
	<u>13,110</u>

**Business-type:**

Sewerage system revenue bonds	1,707
General obligation bonds	6,845
Intermunicipal loans	501
Other postemployment benefits	<u>95</u>
	<u>9,148</u>
	<u>\$ 22,258</u>

2013 debt repayments, including long-term employee benefits were:

Governmental activities	\$ 1,415,530
Proprietary activities	<u>850,597</u>
	<u>\$ 2,266,127</u>

**Other Economic Factors**

The City of Pewaukee has consistently established a very good financial position as it relates to the fiscal ability to provide needed and desired public services to City residents and taxpayers at a relatively low expenditure of tax dollars. The City's tax rate in 2013 continues to be one of the lowest of all 190 cities in Wisconsin.

**CITY OF PEWAUKEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2013**

In 2013, the City developed a Strategic Plan that covers the five-year period from 2014 through 2018. The Common Council and staff utilized this activity to establish future goals. In 2013, Moody's Investors Service reviewed and assigned a rating of Aa1 to the City of Pewaukee. As of December 31, 2013, the City's general obligation debt burden is 15.03% of our \$128.5 million dollar capacity to borrow. The City continues to commit funds for the purchase of capital equipment, i.e.: fire equipment, plow trucks and ambulances, in future years in order to more equally distribute the cost. The Common Council has proposed to continue forward in the coming years with improvements to streets, storm water management improvements, the building of a new fire station on the eastside of the City, and various water and sewer projects. As outlined in the Long-Term Financial Plan, the City anticipates borrowing to maintain the infrastructure.

For the past three years, the City of Pewaukee has continued to stand apart from other communities in the area related to the increase in the number of single-family homes started in the community. In 2013, the City issued 65 new home permits, which ranked second in the Greater Milwaukee area and tenth in the entire State of Wisconsin.

The City of Pewaukee evaluates the current level of staffing and the needs of the community related to the services that are provided on an annual basis. With the passage of Wisconsin Act 10 in 2011, most employees are now required to make a 50% contribution to their pensions.

The City of Pewaukee has established agreements with surrounding agencies to maximize a high level of service which the community has come to expect, while being cost conscious. This is demonstrated by the following agreements:

- The City has contracted for police services from the Waukesha County Sheriff's Department since 2010.
- The Village of Pewaukee currently contracts with the City for Fire/EMS services and Building Inspection services.
- The Town of Lisbon currently contracts with the City for Police Administrative Support services.
- The Pewaukee Public Library is a joint City/Village library with the City of Pewaukee responsible for 74% of the total expenses.
- The City and Village have had a Joint Park/Recreation Department since 1996 with the City of Pewaukee responsible for 66% of the expenses and revenues.

The City of Pewaukee elected officials and staff continue to work cooperatively to maintain a solid financial position, prepare for the continued development of the community, and provide a desired level of service to the citizens.

### **Financial Contact**

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact the City Administrator at W240N3065 Pewaukee Road, Pewaukee, WI 53072.

CITY OF PEWAUKEE  
STATEMENT OF NET POSITION  
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 17,883,467	3,109,688	20,993,155
Investments	560,350	260,685	821,035
Property taxes receivable	5,072,652	-	5,072,652
Other receivables (net)	1,122,648	1,255,909	2,378,557
Internal balances	680,187	(680,187)	-
Inventories and prepaid expenses	183,584	7,503	191,087
Restricted assets:			
Cash and cash equivalents:			
Debt retirement	-	4,015,959	4,015,959
Capital projects	1,950,718	5,177,584	7,128,302
Non-current assets:			
Fixed assets:			
Land and construction in progress	3,949,352	1,784,232	5,733,584
Capital assets, net of accumulated depreciation	35,064,721	69,323,089	104,387,810
Special assessments	387,974	5,322,076	5,710,050
Unamortized charges	-	95,255	95,255
Total assets	<u>66,855,653</u>	<u>89,671,793</u>	<u>156,527,446</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	1,164,207	905,644	2,069,851
Unearned revenue	1,081,260	-	1,081,260
Current portion of long-term obligations	1,479,542	1,082,004	2,561,546
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	11,630,388	8,066,296	19,696,684
Assessments due developers	-	1,347,855	1,347,855
Construction contracts payable	-	50,740	50,740
Total liabilities	<u>15,355,397</u>	<u>11,452,539</u>	<u>26,807,936</u>
Deferred Inflows of Resources:			
Subsequent year's tax levy	7,962,157	-	7,962,157
Special assessments	321,700	-	321,700
Storm water fees	1,476,157	-	1,476,157
Total deferred inflows or resources	<u>9,760,014</u>	<u>-</u>	<u>9,760,014</u>
<b>Net Position:</b>			
Net investment in capital assets	29,783,004	62,054,139	91,837,143
Restricted	980,020	9,193,543	10,173,563
Unrestricted	10,977,218	6,971,572	17,948,790
Total net position	<u>\$ 41,740,242</u>	<u>78,219,254</u>	<u>119,959,496</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
Direct expenses:							
General government	\$ 1,842,399	78,575	-	-	(1,763,824)	-	(1,763,824)
Public safety and judicial	6,565,177	3,305,335	105,516	-	(3,154,326)	-	(3,154,326)
Health and sanitation	1,056,202	894,242	61,917	-	(100,043)	-	(100,043)
Public works	3,274,344	1,796,889	415,991	2,455,766	1,394,302	-	1,394,302
Culture and recreation	1,608,136	507,601	-	-	(1,100,535)	-	(1,100,535)
Economic development	465,848	-	-	-	(465,848)	-	(465,848)
Unclassified	73,937	-	-	-	(73,937)	-	(73,937)
Indirect expenses:							
Interest and other related charges	267,363	-	-	-	(267,363)	-	(267,363)
Total governmental activities	<u>15,153,406</u>	<u>6,582,642</u>	<u>583,424</u>	<u>2,455,766</u>	<u>(5,531,574)</u>	<u>-</u>	<u>(5,531,574)</u>
Business-type activities:							
Water utility	2,003,670	1,896,956	-	1,316,793	-	1,210,079	1,210,079
Sewer utility	2,990,195	3,043,607	-	2,568,543	-	2,621,955	2,621,955
Total business-type activities	<u>4,993,865</u>	<u>4,940,563</u>	<u>-</u>	<u>3,885,336</u>	<u>-</u>	<u>3,832,034</u>	<u>3,832,034</u>
Total primary government	<u>\$ 20,147,271</u>	<u>11,523,205</u>	<u>583,424</u>	<u>6,341,102</u>	<u>(5,531,574)</u>	<u>3,832,034</u>	<u>(1,699,540)</u>
General revenues and transfers:							
Property taxes					7,897,061	-	7,897,061
Public accommodation taxes					723,963	-	723,963
Grants not restricted to specific programs					748,703	-	748,703
Cable television franchise fees					143,168	-	143,168
Interest and investment earnings					28,247	169,117	197,364
Miscellaneous					206,154	-	206,154
Gain on the disposal of fixed assets					93,243	3,000	96,243
Transfers					539,132	(539,132)	-
Total general revenues and transfers					<u>10,379,671</u>	<u>(367,015)</u>	<u>10,012,656</u>
Change in Net Position					4,848,097	3,465,019	8,313,116
Net Position - Beginning of Year					<u>36,892,145</u>	<u>74,754,235</u>	<u>111,646,380</u>
Net Position - End of Year					<u>\$ 41,740,242</u>	<u>78,219,254</u>	<u>119,959,496</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
BALANCE SHEET  
Governmental Funds  
December 31, 2013

	General	Storm Water Management	Debt Service	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Cash and investments	\$ 7,450,486	2,365,482	1,237,049	4,042,298	3,348,502	18,443,817
<b>Receivables:</b>						
Current taxes	3,602,135	259,003	710,476	102,175	394,446	5,068,235
Delinquent personal property taxes	4,417	-	-	-	-	4,417
Accounts	135,475	-	-	-	32,414	167,889
Special assessments	-	-	387,974	-	-	387,974
Intergovernmental	456,409	-	-	-	-	456,409
Due from other funds	680,187	-	-	-	-	680,187
Inventory of supplies	106,713	-	-	-	-	106,713
Prepaid expenditures	76,871	-	-	-	-	76,871
<b>Restricted assets:</b>						
Cash and cash equivalents - capital projects	-	1,950,718	-	-	-	1,950,718
<b>Total assets</b>	<b>\$ 12,512,693</b>	<b>4,575,203</b>	<b>2,335,499</b>	<b>4,144,473</b>	<b>3,775,362</b>	<b>27,343,230</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 572,175	49,129	-	73,019	14,423	708,746
Construction contracts payable	-	47,914	-	95,975	766	144,655
Accrued payroll	100,464	-	-	-	-	100,464
Other accrued liabilities	112,555	-	-	-	-	112,555
Unearned revenue	1,058,925	-	-	-	22,335	1,081,260
<b>Total liabilities</b>	<b>1,844,119</b>	<b>97,043</b>	<b>-</b>	<b>168,994</b>	<b>37,524</b>	<b>2,147,680</b>
<b>Deferred Inflows of Resources:</b>						
Subsequent year's tax levy	5,688,657	-	1,300,000	200,000	773,500	7,962,157
Special assessments	302,142	-	480,825	-	-	782,967
Storm water fees	-	1,476,157	-	-	-	1,476,157
<b>Total deferred inflows of resources</b>	<b>5,990,799</b>	<b>1,476,157</b>	<b>1,780,825</b>	<b>200,000</b>	<b>773,500</b>	<b>10,221,281</b>
<b>Fund Balance:</b>						
Nonspendable	188,001	-	-	-	64,323	252,324
Restricted	-	1,950,718	-	-	915,697	2,866,415
Committed	382,859	1,051,285	-	567,534	910,425	2,912,103
Assigned	159,112	-	554,674	3,207,945	1,073,893	4,995,624
Unassigned	3,947,803	-	-	-	-	3,947,803
<b>Total fund balance</b>	<b>4,677,775</b>	<b>3,002,003</b>	<b>554,674</b>	<b>3,775,479</b>	<b>2,964,338</b>	<b>14,974,269</b>
<b>Total liabilities, deferred inflows     of resources and fund balance</b>	<b>\$ 12,512,693</b>	<b>4,575,203</b>	<b>2,335,499</b>	<b>4,144,473</b>	<b>3,775,362</b>	<b>27,343,230</b>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 Governmental Funds  
 December 31, 2013

Total fund balances - governmental funds	\$	14,974,269
Amounts reported for governmental activities in the Statement of Net position are different because:		
Certain accounts receivable are not available soon enough after year-end to pay for the current year's expenditures, and therefore are not reported in the governmental funds		
		498,350
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	\$	64,426,999
Less: Accumulated depreciation		<u>(25,412,926)</u>
		39,014,073
Other long-term assets are not available to pay for current year expenditures and therefore are deferred in the funds.		
		461,267
Post employment benefits are not due and payable in the current period and therefore are not reported in the governmental funds.		
		(1,140,016)
Interest and other payables used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.		
		(97,787)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds.		
		<u>(11,969,914)</u>
Total net position - governmental activities	\$	<u><u>41,740,242</u></u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
Governmental Funds  
Year Ended December 31, 2013

	General	Storm Water Management	Debt Service	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 5,779,250	-	1,637,470	200,000	1,141,774	8,758,494
Intergovernmental	1,303,757	-	23,395	4,975	-	1,332,127
Regulation and compliance	1,617,749	-	-	-	-	1,617,749
Charges for services	3,162,514	1,446,971	-	-	134,989	4,744,474
Recreation	229,912	-	-	-	-	229,912
Interest	21,269	3,091	236	2,407	1,244	28,247
Miscellaneous	195,837	-	-	-	2,394	198,231
Total revenues	<u>12,310,288</u>	<u>1,450,062</u>	<u>1,661,101</u>	<u>207,382</u>	<u>1,280,401</u>	<u>16,909,234</u>
<b>Expenditures:</b>						
Current:						
General government	1,553,810	-	-	-	-	1,553,810
Public safety and judicial	5,950,278	-	-	-	-	5,950,278
Health and sanitation	1,047,704	-	-	-	21,376	1,069,080
Public works	1,487,177	2,489,744	-	-	-	3,976,921
Culture and recreation	1,588,732	-	-	-	-	1,588,732
Economic development	-	-	-	-	465,848	465,848
Unclassified	89,761	-	-	-	-	89,761
Capital outlay	-	-	-	2,577,534	410,476	2,988,010
Debt service:						
Principal	-	-	1,391,901	-	-	1,391,901
Interest	-	-	236,714	-	-	236,714
Total expenditures	<u>11,717,462</u>	<u>2,489,744</u>	<u>1,628,615</u>	<u>2,577,534</u>	<u>897,700</u>	<u>19,311,055</u>
Excess (deficiency) of revenues over expenditures	<u>592,826</u>	<u>(1,039,682)</u>	<u>32,486</u>	<u>(2,370,152)</u>	<u>382,701</u>	<u>(2,401,821)</u>
<b>Other financing sources (uses):</b>						
Transfers in	539,132	12,792	53,122	300,000	864,610	1,769,656
Transfers out	(1,076,958)	(53,122)	-	-	(100,444)	(1,230,524)
Face amount of long-term debt	-	3,060,000	-	-	-	3,060,000
Reoffering debt premium	-	-	98,953	-	-	98,953
Bond discount	-	-	(18,391)	-	-	(18,391)
Total other financing sources (uses)	<u>(537,826)</u>	<u>3,019,670</u>	<u>133,684</u>	<u>300,000</u>	<u>764,166</u>	<u>3,679,694</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>55,000</u>	<u>1,979,988</u>	<u>166,170</u>	<u>(2,070,152)</u>	<u>1,146,867</u>	<u>1,277,873</u>
<b>Fund balance:</b>						
January 1	<u>4,622,775</u>	<u>1,022,015</u>	<u>388,504</u>	<u>5,845,631</u>	<u>1,817,471</u>	<u>13,696,396</u>
December 31	<u>\$ 4,677,775</u>	<u>3,002,003</u>	<u>554,674</u>	<u>3,775,479</u>	<u>2,964,338</u>	<u>14,974,269</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 TO THE STATEMENT OF ACTIVITIES  
 Governmental Funds  
 Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 1,277,873
Amounts reported for governmental activities in the Statement of Activities are different because:	
Revenues in the Statement of Activities include items which were earned in prior years, but do not provide financial resources of the current year.	126,752
Long-term special assessment which are not available to pay for current year expenditures are deferred until collected in the governmental funds. In the Statement of Activities these are reported when earned.	(119,462)
Capital outlays are reported in governmental funds as expenditures. In the Statement of Activities, however, the cost of those assets is depreciated over their estimated useful lives. This is the amount by which capital purchases exceed depreciation expense.	3,155,153
Contributed capital assets are not included as revenues in the governmental funds. In the Statement of Activities, however, they are reported at their estimated fair value at the time of acquisition.	2,437,758
In governmental funds proceeds from the sale of assets are financial resources and are recognized as revenue. In the Statement of Activities, only the amount by which the sales proceeds exceed the remaining book value of the sold asset is recognized as revenue.	9,136
Employee benefits not payable from current year resources are not reported as expenditures of the current year. In the Statement of Activities, however, these costs are current year expenses.	(340,365)
Interest on long-term debt is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as it accrues.	(30,649)
Note proceeds provide current financial resources to government funds but issuing debt increases long-term liabilities in the Statement of Net Position.	(3,060,000)
Repayment of long-term debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>1,391,901</u>
Change in net position of governmental activities	<u>\$ 4,848,097</u>

The accompanying notes are an integral part of these financial statements



CITY OF PEWAUKEE  
BUDGETARY COMPARISON STATEMENT  
General Fund and Storm Water Management Fund  
Year Ended December 31, 2013

	Budget		Actual Amounts	Variance with Final Budget
	Original	Final		
General Fund:				
Budgetary fund balance, January 1	\$ 4,622,775	4,622,775	4,622,775	-
Resources (inflows):				
Taxes	5,771,915	5,771,915	5,779,250	7,335
Intergovernmental	1,249,835	1,249,835	1,303,757	53,922
Regulation and compliance	1,471,935	1,471,935	1,617,749	145,814
Charges for services	2,696,450	2,928,979	3,162,514	233,535
Recreation	214,000	214,000	229,912	15,912
Interest	15,000	15,000	21,269	6,269
Miscellaneous	100,900	100,900	195,837	94,937
Transfers in	480,000	480,000	539,132	59,132
Amounts available for appropriation	<u>16,622,810</u>	<u>16,855,339</u>	<u>17,472,195</u>	<u>616,856</u>
Charges to appropriations (outflows):				
General government	1,925,072	1,925,954	1,553,810	372,144
Public safety and judicial	6,038,482	6,057,118	5,950,278	106,840
Health and sanitation	1,033,270	1,048,903	1,047,704	1,199
Public works	1,176,368	1,523,821	1,487,177	36,644
Culture and recreation	1,658,343	1,658,343	1,588,732	69,611
Unclassified	168,500	186,220	89,761	96,459
Transfers out	543,050	1,077,610	1,076,958	652
Total charges to appropriations	<u>12,543,085</u>	<u>13,477,969</u>	<u>12,794,420</u>	<u>683,549</u>
Fund balance, December 31	<u>\$ 4,079,725</u>	<u>3,377,370</u>	<u>4,677,775</u>	<u>1,300,405</u>
Storm Water Management Fund:				
Budgetary fund balance, January 1	\$ 1,022,015	1,022,015	1,022,015	-
Resources (inflows):				
Charges for services	1,410,600	1,410,600	1,446,971	36,371
Interest	100	100	3,091	2,991
Proceeds of long-term debt	2,682,581	3,060,000	3,060,000	-
Transfers in	13,444	13,444	12,792	(652)
Amounts available for appropriation	<u>5,128,740</u>	<u>5,506,159</u>	<u>5,544,869</u>	<u>38,710</u>
Charges to appropriations (outflows):				
Public works	4,843,807	5,325,934	2,489,744	2,836,190
Transfer out	54,169	54,169	53,122	1,047
Total charges to appropriations	<u>4,897,976</u>	<u>5,380,103</u>	<u>2,542,866</u>	<u>2,837,237</u>
Fund balance, December 31	<u>\$ 230,764</u>	<u>126,056</u>	<u>3,002,003</u>	<u>2,875,947</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
STATEMENT OF NET POSITION  
Proprietary Funds  
December 31, 2013

Assets:	
Current assets:	
Cash and cash equivalents	\$ 3,109,688
Investments	260,685
Other receivables	1,255,909
Inventory of supplies	7,503
Restricted assets - cash and cash equivalents:	
Debt retirement	4,015,959
Capital projects	5,177,584
Non-current assets:	
Fixed assets:	
Non-depreciable:	
Land	530,387
Construction in progress	1,253,845
Depreciable:	
Capital assets, net of accumulated depreciation	69,323,089
Special assessments	5,322,076
Unamortized charges	95,255
Total assets	<u>90,351,980</u>
Liabilities:	
Current liabilities:	
Accounts payable	503,613
Due to general fund	680,187
Construction contracts payable	254,218
Customer advances on construction	56,274
Accrued interest on long-term debt	91,539
Current portion of long-term obligations	1,082,004
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	8,066,296
Assessments due developers	1,347,855
Long-term contracts payable	50,740
Total liabilities	<u>12,132,726</u>
Net Position:	
Net investment in capital assets	62,054,139
Restricted for:	
Expendable - Debt service and capital projects	9,193,543
Unrestricted	6,971,572
Total net position	<u>\$ 78,219,254</u>

The accompanying notes are an integral part of these financial statements

CITY OF PEWAUKEE  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 Proprietary Funds  
 Year Ended December 31, 2013

Operating revenues	\$ <u>4,940,563</u>
Operating expenses:	
Operation and maintenance	2,765,312
Depreciation	2,127,671
Amortization	42,500
Taxes	<u>1,974</u>
Total operating expenses	<u>4,937,457</u>
Operating income	<u>3,106</u>
Non-operating revenues (expenses):	
Interest income	169,117
Interest expense and fiscal fees	(172,691)
Debt issue premium, net of issue costs	116,283
Gain on the disposal of fixed assets	<u>3,000</u>
Total non-operating revenues (expenses)	<u>115,709</u>
Income before contributions and transfers	118,815
Grants and contributions	3,885,336
Transfers out	<u>(539,132)</u>
Change in net position	3,465,019
Total net position:	
January 1	<u>74,754,235</u>
December 31	\$ <u><u>78,219,254</u></u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE  
STATEMENT OF CASH FLOWS  
Proprietary Funds  
Year Ended December 31, 2013

Cash flows from operating activities:	
Receipts from customers	\$ 4,742,774
Payments for interfund services - net	(577,310)
Payments to suppliers	(2,365,091)
Payments to employees	(639,603)
Net cash provided by operating activities	<u>1,160,770</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(840,080)
Proceeds from disposals of fixed assets	3,000
Reserve capacity assessments received	601,020
Proceeds of long-term debt	5,915,000
Debt issue premium, net of issue costs	116,283
Long-term debt retirements	(850,597)
Collection of special assessments, net	283,093
Developer advances on construction, net	(2,281)
Interest and fiscal charges paid on bonds and notes payable	(98,504)
Net cash provided by capital and related financing activities	<u>5,126,934</u>
Cash flows from investing activities:	
Interest received on cash and investments	69,727
Securities matured	259,386
Securities purchased	(260,685)
Net cash provided by investing activities	<u>68,428</u>
Net increase in cash and cash equivalents	
	6,356,132
Cash and cash equivalents, January 1	
	<u>5,947,099</u>
Cash and cash equivalents, December 31	
	<u>\$ 12,303,231</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Unrestricted	\$ 3,109,688
Restricted - Debt retirement and capital projects	<u>9,193,543</u>
	<u>\$ 12,303,231</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,106
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,127,671
Amortization	42,500
Changes in assets and liabilities:	
Accounts receivable, net	(197,789)
Inventory of supplies	(1,442)
Accounts payable and accrued expenses	<u>(813,276)</u>
Net cash provided by operating activities	<u>\$ 1,160,770</u>
Schedule of non-cash activities:	
Plant assets contributed by developers	<u>\$ 3,327,083</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE  
STATEMENT OF FIDUCIARY NET POSITION  
Agency Fund  
December 31, 2013

Assets:	
Cash and cash equivalents	\$ 18,532,202
Taxes receivable	<u>18,692,830</u>
Total assets	<u>\$ 37,225,032</u>
Liabilities:	
Due to other taxing units:	
School districts	\$ 30,673,057
Waukesha County	5,511,294
State of Wisconsin	436,166
Deposits:	
Ditch and erosion	293,260
Developer	240,000
Holding tank	42,550
Occupancy	19,500
Street opening	8,000
Park reservation	<u>1,205</u>
Total liabilities	<u>\$ 37,225,032</u>

The accompanying notes are an integral part of the financial statements

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

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CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies**

The accounting and reporting policies of the City of Pewaukee included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

This report includes all of the funds of the City of Pewaukee. The reporting entity for the City consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Based upon the application of these criteria, operations of the joint park and recreation department, described in Note 6 (D), have been blended with the City and are included in these financial statements as component units.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City 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 instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

**Fund Financial Statements**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

**B. Government-Wide and Fund Financial Statements - continued**

**Fund Financial Statements - continued**

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

Funds are organized as major funds or non-major 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 City or meets the following criteria:

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

The City reports the following major governmental funds:

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

Storm Water Management Fund – a special revenue fund which accounts for resources accumulated and payments made for storm water management projects.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than enterprise fund debt.

Road Construction Fund – a capital projects fund which accounts for resources accumulated and payments made for road construction projects.

The City reports the following major enterprise funds:

Water and Sewer Utility – accounts for the operations of the water and sewer system.

The City reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes and includes:

Park Dedication Fund  
Impact Fee Fund  
Tourism and Convention Fund  
Green Space Facilities Fund  
Public Safety Grants Fund  
Expendable Cemetery Fund



CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

**B. Government-Wide and Fund Financial Statements - continued**

**Fund Financial Statements - continued**

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities and includes:

Sports Complex Fund  
Capital Equipment Fund

Permanent Fund - used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry and includes:

Non-Expendable Cemetery Fund

In addition, the City reports the following fund type:

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

**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. Accordingly, all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position.

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 from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty 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, termination benefits, and compensated absences, 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 of resources and are recognized as revenues in the succeeding year when services financed by the levy are being provided.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**Fund Financial Statements - continued**

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City but not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as current liabilities.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources.

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. 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.

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

**1. Deposits and Investments**

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

Wisconsin municipalities are authorized by statute to invest idle funds in the following institutions and investments:

- a. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association, which is authorized to transact business in the state if the time deposits mature in not more than 3 years.
- b. Bonds or securities issued or guaranteed as to principal and interest by the federal government or by a commission, board or other instrumentality of the federal government.
- c. Bonds or securities of any county, city, village, town, drainage district, technical college district, or school district of this state.
- d. Bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district or local cultural arts district.
- e. Bonds issued by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**1. Deposits and Investments - continued**

- f. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2nd highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- g. Securities of an open-end management investment company or investment trust (mutual fund), if the portfolio is limited to the following:
  - 1. Bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government.
  - 2. Bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government.
  - 3. Repurchase agreements fully collateralized by bonds or securities under (g) 1 or 2.
- h. Bonds or securities issued under the authority of the municipality, whether the bonds or securities create a general municipality liability or a liability of the property owners of the municipality for special improvements, and may sell or hypothecate the bonds or securities.
- i. The Local Government Pooled Investment Fund.
- j. Repurchase agreements with public depositories, if federal bonds or securities secure the agreement.

Investments made during 2013 were held in the City's name and were in accordance with those allowable by state statutes.

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 unrated and 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, 2013, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

**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 City, taxes are collected for and remitted to the state and county governments as well as local school districts and the technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**2. Receivables - continued**

Property tax calendar – 2013 tax roll:

Levy:	
Tax lien and levy date	December 2013
Tax bills mailed	December 2013
Due dates:	
Real property taxes:	
Payment in full or first installment	January 31, 2014
Second installment payable to County	July 31, 2014
Personal property taxes, special assessments and special charges, in full	January 31, 2014
Tax settlements with taxing jurisdictions:	
First settlement	January 15, 2014
Second settlement	February 20, 2014
Final settlement	August 20, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes their collection. The City maintains responsibility for collection of delinquent personal property taxes. Accounts receivable have been shown net of an allowance for uncollectible accounts. No provision for uncollectible accounts receivable has been made for the water and sewer utilities because they have the right by law to place delinquent bills on the tax roll.

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 “due from” other funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**3. Inventories and Prepaid Items**

Governmental fund inventories are valued at cost on a first in, first out basis. Inventory in the general fund consists of expendable supplies held for consumption. Costs are recorded as expenditures at the time individual inventory items are consumed. Reported inventories are offset as nonspendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of fund balance.

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to 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. Restricted Assets**

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

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expenditure) until then. The City currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, property taxes, special assessments and storm water fees. These amounts will be recognized as an inflow of resources in the subsequent year for which they were levied and/or assessed.

**6. Capital Assets**

**Government - Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation of GASB 34. Retroactive reporting of all major general infrastructure assets, although encouraged, was not required until January 1, 2007, when GASB 34 required the City to retroactively report all major general infrastructure assets acquired since January 1, 1980.

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. Interest costs on restricted tax-exempt borrowings, less any interest earned on temporary investment of the proceeds of those borrowings during the construction period, have been capitalized as part of the cost of the related assets. No interest was capitalized during the current year. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings and improvements	20-40 Years
Land improvements	10-40 Years
Machinery and equipment	2-20 Years
Water and sewer plant	4-100 Years
Infrastructure	20-60 Years

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**6. Capital Assets - continued**

**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.

**7. Compensated Absences**

Compensated absences represent liabilities arising from the City's sick and vacation leave policies. The sick leave policy allows employees (excluding firefighters) to accrue sick leave at a rate of one day per month to a maximum of 130 days. Firefighters are allowed to accrue up to 135 hours per year to a maximum of 1,920 hours. If such days are not taken as paid time off during the course of employment, payment may be received upon termination at a rate of 50% of total accrued benefits. A liability is recorded only to the extent that it is estimated to result in termination payments.

The City's vacation leave policy allows employees to accrue vacation benefits beginning in the year of hire. Vacation leave accrues to a maximum of five weeks based upon each employee's length of service. Vacation leave can only be accrued to a maximum of 150% of the earned benefit based upon the employee's seniority at any point during the year.

All vested vacation and sick leave pay is accrued when earned in the full-accrual government-wide and proprietary fund financial statements. The vacation pay liability is reported in governmental fund financial statements however, vested sick pay is accrued only to the extent that it is expected to utilize current financial resources.

**8. Long-Term Obligations**

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 is 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.

**9. Claims and Judgments**

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

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**10. 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted - 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 - All other net positions that do not meet the definition of “net investment in capital assets” or “restricted”.

**Fund Statements**

Governmental fund equity is classified as fund balance. In accordance with Governmental Standards Board Statement No. 54 fund balance is further categorized into five classifications based on the constraints imposed on the use of these resources. These five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either not spendable form – prepaids or inventories; or are legally or contractually required to be maintained intact. The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

- a. Restricted - This classification reflects the constraints imposed on resources externally by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- b. Committed - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Common Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Common Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned - This classification reflects the amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. The Common Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. In these circumstances GASB Statement No. 54 indicates that restricted funds are to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(1) Summary of Significant Accounting Policies - Continued**

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

**11. Use of Estimates**

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

**(2) Change in Accounting Principles**

**A. Inventory Reporting**

In 2013 a change in accounting policy was adopted to record inventory costs using the “consumption method”, where inventory expenditures are recorded at the time of use. This method accounts for any change in inventory as a direct reduction (increase in inventory) or direct charge (decrease in inventory) to expenditures reported in the governmental fund financial statements.

**(3) Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The financial statements include reconciliation between fund balance – total governmental funds as reported in the governmental fund balance sheet and net position – governmental activities as reported in the government-wide statement of net position.

Capital assets net of accumulated depreciation of \$39,014,073 used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Certain liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All current and long-term liabilities are reported in the statement of net position.

Bonds and notes payable	\$ 11,969,914
Accrued employee benefits	1,140,016
Accrued interest payable	<u>97,787</u>
	<u>\$ 13,207,717</u>

The long-term portion of special assessments receivable that is not available to pay for current year expenditures of \$461,267 is recorded as deferred inflows of resources in the governmental fund financial statements.

Certain accounts receivable that were not available soon enough after year-end to pay for the current year's expenditures, and therefore are not reported in the governmental funds total \$498,350.



CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(3) Reconciliation of Government-Wide and Fund Financial Statements - Continued**

**B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The financial statements include reconciliation between net change in fund balances – total governmental funds as reported in the statement of revenues, expenditures and changes in fund balances and change in net position of governmental activities as reported in the government-wide statement of activities.

A significant element of the reconciliation is the purchase of long-term capital assets and the repayment of long-term debt both of which consume current financial resources of governmental funds. These are not considered current year expenditures in the government-wide statement of activities.

Capital asset additions	\$ 5,373,170
Principal repayment	<u>1,391,901</u>
	<u>\$ 6,765,071</u>

Another element of the reconciliation is that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this difference are as follows:

Depreciation expense	\$ 2,149,927
Net book value of assets disposed	58,954
Increase in accrued interest payable	30,649
Increase in accrued long-term employee benefits	<u>340,365</u>
	<u>\$ 2,579,895</u>

Long-term special assessment receivables which are not available to pay for current year expenditures are recorded as deferred inflows of resources until collected in the governmental funds. In the Statement of Activities these are reported when they are earned. Total collections in 2013 were \$119,462.

Another element of the reconciliation relates to bond proceeds of \$3,060,000 which provide financial resources in the governmental funds but increase long-term liabilities in the statement of net position.

Contributions of assets from third parties are reported as revenues in the statement of activities but since they do not provide current financial resources they are omitted from the governmental fund statements. These totaled \$2,437,758 in 2013.

The final element of the reconciliation relates to an increase in revenues that are reported in statement of activities, but do not provide financial resources in the current year for the governmental funds, totaling \$126,752.

**(4) Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 (C). The City prepares an annual budget on a basis consistent with generally accepted accounting principles.

The general fund budget is adopted at the departmental level of expenditure. All other governmental funds of the City are adopted at the functional level of expenditure. Transfers between departments and changes to the overall budget must be approved by a two-thirds majority of the Common Council.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(4) Stewardship, Compliance, and Accountability - Continued**

**A. Budgetary Information - continued**

Amendments made to the original approved budget were in accordance with these requirements and included the following:

	<u>Original</u>	<u>Amended</u>
General Fund		
Revenues:		
Charges for services	\$ 2,696,450	2,928,979
Expenditures:		
Public works	1,176,368	1,523,821
Other financing uses:		
Transfers to other funds	543,050	1,077,610
Storm Water Management Fund		
Expenditures:		
Public works	4,843,807	5,325,934
Other financing sources:		
Face amount of long-term debt	2,682,581	3,060,000
Debt Service Fund		
Other financing sources:		
Reoffering debt premium	-	98,953
Road Construction Fund		
Expenditures:		
Capital outlays	2,637,550	4,146,400
Tourism & Convention Fund		
Expenditures:		
Economic development	383,600	465,848
Capital Equipment Fund		
Other financing sources:		
Transfer from general fund	191,050	725,610

The budgetary comparison statement for the general fund and the storm water management funds are shown as part of the basic financial statements. Budgetary comparisons for all other governmental funds are included in the supporting schedules.

**B. Limitations of the City's Tax Levy**

Wisconsin Statute 66.0602 limits the City's property tax levy, with exceptions, to its prior tax levy, increased by the percentage change in the City's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

**(5) Detailed Notes on All Funds**

**A. Deposits and Investments**

The City's deposits and investments at December 31, 2013 were comprised of the following:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Deposits	\$ 44,116,923	43,572,130	Custodial credit risk
Non-negotiable certificates of deposit	821,035	821,035	Custodial credit risk
LGIP	6,551,975	6,551,975	Credit risk, interest rate risk
Petty cash	720	720	
	\$ <u>51,490,653</u>	<u>50,945,860</u>	

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**A. Deposits and Investments - continued**

The difference between the carrying value and bank balance is due to deposits in transit and outstanding checks. Reconciliation of carrying value of deposits and investments to statement of net position and statement of fiduciary net position is as follows:

Per Statement of Net Position:	
Cash and cash equivalents:	
Unrestricted	\$ 20,993,155
Restricted	11,144,261
Investments	821,035
Per Statement of Fiduciary Net Position	<u>18,532,202</u>
	<u>\$ 51,490,653</u>

All time and savings deposits owned by the City and held by the City's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000. All demand deposits owned by the City and held by the City's official custodian in an insured depository institution within the State of Wisconsin are combined and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts, money market deposit accounts and certificates of deposit. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. For accounts held by the City located outside the State of Wisconsin, all time, savings, and demand deposits are combined within each depository institution and insured up to \$250,000.

In addition to FDIC insurance, there is insurance currently available through the State of Wisconsin depository insurance program, which would provide a maximum of \$400,000 of insurance on deposits in any one institution. The amount available to fund the entire Wisconsin program is limited and, therefore, the actual benefits available at a time of claim would depend upon the remaining balance in the state fund. This coverage has not been considered in computing the custodial credit risk.

The State Investment Fund, which the LGIP is a part of, had 99.3% of its investments in U.S. government securities at December 31, 2013.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. Of the City's total bank balance, \$42,753,186 was collateralized by securities held by the pledging financial institution in excess of federal depository insurance limits. The remaining balance of \$67,052 was exposed to custodial credit risk as uninsured and uncollateralized.

Fluctuating cash flows during January and December, due to tax collections, result in temporary cash and investment balances, which significantly exceed insured amounts, until settlement with the respective taxing jurisdictions during the following month.

The City's deposit and investment policy requires that any deposits in excess of \$500,000 in any single public depository be properly collateralized or specifically approved by the City Council. This policy does not include funds established for tax collections or other accounts requiring segregation as specified by approved agreements.

**Credit and Interest Rate Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value has to changes in market interest rates.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**A. Deposits and Investments - continued**

At December 31, 2013 the City held investments with a fair value of \$6,551,975 in the LGIP. The average maturity date for investments held by the LGIP is 89 days, but funds are due to the City on demand.

**B. Receivables**

Governmental fund financial statements report deferred inflows of resources in connection with receivables not considered 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 the City's receivables included as deferred inflows of resources reported in the governmental fund financial statements as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Total</u>
Current year property taxes receivable:			
General fund	\$ 3,602,135	-	3,602,135
Storm water management fund	259,003	-	259,003
Debt service fund	710,476	-	710,476
Road construction fund	102,175	-	102,175
Capital equipment fund	387,317	-	387,317
Expendable cemetery fund	7,129	-	7,129
Special assessments not yet due	-	<u>387,974</u>	<u>387,974</u>
	<u>\$ 5,068,235</u>	<u>387,974</u>	<u>5,456,209</u>

In addition, other receivables are reported in the government-wide financial statements net of amounts estimated to be uncollectible of \$41,345.

**C. Capital Assets**

Capital asset activity in the governmental activities for the year ended December 31, 2013 was as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/13</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,936,474	-	-	3,936,474
Construction in progress	-	<u>12,878</u>	-	<u>12,878</u>
	<u>3,936,474</u>	<u>12,878</u>	-	<u>3,949,352</u>
Capital Assets Being Depreciated:				
Buildings and improvements	11,218,843	10,585	-	11,229,428
Land improvements	1,480,560	19,736	-	1,500,296
Equipment	7,607,864	560,667	516,297	7,652,234
Infrastructure	<u>33,133,055</u>	<u>7,207,062</u>	<u>244,428</u>	<u>40,095,689</u>
	<u>53,440,322</u>	<u>7,798,050</u>	<u>760,725</u>	<u>60,477,647</u>
	<u>57,376,796</u>	<u>7,810,928</u>	<u>760,725</u>	<u>64,426,999</u>
Less Accumulated Depreciation:				
Buildings and improvements	(3,214,614)	(284,519)	-	(3,499,133)
Land improvements	(704,859)	(65,917)	-	(770,776)
Equipment	(3,456,778)	(607,876)	(457,343)	(3,607,311)
Infrastructure	<u>(16,588,519)</u>	<u>(1,191,615)</u>	<u>(244,428)</u>	<u>(17,535,706)</u>
	<u>(23,964,770)</u>	<u>(2,149,927)</u>	<u>(701,771)</u>	<u>(25,412,926)</u>
Capital assets, net of depreciation	<u>\$ 33,412,026</u>	<u>5,661,001</u>	<u>58,954</u>	<u>39,014,073</u>

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**C. Capital Assets - continued**

Depreciation expense for governmental activities was charged to functions as follows:

General government	\$ 239,565
Public safety	391,281
Public works, including infrastructure	1,426,565
Culture and recreation	<u>92,516</u>
	<u>\$ 2,149,927</u>

Capital asset activity in the business-type activities for the year ended December 31, 2013 was as follows:

	Balance <u>12/31/12</u>	Additions	Disposals	Balance <u>12/31/13</u>
Capital Assets Not Being Depreciated:				
Land	\$ 530,387	-	-	530,387
Construction in process	<u>716,111</u>	<u>537,734</u>	-	<u>1,253,845</u>
	<u>1,246,498</u>	<u>537,734</u>	-	<u>1,784,232</u>
Capital Assets Being Depreciated:				
Buildings	8,650,950	-	-	8,650,950
Improvements other than buildings	84,456,742	3,521,478	31,160	87,947,060
Furniture and equipment	<u>952,234</u>	<u>55,993</u>	<u>28,410</u>	<u>979,817</u>
	<u>94,059,926</u>	<u>3,577,471</u>	<u>59,570</u>	<u>97,577,827</u>
	<u>95,306,424</u>	<u>4,115,205</u>	<u>59,570</u>	<u>99,362,059</u>
Less Accumulated Depreciation:				
Buildings	(2,363,108)	(231,084)	-	(2,594,192)
Improvements other than buildings	(23,109,620)	(1,810,381)	(31,160)	(24,888,841)
Furniture and equipment	<u>(713,909)</u>	<u>(86,206)</u>	<u>(28,410)</u>	<u>(771,705)</u>
	<u>(26,186,637)</u>	<u>(2,127,671)</u>	<u>(59,570)</u>	<u>(28,254,738)</u>
Capital assets, net of depreciation	<u>\$ 69,119,787</u>	<u>1,987,534</u>	<u>-</u>	<u>71,107,321</u>

Depreciation expense for business-type activities was charged to functions as follows:

Water utility	\$ 863,035
Sewer utility	<u>1,264,636</u>
	<u>\$ 2,127,671</u>

**D. Payables**

Payables as of December 31, 2013 for the City's individual major and non-major governmental funds in the aggregate, are as follows:

	General	Storm Water Management	Road Construction	Other Funds	Total
Accounts payable	\$ 572,175	49,129	73,019	14,423	708,746
Construction contracts payable	-	47,914	95,975	766	144,655
Accrued payroll	100,464	-	-	-	100,464
Accrued compensated absences	100,879	-	-	-	100,879
Other accrued liabilities	11,676	-	-	-	11,676
Unearned revenue	<u>1,058,925</u>	-	-	<u>22,335</u>	<u>1,081,260</u>
Total per fund balance sheet	<u>\$ 1,844,119</u>	<u>97,043</u>	<u>168,994</u>	<u>37,524</u>	2,147,680
Accrued interest					<u>97,787</u>
Total per government-wide statement of net position					<u>\$ 2,245,467</u>

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**E. Interfund Receivables/Payables and Transfers**

The balance of interfund receivables/payables 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.

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

Transfers between funds included one between the water utility and the general fund for payment of the property tax equivalent payment. Transfers from the general fund were made to the road construction fund for 2013 road projects and the capital equipment fund to finance various capital expenditures. A transfer was made to the debt service fund from the storm water management fund to reimburse the fund for principal and interest payments made on long term debt used to purchase equipment used by the storm water management fund. The tourism and convention fund transferred funds to the sports complex fund for construction of a future sports facility.

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General fund	Business-type activities -	
	Water utility	\$ 539,132
Storm Water Management fund	General fund	12,348
Storm Water Management fund	Non-major governmental fund -	
	Expendable Cemetery fund	444
Non-major governmental fund –		
Expendable Cemetery fund	General fund	39,000
Debt Service fund	Storm Water Management fund	53,122
Road Construction fund	General fund	300,000
Non-major governmental fund -		
Capital Equipment fund	General fund	725,610
Non-major governmental fund -		
Sports Complex fund	Non-major governmental fund -	
	Tourism and Convention fund	<u>100,000</u>
Total per fund statements		1,769,656
Interfund eliminations		<u>(1,230,524)</u>
Total per statement of activities		<u>\$ 539,132</u>

**F. Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>12/31/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/13</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds and notes payable:					
General obligation debt	\$ 10,301,815	3,060,000	1,391,901	11,969,914	1,479,542
Other liabilities:					
Vested compensated absences	169,977	242,785	-	412,762	-
Termination benefits payable	23,629	-	23,629	-	-
Post-retirement benefits	<u>606,045</u>	<u>121,209</u>	<u>-</u>	<u>727,254</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 11,101,466</u>	<u>3,423,994</u>	<u>1,415,530</u>	<u>13,109,930</u>	<u>1,479,542</u>

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**F. Long-Term Obligations - continued**

	<u>Balance</u> <u>12/31/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-type Activities:					
Bonds and notes payable:					
General obligation debt	\$ 1,747,797	5,915,000	316,586	7,346,211	530,872
Revenue bonds	2,240,982	-	534,011	1,706,971	551,132
Other liabilities:					
Post-retirement benefits	<u>79,245</u>	<u>15,873</u>	<u>-</u>	<u>95,118</u>	<u>-</u>
Total business-type long-term liabilities	<u>\$ 4,068,024</u>	<u>5,930,873</u>	<u>850,597</u>	<u>9,148,300</u>	<u>1,082,004</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies and special assessment collections. Business-type activities debt is payable by revenues from user fees of those funds.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction of \$2,569,531,900. The debt limit as of December 31, 2013, was \$128,476,595. Total general obligation debt outstanding at year-end was \$19,316,125. The business-type activity sewer system revenue bonds are not general obligation debt and therefore, have been excluded from debt capacity computation. The following is a list of long-term obligations at December 31, 2013:

**Governmental Activities**

	<u>Date of</u> <u>Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rates</u>	<u>Original</u> <u>Indebtedness</u>	<u>Balance</u> <u>12/31/13</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
General obligation debt:						
2004 G.O. bonds	12/01/04	12/01/14	3.6%	\$ 4,851,541	321,210	321,210
2010 G.O. note	4/01/10	9/01/19	2.15-4.2%	2,910,000	1,905,000	300,000
2011 G.O. note	2/24/11	3/01/20	2.5-2.75%	4,937,095	3,690,000	495,000
2012 G.O. bonds	6/12/12	12/01/24	.5-2.15%	3,040,788	2,993,704	188,332
2013 G.O. bonds	5/30/13	9/01/32	2.0-3.0%	3,060,000	<u>3,060,000</u>	<u>175,000</u>
					<u>\$ 11,969,914</u>	<u>1,479,542</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,479,542	289,989	1,769,531
2015	1,349,513	236,752	1,586,265
2016	1,353,436	210,001	1,563,437
2017	1,228,262	181,467	1,409,729
2018	1,239,339	151,607	1,390,946
2019-2023	3,488,017	388,445	3,876,462
2024-2028	1,096,805	169,630	1,266,435
2029-2032	<u>735,000</u>	<u>55,226</u>	<u>790,226</u>
	<u>\$ 11,969,914</u>	<u>1,683,117</u>	<u>13,653,031</u>

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**F. Long-Term Obligations - continued**

**Business-type Activities**

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>	<u>Amounts Due Within One Year</u>
1996 Revenue bonds	10/09/96	5/01/16	3.21%	\$ 8,049,176	1,706,971	551,132
1998 Installment loan	3/17/98	5/01/16	3.15%	816,870	150,592	48,657
2004 G.O. bonds	12/01/04	12/01/14	3.6%	1,643,459	108,790	108,790
2010 G.O. note	8/02/10	5/01/29	2.91%	222,618	196,054	9,796
2011 G.O. note	7/13/11	5/01/31	2.4%	174,403	154,480	6,962
2012 G.O. bonds	6/12/12	12/01/24	.5-2.15%	834,212	821,295	51,667
2013 G.O. bonds	5/30/13	9/01/32	2.0-3.0%	5,915,000	<u>5,915,000</u>	<u>305,000</u>
					<u>\$ 9,053,182</u>	<u>1,082,004</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,082,004	241,651	1,323,655
2015	1,061,692	177,501	1,239,193
2016	1,023,021	149,862	1,172,883
2017	349,889	133,151	483,040
2018	359,303	126,754	486,057
2019-2023	1,903,023	527,256	2,430,279
2024-2028	1,798,655	333,592	2,132,247
2029-2032	<u>1,475,595</u>	<u>108,529</u>	<u>1,584,124</u>
	<u>\$ 9,053,182</u>	<u>1,798,296</u>	<u>10,851,478</u>

**G. Governmental Activities Net Position/Fund Balances**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

Governmental Activities

Net investment in capital assets:	
Capital assets, net of accumulated depreciation	\$ 39,014,073
Less: related long-term debt outstanding, excluding unspent capital related debt proceeds and non-capital borrowings	<u>(9,231,069)</u>
	29,783,004
Restricted	
Non-Expendable	
Cemetery perpetual care	64,323
Expendable	
Park dedication	158,660
Impact fee	245,834
Tourism and convention	511,203
Unrestricted	<u>10,977,218</u>
Total Governmental Activities Net Position	\$ <u>41,740,242</u>



CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(5) Detailed Notes on All Funds - Continued**

**G. Governmental Activities Net Position/Fund Balances - continued**

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable -	
Major Funds	
General Fund	
Delinquent personal property taxes	\$ 4,417
Inventory of supplies	106,713
Prepaid expenditures	76,871
Non-major Funds	
Permanent Fund - Cemetery Perpetual Care	64,323
Restricted -	
Major Funds	
Storm water management - unspent borrowings	1,950,718
Non-Major Funds	
Park dedication	158,660
Impact fee	245,834
Tourism and convention	511,203
Committed -	
Major Funds	
General Fund - Future capital outlays	382,859
Storm water management	1,051,285
Road construction	567,534
Non-Major Funds	
Cemetery - Expendable	67,639
Capital equipment	842,786
Assigned -	
Major Funds	
General fund - Communication system	100,000
- Playground equipment and parking lot	59,112
Debt service	554,674
Road construction	3,207,945
Non-Major Funds	
Green space	16,790
Sports complex	392,960
Capital equipment	664,143
Unassigned - General Fund	<u>3,947,803</u>
Total Governmental fund balance	<u>\$ 14,974,269</u>

**(6) Other Information**

**A. Defined Benefit Pension Plan**

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 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. 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. Employees hired to work nine or ten months per year but expected to return year after year are considered to have met the one-year requirement.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(6) Other Information - Continued**

**A. Defined Benefit Pension Plan - continued**

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General Employment category. Required contributions for protective contributions 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. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Protective with Social Security	6.65%	9.75%

The payroll for City employees covered by the WRS for the year ended December 31, 2013 was \$4,020,782; the employer's total payroll was \$4,365,336. The total required contribution for the year ended December 31, 2013, was \$591,783. This amount consisted of \$324,401, or 8.1% of payroll from the employer and \$267,382, or 6.7% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$528,988 and \$482,771, respectively, equal to the required contribution for each year. The amount of the City's contributions as compared to those required of all participating entities is .033%. At December 31, 2013 there was no pension related debt for the City.

Employees who retire at or after age 65 (54 for protective occupation employees with less than 25 years of service and 53 for protective occupation employees with more than 25 years of service), are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 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.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds in Madison, Wisconsin.

**B. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

**C. Commitments**

**Business-type Activities**

The City of Pewaukee has an ownership interest in the treatment capacity of a regional sewage treatment facility operated by the City of Brookfield known as the Fox River Water Pollution Control Center.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(6) Other Information - Continued**

**C. Commitments - continued**

**Business-type Activities - continued**

In September 1996 the City of Pewaukee entered into an agreement with the City of Brookfield to share the design and construction costs to upgrade existing capacity, upgrade a lift station and interceptor, and to purchase an additional 1.1 million gallons per day capacity in an expansion of the treatment facility. Project costs were shared between the participating communities based upon ownership percentages in the treatment plant's capacity.

Funding for the project was provided by sewer revenue bonds issued through the Clean Water Fund Financial Assistance Program, which is administered jointly by the Wisconsin Department of Natural Resources and the Wisconsin Department of Administration. The Clean Water Fund Financial Assistance Program provides subsidized interest rate loans through grants passed through the Wisconsin Department of Natural Resources from the U.S. Environmental Protection Agency. The City of Pewaukee issued sewer revenue bonds in the amount of \$8,049,176 and the outstanding balance as of December 31, 2013 was \$1,706,971.

The City of Pewaukee has pledged, as security for the bonds, revenues derived from future wastewater sewer service charges or, in the event that those revenues are not sufficient, supplemental revenues from other sources. The bond indenture requires the City to maintain sewage service revenues, net of operating expenses, of at least 110% of the annual principal and interest requirements on all outstanding debt payable from the wastewater sewer service charge

On September 24, 1996, in accordance with these provisions, a resolution was adopted revising sewer service rates to include a debt service component for the purpose of providing sufficient revenues to meet the debt service requirements on the revenue bonds. For the year ended December 31, 2013 the sewage service revenues net of operating expenses, exclusive of depreciation charges, was \$1,384,428. Total debt service requirements on all outstanding debt payable from the wastewater sewer service charge were \$594,444.

**D. Joint Ventures**

**Parks and Recreation**

On November 4, 1996 the City entered into an agreement with the Village of Pewaukee to create a joint park and recreation department commencing January 1, 1997. The agreement created a joint board comprised of seven voting and two non-voting members for purposes of facilitating and overseeing the operation of the department. The voting board members, one from each municipality's governing board, two citizen representatives from the Village and three from the City, are appointed to staggered terms.

Operating costs and resulting revenues of the department are apportioned to each participant based upon the percentage determined as part of the budget formulation for the subsequent year. All costs for acquisition, improvement or maintenance of land, buildings and fixtures are borne by the municipality in which the land or facilities are located. Total operating costs for 2013 were \$926,909 and the City received \$186,431 for costs apportioned to the Village.

The joint department agreement provides for dissolution of the department in the event of an affirmative vote of the governing bodies. Such dissolution would be delayed for six months to allow time for the joint department to wind up its affairs. Upon dissolution, either of the units of government may provide the other unit of government the opportunity to purchase its interest in the assets of the joint department at the value fixed by agreement or by appraisal.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(6) Other Information – Continued**

**D. Joint Ventures – continued**

**Library**

The City of Pewaukee and the Village of Pewaukee jointly operate the Pewaukee Public Library that provides library services to both communities since 2005. The Joint Library Board consists of seven members, three citizens from each community and one representative nominated by the Superintendent of the Pewaukee School District. Local representatives are appointed by the Mayor, subject to confirmation by the Common Council. The Joint Library Board shall plan for, implement and manage all library services, programs and activities. The Board prepares a budget for the operation and maintenance of the library which is presented to the City and Village on or before August 1 of each year. The City made payments totaling \$661,823 to the library for 2013, or 74% of the total expenditures.

The intergovernmental agreement is for a twenty-year term and then automatically renews for five-year terms unless notice of intent to terminate the agreement is provided. Termination would become effective on January 1 at least twelve months from the date of notification.

Financial information related to the library as of December 31, 2013 is available directly from the Library Director.

**E. Segment Information**

The City maintains two enterprise funds which provide water and sewer services. Segment information for the year ended December 31, 2013 is as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 1,896,956	3,043,607	4,940,563
Expenses:			
Operations and maintenance	1,106,133	1,659,179	2,765,312
Depreciation expense	863,035	1,264,636	2,127,671
Amortization expense	42,500	-	42,500
Taxes	1,974	-	1,974
Net operating income (loss)	(116,686)	119,792	3,106
Non-operating revenues:			
Interest income			169,117
Debt issue premium, net of issue costs			116,283
Gain on disposal of fixed assets			3,000
Non-operating expenses:			
Interest expense and fiscal fees			172,691
Grants and contributions			3,885,336
Transfers to City:			
Property tax equivalent			539,132
Assets:			
Current assets			13,827,328
Capital assets, net of depreciation			71,107,321
Other assets			5,417,331
Total assets			90,351,980
Liabilities:			
Current liabilities			2,667,835
Long-term liabilities			8,117,036
Other liabilities			1,347,855
Total liabilities			12,132,726

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(6) Other Information – Continued**

**E. Segment Information - continued**

Net position:	
January 1, 2013	74,754,235
Change in net position	3,465,019
December 31, 2013:	
Invested in capital assets, net of related debt	62,054,139
Restricted for debt service and capital projects	9,193,543
Unrestricted	6,971,572
Net cash provided (used) by:	
Operating activities	1,160,770
Capital and related financing activities	5,126,934
Investing activities	68,428
Cash and cash equivalents:	
January 1, 2013	5,947,099
December 31, 2013	12,303,231

**F. Other Postemployment Benefits**

The City provides and administers a single-employer defined benefit healthcare plan. The plan provides healthcare and dental coverage to eligible retired City employees and their spouses. Contribution requirements are established through collective bargaining agreements and resolution of the Common Council. The Plan provides eligible retirees with the opportunity to continue participation in the City's health and dental insurance plans. Eligible retirees and spouses contribute the full amount of the insurance premium of the provided benefits. The insurance premiums are computed on an average cost basis of all participants of the City's plans, and therefore, are not rated for the age of the individual participant.

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For the year ended December 31, 2013 the Net OPEB obligation is \$822,312 which is equal to the ARC.

The City does not intend to fund this accrued liability; therefore the City will continue on the pay-as-you-go method. The status of the plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

Unfunded Actuarial Accrued Liability (UAAL)	\$ <u>1,015,642</u>
Covered payroll (active plan members)	\$ <u>3,546,386</u>
UAAL as a percentage of covered payroll	<u>28.6 %</u>

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.

CITY OF PEWAUKEE  
NOTES TO FINANCIAL STATEMENTS

**(6) Other Information – Continued**

**F. Other Postemployment Benefits - continued**

In the actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption did not include a rate of return on the City's investments due to the fact that the City does not plan to fund the accrued liability. An annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 10 years is included in the actuarial assumptions. This rate includes a 3% inflation assumption. The remaining amortization period at December 31, 2013, was 25 years.

**G. Restatement of Beginning Net Position**

The City has adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. This statement requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. The City's net position at December 31, 2012 had included unamortized debt issuance costs of \$82,206. As a result of expensing these costs, net position for the government-wide financial statements has been restated from \$36,974,351 to \$36,892,145 as of December 31, 2012.

**H. Subsequent Events**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 2, 2014 the date the financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.

## **SUPPORTING SCHEDULES**

CITY OF PEWAUKEE  
Non-Major Governmental Funds

COMBINING BALANCE SHEET

December 31, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,000,312	2,283,867	64,323	3,348,502
<b>Receivables:</b>				
Current taxes	7,129	387,317	-	394,446
Accounts	<u>30,020</u>	<u>2,394</u>	<u>-</u>	<u>32,414</u>
Total assets	<u>\$ 1,037,461</u>	<u>2,673,578</u>	<u>64,323</u>	<u>3,775,362</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	14,423	-	14,423
Construction contracts payable	-	766	-	766
Unearned revenue	<u>22,335</u>	<u>-</u>	<u>-</u>	<u>22,335</u>
Total liabilities	<u>22,335</u>	<u>15,189</u>	<u>-</u>	<u>37,524</u>
<b>Deferred Inflows of Resources</b>				
Subsequent year's tax levy	<u>15,000</u>	<u>758,500</u>	<u>-</u>	<u>773,500</u>
<b>Fund Balance:</b>				
Nonspendable	-	-	64,323	64,323
Restricted	915,697	-	-	915,697
Committed	67,639	842,786	-	910,425
Assigned	<u>16,790</u>	<u>1,057,103</u>	<u>-</u>	<u>1,073,893</u>
Total fund balance	<u>1,000,126</u>	<u>1,899,889</u>	<u>64,323</u>	<u>2,964,338</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,037,461</u>	<u>2,673,578</u>	<u>64,323</u>	<u>3,775,362</u>



CITY OF PEWAUKEE  
Non-Major Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2013

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Total Non-Major Funds</u>
Revenues:				
Taxes	\$ 506,774	635,000	-	1,141,774
Charges for services	134,989	-	-	134,989
Interest	691	553	-	1,244
Miscellaneous	-	2,394	-	2,394
Total revenues	<u>642,454</u>	<u>637,947</u>	<u>-</u>	<u>1,280,401</u>
Expenditures:				
Current:				
Health and sanitation	21,376	-	-	21,376
Economic development	465,848	-	-	465,848
Capital outlay	-	410,476	-	410,476
Total expenditures	<u>487,224</u>	<u>410,476</u>	<u>-</u>	<u>897,700</u>
Excess of revenues over expenditures	<u>155,230</u>	<u>227,471</u>	<u>-</u>	<u>382,701</u>
Other financing sources (uses):				
Transfers in	39,000	825,610	-	864,610
Transfers out	<u>(100,444)</u>	<u>-</u>	<u>-</u>	<u>(100,444)</u>
Total other financing sources (uses)	<u>(61,444)</u>	<u>825,610</u>	<u>-</u>	<u>764,166</u>
Excess of revenues and other financing sources over expenditures and other financing uses	93,786	1,053,081	-	1,146,867
Fund balance, January 1	<u>906,340</u>	<u>846,808</u>	<u>64,323</u>	<u>1,817,471</u>
Fund balance, December 31	<u>\$ 1,000,126</u>	<u>1,899,889</u>	<u>64,323</u>	<u>2,964,338</u>

CITY OF PEWAUKEE  
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Taxes:			
General property	\$ 5,561,915	5,561,915	-
Public accommodation	217,189	210,000	7,189
Other	146	-	146
	<u>5,779,250</u>	<u>5,771,915</u>	<u>7,335</u>
Intergovernmental:			
State shared revenues	638,717	604,666	34,051
Exempt computer aids	86,589	74,000	12,589
Fire insurance dues	86,983	76,000	10,983
Transportation aids	411,016	412,518	(1,502)
Lake patrol reimbursements	11,859	14,151	(2,292)
Tank inspection aids	6,674	8,500	(1,826)
County recycling aids	61,917	60,000	1,917
Other	2	-	2
	<u>1,303,757</u>	<u>1,249,835</u>	<u>53,922</u>
Regulation and compliance:			
Licenses:			
Liquor class A	500	250	250
Liquor class B	13,600	12,600	1,000
Special class B licenses	10	10	-
Operator	5,070	5,200	(130)
Cigarette	800	800	-
Amusement	1,050	1,000	50
Hotel and motel	75	75	-
Dog and kennel	5,816	5,000	816
Permits:			
Building	398,474	480,000	(81,526)
Electrical	97,302	90,000	7,302
Plumbing	103,966	60,000	43,966
Erosion	87,172	70,000	17,172
State code stamps	2,440	3,000	(560)
Sign	2,760	4,000	(1,240)

CITY OF PEWAUKEE  
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Regulation and compliance - continued:			
Permits - continued:			
Street opening	\$ 7,825	4,500	3,325
Fire inspection - commercial buildings	152,220	150,000	2,220
Outdoor entertainment	330	200	130
Special event	6,341	1,000	5,341
Other	1,075	1,300	(225)
Fines:			
Court	585,757	450,000	135,757
Lake patrol	1,998	3,000	(1,002)
Cable TV franchise	111,721	112,000	(279)
AT&T video service fee	31,447	18,000	13,447
	<u>1,617,749</u>	<u>1,471,935</u>	<u>145,814</u>
Charges for services:			
Publication fees	1,579	1,500	79
Copies	534	500	34
Administrative fees	4,157	-	4,157
Planning and zoning fees	7,600	4,000	3,600
Certified survey maps and plat review fees	10,580	1,500	9,080
Zoning letter fees	225	100	125
Legal review fees	27,379	20,000	7,379
Engineering review fees	263,529	263,529	-
Refuse collection	880,319	875,000	5,319
House numbers	944	1,000	(56)
Highway materials and services	2,790	1,550	1,240
Weed cutting	271	1,000	(729)
Culverts	150	-	150
Police sales and copies	5	1,000	(995)
Boat launch fees	6,521	8,000	(1,479)
Fire runs	8,571	4,000	4,571
Fire inspections	79,994	65,000	14,994
Ambulance runs	360,146	400,000	(39,854)
Police services	4,826	4,000	826

CITY OF PEWAUKEE  
General Fund

STATEMENT OF REVENUES COMPARED TO BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Charges for services - continued:			
Fire and ambulance services	\$ 1,150,325	950,000	200,325
Private fire protection plan	9,675	2,000	7,675
Management services	55,000	55,000	-
SEWRPC services	12,343	12,300	43
Building inspection contract	84,355	65,000	19,355
Park equipment usage fees	4,265	8,000	(3,735)
Park and recreation contracts	186,431	185,000	1,431
	<u>3,162,514</u>	<u>2,928,979</u>	<u>233,535</u>
Recreation:			
Program fees	170,925	140,000	30,925
Field trips	8,421	20,000	(11,579)
Club use fees	15,596	18,000	(2,404)
Reservation fees	29,683	30,000	(317)
WPRA ticket sales	5,287	6,000	(713)
	<u>229,912</u>	<u>214,000</u>	<u>15,912</u>
Interest:			
Investments	14,172	15,000	(828)
Other	7,097	-	7,097
	<u>21,269</u>	<u>15,000</u>	<u>6,269</u>
Miscellaneous:			
Rent:			
Water and sewer utility	36,000	36,000	-
Other	4,803	5,000	(197)
Recycling	6,923	6,000	923
Sale of assets	84,107	35,000	49,107
Credit card rebate	8,097	5,000	3,097
Gifts and donations	5,543	-	5,543
Insurance dividend	19,527	8,000	11,527
Delinquent personal property recoveries	9,566	5,000	4,566
Other	21,271	900	20,371
	<u>195,837</u>	<u>100,900</u>	<u>94,937</u>
Total revenues	\$ <u>12,310,288</u>	<u>11,752,564</u>	<u>557,724</u>

CITY OF PEWAUKEE  
General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
General government:			
Mayor	\$ 9,624	9,624	-
Common council	44,670	45,073	403
Police and fire commission	444	444	-
Public works commission	172	650	478
Administration	178,935	183,199	4,264
Human resources	97,054	97,054	-
Clerk/ treasurer	336,415	363,991	27,576
Assessor	61,301	230,299	168,998
Board of review	178	1,600	1,422
Outside services	233,192	251,408	18,216
Elections	13,371	17,440	4,069
Facilities	206,011	282,750	76,739
Information technology	208,302	262,084	53,782
Insurance	86,049	101,610	15,561
Plan commission	76,878	76,878	-
Board of appeals	1,214	1,850	636
	<u>1,553,810</u>	<u>1,925,954</u>	<u>372,144</u>
Public safety and judicial:			
Municipal court	119,126	130,229	11,103
Law enforcement	2,352,424	2,393,298	40,874
Fire and rescue	3,192,524	3,192,524	-
Building services	286,204	341,067	54,863
	<u>5,950,278</u>	<u>6,057,118</u>	<u>106,840</u>
Health and sanitation:			
Animal control	6,699	7,000	301
Weed, lake and wetlands	117,472	118,370	898
Refuse collection and recycling	923,533	923,533	-
	<u>1,047,704</u>	<u>1,048,903</u>	<u>1,199</u>

CITY OF PEWAUKEE  
 General Fund

STATEMENT OF EXPENDITURES COMPARED TO BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	Variance: Favorable (Unfavorable)
Public works:			
Engineering	\$ 523,173	523,173	-
Safety program	4,188	5,300	1,112
Highway and transportation	940,348	940,348	-
Forestry program	19,468	55,000	35,532
	<u>1,487,177</u>	<u>1,523,821</u>	<u>36,644</u>
Culture and recreation:			
Library	661,823	661,823	-
Parks	527,030	578,828	51,798
Recreation	399,879	417,692	17,813
	<u>1,588,732</u>	<u>1,658,343</u>	<u>69,611</u>
Unclassified:			
Contingency	<u>89,761</u>	<u>186,220</u>	<u>96,459</u>
Total expenditures	<u>\$ 11,717,462</u>	<u>12,400,359</u>	<u>682,897</u>

CITY OF PEWAUKEE  
Non-Major Special Revenue Funds

COMBINING BALANCE SHEET

December 31, 2013

	Park Dedication	Impact Fee	Tourism and Convention	Green Space Facilities	Public Safety Grants	Cemetery	Total
<b>Assets:</b>							
Cash and cash equivalents	\$ 158,660	245,834	481,183	16,790	22,335	75,510	1,000,312
Taxes receivable	-	-	-	-	-	7,129	7,129
Accounts receivable	-	-	30,020	-	-	-	30,020
<b>Total assets</b>	<b>\$ 158,660</b>	<b>245,834</b>	<b>511,203</b>	<b>16,790</b>	<b>22,335</b>	<b>82,639</b>	<b>1,037,461</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance:</b>							
<b>Liabilities:</b>							
Unearned revenue	\$ -	-	-	-	22,335	-	22,335
<b>Deferred inflows of resources:</b>							
Subsequent year's tax levy	-	-	-	-	-	15,000	15,000
<b>Fund balance:</b>							
Restricted	158,660	245,834	511,203	-	-	-	915,697
Committed	-	-	-	-	-	67,639	67,639
Assigned	-	-	-	16,790	-	-	16,790
<b>Total fund balance</b>	<b>158,660</b>	<b>245,834</b>	<b>511,203</b>	<b>16,790</b>	<b>-</b>	<b>67,639</b>	<b>1,000,126</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 158,660</b>	<b>245,834</b>	<b>511,203</b>	<b>16,790</b>	<b>22,335</b>	<b>82,639</b>	<b>1,037,461</b>

CITY OF PEWAUKEE  
Non-Major Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2013

	Park Dedication	Impact Fee	Tourism and Convention	Green Space Facilities	Cemetery	Total
Revenues:						
Public accommodation tax	\$ -	-	506,774	-	-	506,774
Charges for services:						
Impact fees	-	127,989	-	-	-	127,989
Interment fees	-	-	-	-	7,000	7,000
Interest earnings	78	243	270	8	92	691
Total revenues	<u>78</u>	<u>128,232</u>	<u>507,044</u>	<u>8</u>	<u>7,092</u>	<u>642,454</u>
Expenditures:						
Health and sanitation	-	-	-	-	21,376	21,376
Economic development	-	-	465,848	-	-	465,848
Total expenditures	<u>-</u>	<u>-</u>	<u>465,848</u>	<u>-</u>	<u>21,376</u>	<u>487,224</u>
Excess (deficiency) of revenues over expenditures	<u>78</u>	<u>128,232</u>	<u>41,196</u>	<u>8</u>	<u>(14,284)</u>	<u>155,230</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	39,000	39,000
Transfers out	-	-	(100,000)	-	(444)	(100,444)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>38,556</u>	<u>(61,444)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	78	128,232	(58,804)	8	24,272	93,786
Fund balance, January 1	158,582	117,602	570,007	16,782	43,367	906,340
Fund balance, December 31	<u>\$ 158,660</u>	<u>245,834</u>	<u>511,203</u>	<u>16,790</u>	<u>67,639</u>	<u>1,000,126</u>



CITY OF PEWAUKEE  
Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ACTUAL AND BUDGET

Year Ended December 31, 2013

	Park Dedication		Impact Fee		Tourism and Convention		Cemetery		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Revenues:										
Public accommodation tax	\$ -	-	-	-	506,774	490,000	-	-	506,774	490,000
Charges for services:										
Impact fees	-	-	127,989	110,000	-	-	-	-	127,989	110,000
Interment fees	-	-	-	-	-	-	7,000	2,500	7,000	2,500
Lot sales	-	-	-	-	-	-	-	400	-	400
Interest earnings	78	5	243	200	270	700	92	100	683	1,005
Total revenues	<u>78</u>	<u>5</u>	<u>128,232</u>	<u>110,200</u>	<u>507,044</u>	<u>490,700</u>	<u>7,092</u>	<u>3,000</u>	<u>642,446</u>	<u>603,905</u>
Expenditures:										
Economic development	-	-	-	-	465,848	465,848	-	-	465,848	465,848
Health and sanitation	-	-	-	-	-	-	21,376	60,000	21,376	60,000
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465,848</u>	<u>465,848</u>	<u>21,376</u>	<u>60,000</u>	<u>487,224</u>	<u>525,848</u>
Excess (deficiency) of revenues over expenditures	<u>78</u>	<u>5</u>	<u>128,232</u>	<u>110,200</u>	<u>41,196</u>	<u>24,852</u>	<u>(14,284)</u>	<u>(57,000)</u>	<u>155,222</u>	<u>78,057</u>
Other financing sources (uses):										
Transfer from other funds	-	-	-	-	-	-	39,000	39,000	39,000	39,000
Transfer to other funds	-	-	-	-	(100,000)	(100,000)	(444)	(444)	(100,444)	(100,444)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>38,556</u>	<u>38,556</u>	<u>(61,444)</u>	<u>(61,444)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>78</u>	<u>5</u>	<u>128,232</u>	<u>110,200</u>	<u>(58,804)</u>	<u>(75,148)</u>	<u>24,272</u>	<u>(18,444)</u>	<u>93,778</u>	<u>16,613</u>
Fund balance, January 1	<u>158,582</u>		<u>117,602</u>		<u>570,007</u>		<u>43,367</u>		<u>889,558</u>	
Fund balance, December 31	\$ <u>158,660</u>		<u>245,834</u>		<u>511,203</u>		<u>67,639</u>		<u>983,336</u>	

CITY OF PEWAUKEE  
Storm Water Management Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET

Year Ended December 31, 2013

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Charges for services	\$ 1,446,971	1,410,600	36,371
Interest earnings	3,091	100	2,991
Total revenues	1,450,062	1,410,700	39,362
Expenditures:			
Administration	143,204	188,904	45,700
Storm water maintenance	18,591	64,381	45,790
Ditch and culvert maintenance	58,551	106,685	48,134
Yard maintenance	396	7,629	7,233
Street sweeping	11,614	17,289	5,675
Catch basin maintenance	48,139	79,617	31,478
Permit compliance	20,184	106,902	86,718
Infrastructure improvements	2,168,659	4,754,527	2,585,868
Debt issue costs	20,406	-	(20,406)
Total expenditures	2,489,744	5,325,934	2,836,190
Excess (deficiency) of revenues over expenditures	(1,039,682)	(3,915,234)	2,875,552
Other financing sources (uses):			
Transfer from general fund	12,348	13,000	(652)
Transfer from cemetery fund	444	444	-
Transfer to debt service	(53,122)	(54,169)	1,047
Face amount of long-term debt	3,060,000	3,060,000	-
Total other financing sources (uses)	3,019,670	3,019,275	395
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	1,979,988	(895,959)	2,875,947
Fund balance, January 1	1,022,015		
Fund balance, December 31	\$ 3,002,003		

CITY OF PEWAUKEE  
Debt Service Fund

## BALANCE SHEET

December 31, 2013

## Assets:

Cash and temporary investments	\$	1,237,049
Receivables:		
Taxes		710,476
Special assessments		<u>387,974</u>
Total assets	\$	<u><u>2,335,499</u></u>

## Deferred Inflows of Resources and Fund Balance:

## Deferred inflows of resources:

Taxes	\$	1,300,000
Special assessments		<u>480,825</u>
Total deferred inflows of resources		<u>1,780,825</u>

## Fund balance:

Assigned		<u>554,674</u>
Total deferred inflows of resources and fund balance	\$	<u><u>2,335,499</u></u>

CITY OF PEWAUKEE  
Debt Service Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET

Year Ended December 31, 2013

	Actual	Budget	Variance: Favorable (Unfavorable)
Revenues:			
Taxes:			
General tax levy	\$ 1,500,000	1,500,000	-
Special assessments	137,470	150,000	(12,530)
Build America bond rebate	23,395	24,459	(1,064)
Interest earnings	236	500	(264)
Total revenues	1,661,101	1,674,959	(13,858)
Expenditures:			
Debt service:			
Principal	1,391,901	1,391,901	-
Interest	236,714	236,714	-
Total expenditures	1,628,615	1,628,615	-
Excess (deficiency) of revenues over expenditures	32,486	46,344	(13,858)
Other financing sources (uses):			
Transfer from storm water management	53,122	54,169	(1,047)
Reoffering debt premium	98,953	98,953	-
Bond discount	(18,391)	(18,391)	-
Total other financing sources (uses)	133,684	134,731	(1,047)
Excess (deficiency) of revenues and other sources over expenditures and other uses	166,170	181,075	(14,905)
Fund balance, January 1	388,504		
Fund balance, December 31	\$ 554,674		

CITY OF PEWAUKEE  
Non-Major Capital Projects Funds

COMBINING BALANCE SHEET

December 31, 2013

	<u>Sports Complex</u>	<u>Capital Equipment</u>	<u>Total</u>
<b>Assets:</b>			
Cash and temporary investments	\$ 392,960	1,890,907	2,283,867
Taxes receivable	-	387,317	387,317
Accounts receivable	-	2,394	2,394
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>392,960</u>	<u>2,280,618</u>	<u>2,673,578</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	14,423	14,423
Construction contracts payable	-	766	766
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>15,189</u>	<u>15,189</u>
<b>Deferred inflows of resources:</b>			
Subsequent year's tax levy	-	758,500	758,500
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund balance:</b>			
Committed	-	842,786	842,786
Assigned	392,960	664,143	1,057,103
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>392,960</u>	<u>1,506,929</u>	<u>1,899,889</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>392,960</u>	<u>2,280,618</u>	<u>2,673,578</u>

CITY OF PEWAUKEE  
Non-Major Capital Projects Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ACTUAL AND BUDGET

Year Ended December 31, 2013

	<u>Sports Complex</u>		<u>Capital Equipment</u>		<u>Total</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Revenues:						
Taxes:						
General property	\$ -	-	635,000	635,000	635,000	635,000
Interest earnings	171	400	382	528	553	928
Miscellaneous revenues	-	-	2,394	-	2,394	-
Total revenues	<u>171</u>	<u>400</u>	<u>637,776</u>	<u>635,528</u>	<u>637,947</u>	<u>635,928</u>
Expenditures:						
Capital outlays	<u>-</u>	<u>-</u>	<u>410,476</u>	<u>494,050</u>	<u>410,476</u>	<u>494,050</u>
Excess of revenues over expenditures	171	400	227,300	141,478	227,471	141,878
Other financing sources:						
Transfer from other funds	<u>100,000</u>	<u>100,000</u>	<u>725,610</u>	<u>725,610</u>	<u>825,610</u>	<u>825,610</u>
Excess of revenues and other sources over expenditures	100,171	<u>100,400</u>	952,910	<u>867,088</u>	1,053,081	<u>967,488</u>
Fund balance, January 1	<u>292,789</u>		<u>554,019</u>		<u>846,808</u>	
Fund balance, December 31	<u>\$ 392,960</u>		<u>1,506,929</u>		<u>1,899,889</u>	

CITY OF PEWAUKEE  
Road Construction Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET

Year Ended December 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Taxes:			
General property	\$ 200,000	200,000	-
Intergovernmental	4,975	-	4,975
Interest earnings	2,407	5,000	(2,593)
Total revenues	<u>207,382</u>	<u>205,000</u>	<u>2,382</u>
Expenditures:			
Capital outlays:			
Road construction	<u>2,577,534</u>	<u>4,146,400</u>	<u>1,568,866</u>
Total expenditures	<u>2,577,534</u>	<u>4,146,400</u>	<u>1,568,866</u>
Excess (deficiency) of revenues over expenditures	(2,370,152)	(3,941,400)	1,571,248
Other financing sources:			
Transfer from other funds	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(2,070,152)	<u>(3,641,400)</u>	<u>1,571,248</u>
Fund balance, January 1	<u>5,845,631</u>		
Fund balance, December 31	<u>\$ 3,775,479</u>		

CITY OF PEWAUKEE  
Permanent Fund - Cemetery Perpetual Care

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2013

Revenues:		
Charges for services:		
Perpetual care	\$	-
Expenditures:		
Unclassified:		<u>-</u>
Excess of revenues over expenditures		-
Fund balance, January 1		<u>64,323</u>
Fund balance, December 31	\$	<u><u>64,323</u></u>



CITY OF PEWAUKEE  
Enterprise Funds  
Water and Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 3,109,688	2,470,304
Investments	260,685	259,386
Receivables:		
Accounts	1,058,796	889,175
Special assessments	131,060	126,562
Intergovernmental	26,103	26,050
Accrued interest	283	235
Other	39,667	11,552
Inventory of supplies	7,503	6,061
Restricted assets:		
Cash and cash equivalents		
Debt retirement	4,015,959	3,476,795
Capital projects	<u>5,177,584</u>	<u>-</u>
Total current assets	<u>13,827,328</u>	<u>7,266,120</u>
Fixed assets:		
Land	530,387	530,387
Construction in progress	1,253,845	716,111
Buildings	8,650,950	8,650,950
Improvements other than buildings	87,947,060	84,456,742
Furniture and equipment	<u>979,817</u>	<u>952,234</u>
	99,362,059	95,306,424
Less: Accumulated depreciation	<u>28,254,738</u>	<u>26,186,637</u>
Net fixed assets	<u>71,107,321</u>	<u>69,119,787</u>
Other assets:		
Long-term portion of special assessments receivable	5,322,076	5,612,313
Unamortized charges	<u>95,255</u>	<u>12,621</u>
Total other assets	<u>5,417,331</u>	<u>5,624,934</u>
Total assets	<u>\$ 90,351,980</u>	<u>82,010,841</u>

CITY OF PEWAUKEE  
 Enterprise Funds  
 Water and Sewer Utility

COMPARATIVE STATEMENTS OF POSITION

December 31, 2013 and 2012

	2013	2012
Liabilities and Net Position:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 503,613	755,452
Due to general fund	680,187	718,365
Construction contracts payable	254,218	181,042
Customer advances on construction	56,274	58,555
Accrued interest on long-term debt	91,539	17,352
Current portion of long-term debt	1,082,004	850,597
Total current liabilities	2,667,835	2,581,363
Long-term liabilities (net of current portion):		
General obligation debt	6,815,339	1,431,212
Sewerage system revenue bonds	1,155,839	1,706,970
Construction contracts payable	50,740	50,740
Accrued post retirement benefits	95,118	79,245
Other liabilities:		
Assessments due to developers	1,347,855	1,407,076
Total liabilities	12,132,726	7,256,606
Net position:		
Net investment in capital assets	62,054,139	65,131,008
Restricted for debt service and capital projects	9,193,543	3,476,795
Unrestricted	6,971,572	6,146,432
Total net position	\$ 78,219,254	74,754,235

CITY OF PEWAUKEE  
Enterprise Funds  
Water and Sewer Utility

COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

Years Ended December 31, 2013 and 2012

		2013		2012
	Water	Sewer	Combined	Combined
Operating revenues	\$ 1,896,956	3,043,607	4,940,563	4,878,736
Operating expenses:				
Operation and maintenance	1,106,133	1,659,179	2,765,312	3,174,411
Depreciation	863,035	1,264,636	2,127,671	2,054,691
Amortization	42,500	-	42,500	-
Taxes	1,974	-	1,974	1,552
Total operating expenses	2,013,642	2,923,815	4,937,457	5,230,654
Operating income (loss)	\$ (116,686)	119,792	3,106	(351,918)
Non-operating revenues (expenses):				
Interest income			169,117	154,157
Interest expense and fiscal fees			(172,691)	(211,648)
Debt issue premium, net of issue costs			116,283	-
Gain (loss) on the disposal of fixed assets			3,000	(2,504)
Total non-operating revenues (expenses)			115,709	(59,995)
Income (loss) before contributions and transfers			118,815	(411,913)
Grants and contributions			3,885,336	1,816,417
Transfers out			(539,132)	(527,499)
Change in net position			3,465,019	877,005
Total net position, January 1			74,754,235	73,877,230
Total net position, December 31			\$ 78,219,254	74,754,235

CITY OF PEWAUKEE  
Enterprise Fund  
Water Utility

COMPARATIVE STATEMENTS OF OPERATING INCOME AND EXPENSES

Years Ended December 31, 2013 and 2012

	2013	2012
Operating revenues:		
Sale of water:		
Residential	\$ 748,052	817,387
Commercial	435,979	457,647
Industrial	74,875	79,678
Public authorities	2,697	3,492
	1,261,603	1,358,204
Public fire protection	555,828	542,980
Private fire protection	64,363	61,609
Customer's forfeited discounts	9,460	10,800
Other revenue	5,702	5,383
Total operating revenues	1,896,956	1,978,976
Operating expenses:		
Plant operation and maintenance:		
Salaries and wages	176,037	128,944
Transportation expense	28,011	23,105
Power purchased for pumping	255,358	255,864
Chemicals	116,830	115,261
Operating supplies	45,272	43,283
Repairs of water plant	91,012	473,680
	712,520	1,040,137
General operating expenses:		
Administrative salaries	130,469	122,762
Office supplies and expenses	21,566	19,328
Outside services employed	93,147	68,712
Insurance	11,015	12,619
Employee benefits	117,519	103,261
Other general expenses	19,897	18,685
	393,613	345,367
Total operation and maintenance expenses	1,106,133	1,385,504
Depreciation	863,035	810,724
Amortization	42,500	-
Taxes	1,974	1,552
Total operating expenses	2,013,642	2,197,780
Net operating income (loss)	\$ (116,686)	(218,804)

CITY OF PEWAUKEE  
Enterprise Fund  
Sewer Utility

COMPARATIVE STATEMENTS OF OPERATING INCOME AND EXPENSES

Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Sewer service charges:		
Residential	\$ 1,685,265	1,605,287
Commercial	1,150,178	1,114,565
Industrial	175,983	148,438
Public authorities	8,875	8,270
Other revenue	<u>23,306</u>	<u>23,200</u>
Total operating revenues	<u>3,043,607</u>	<u>2,899,760</u>
Operating expenses:		
Plant operation and maintenance:		
Sewage treatment charges	1,175,121	1,314,501
Salaries and wages	45,122	40,450
Power purchased for pumping	39,706	38,329
Supplies and expenses	9,368	8,543
Maintenance	<u>117,178</u>	<u>104,182</u>
	<u>1,386,495</u>	<u>1,506,005</u>
General operating expenses:		
Administrative salaries	130,469	122,763
Office supplies and expenses	21,565	19,328
Outside services employed	33,879	54,518
Insurance	11,014	12,619
Employee benefits	55,860	54,989
Other general expenses	<u>19,897</u>	<u>18,685</u>
	<u>272,684</u>	<u>282,902</u>
Total operation and maintenance expenses	1,659,179	1,788,907
Depreciation	<u>1,264,636</u>	<u>1,243,967</u>
Total operating expenses	<u>2,923,815</u>	<u>3,032,874</u>
Net operating income (loss)	\$ <u>119,792</u>	<u>(133,114)</u>

CITY OF PEWAUKEE  
Enterprise Funds  
Water and Sewer Utility

COMPARATIVE STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Receipts from customers	\$ 4,742,774	4,930,594
Payments for interfund services - net	(577,310)	(493,891)
Payments to suppliers	(2,365,091)	(2,238,366)
Payments to employees	(639,603)	(557,296)
Net cash provided by operating activities	1,160,770	1,641,041
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(840,080)	(1,835,333)
Proceeds from disposals of fixed assets	3,000	-
Reserve capacity assessments received	601,020	889,201
Proceeds of long-term debt	5,915,000	972,859
Debt issue premium, net of issue costs	116,283	-
Long-term debt retirements	(850,597)	(1,568,177)
Collection of special assessments, net	283,093	272,972
Developer advances on construction, net	(2,281)	3
Interest and fiscal charges paid on bonds and notes payable	(98,504)	(214,951)
Net cash provided (used) by capital and related financing activities	5,126,934	(1,483,426)
Cash flows from investing activities:		
Interest received on cash and investments	69,727	59,385
Securities matured	259,386	770,437
Securities purchased	(260,685)	(516,076)
Net cash provided by investing activities	68,428	313,746
Net increase in cash and cash equivalents	6,356,132	471,361
Cash and cash equivalents, January 1	5,947,099	5,475,738
Cash and cash equivalents, December 31	\$ 12,303,231	5,947,099
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Unrestricted	\$ 3,109,688	2,470,304
Restricted - Debt retirement and capital projects	9,193,543	3,476,795
	\$ 12,303,231	5,947,099
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 3,106	(351,918)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,127,671	2,054,691
Amortization	42,500	-
Changes in assets and liabilities:		
Accounts receivable, net	(197,789)	51,858
Inventory of supplies	(1,442)	(284)
Accounts payable and accrued expenses	(813,276)	(113,306)
Net cash provided by operating activities	\$ 1,160,770	1,641,041
Schedule of non-cash activities:		
Plant assets contributed by developers	\$ 3,327,083	562,457

CITY OF PEWAUKEE  
Enterprise Funds  
Water and Sewer Utility

ANALYSIS OF UTILITY PLANT IN SERVICE

Years Ended December 31, 2013 and 2012

	Utility Plant					Accumulated Depreciation			
	Balance	Additions	Disposals	Balance	% Rate	Balance	Additions	Disposals	Balance
	Dec. 31, 2012			Dec. 31, 2013		Dec. 31, 2012			Dec. 31, 2013
Water Utility:									
Source of supply plant:									
Wells and springs	\$ 1,939,288	1,662	-	1,940,950	2.90	676,191	56,264	-	732,455
Supply mains	176,607	-	-	176,607	1.80	65,937	3,178	-	69,115
Pumping plant:									
Land	530,387	-	-	530,387	-	-	-	-	-
Structures and improvements	4,838,736	-	-	4,838,736	3.20	1,707,652	154,840	-	1,862,492
Electric pumping equipment	1,069,088	-	-	1,069,088	4.40	290,656	47,005	-	337,661
Other pumping equipment	149,569	-	-	149,569	4.40	120,389	6,582	-	126,971
Water treatment plant	340,980	-	-	340,980	6.00	138,362	20,458	-	158,820
Transmission and distribution plant:									
Distribution reservoirs and standpipes	1,428,254	-	-	1,428,254	1.90	584,884	27,137	-	612,021
Transmission and distribution mains	21,636,259	776,700	-	22,412,959	1.30	3,442,217	286,320	-	3,728,537
Services	3,185,683	259,414	-	3,445,097	2.90	1,164,332	96,146	-	1,260,478
Meters	504,864	47,723	31,160	521,427	5.50	257,705	29,080	31,160	255,625
Hydrants	2,722,712	156,638	-	2,879,350	2.20	714,765	61,623	-	776,388
General plant:									
Transportation equipment	219,869	29,597	28,410	221,056	13.30	169,442	31,212	28,410	172,244
Office furniture and equipment	128,602	13,198	-	141,800	Var.	97,628	18,892	-	116,520
Other general equipment	304,268	-	-	304,268	Var.	204,275	24,298	-	228,573
Power operating equipment	175	-	-	175	7.50	175	-	-	175
	<u>39,175,341</u>	<u>1,284,932</u>	<u>59,570</u>	<u>40,400,703</u>		<u>9,634,610</u>	<u>863,035</u>	<u>59,570</u>	<u>10,438,075</u>
Sewer Utility:									
Buildings and structures	3,812,214	-	-	3,812,214	2.00	655,456	76,244	-	731,700
Collection sewers	29,901,052	1,860,850	-	31,761,902	1.00	4,129,253	308,316	-	4,437,569
Force mains	2,094,299	-	-	2,094,299	3.33	578,622	69,740	-	648,362
Services	4,224,128	418,491	-	4,642,619	1.00	553,917	44,333	-	598,250
Pumping equipment	3,921,464	-	-	3,921,464	5.00	1,710,037	196,073	-	1,906,110
Other equipment	299,320	13,198	-	312,518	Var.	242,389	11,804	-	254,193
Treatment plant	11,162,495	-	-	11,162,495	5.00	8,682,353	558,126	-	9,240,479
	<u>55,414,972</u>	<u>2,292,539</u>	<u>-</u>	<u>57,707,511</u>		<u>16,552,027</u>	<u>1,264,636</u>	<u>-</u>	<u>17,816,663</u>
Construction in progress	<u>716,111</u>	<u>537,734</u>	<u>-</u>	<u>1,253,845</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>95,306,424</u>	<u>4,115,205</u>	<u>59,570</u>	<u>99,362,059</u>		<u>26,186,637</u>	<u>2,127,671</u>	<u>59,570</u>	<u>28,254,738</u>